



FY2023

Business Plan and Budget

MOVING FORWARD



Mission Statement

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

Board of Directors

Sanjay Ramabhadran
(Ram), P.E.
Chair

Don Elder, Jr.
First Vice-Chair

Roberto Treviño, P.E.
Second Vice-Chair

Troi Taylor
Secretary

Lex Frieden

Bob Fry

Christopher G. Hollins

Diann L. Lewter

Terry Morales

President & Chief Executive Officer

Thomas C. Lambert



September 7, 2022

Sanjay Ramabhadran, P.E.
Chair of the Board
Metropolitan Transit Authority

Dear Mr. Ramabhadran:

Please find the attached proposed FY2023 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 FY2023 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 FY2023 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 2023 (October 1, 2022 – September 30, 2023).

Operating Budget	\$ 855,183,000
Capital Budget	\$ 570,733,141
Debt Service Budget	\$ 132,734,879
Transfer to the General Mobility Program	\$ 204,322,490

A public hearing on the proposed FY2023 Business Plan & Budget is scheduled to be held at noon on Wednesday, September 21, 2022. The proposed FY2023 Business Plan & Budget is scheduled for approval by the Board at the regular September meeting on Thursday, September 22, 2022.

Sincerely,

Thomas C. Lambert
President & Chief Executive Officer

A RESOLUTION

ADOPTING THE FISCAL YEAR 2023 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 2023 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 2023 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 2023 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 2023 Business Plan & Budgets have been satisfied.

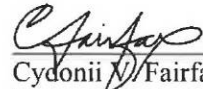
Section 2. The Board of Directors hereby approves and adopts the Fiscal Year 2023 Business Plan & Budgets submitted by the President & CEO, including an Operating Budget for Fiscal Year 2023 totaling \$855,183,000, a Capital Budget for Fiscal Year 2023 totaling \$570,733,141, a General Mobility Transfer

Budget for Fiscal Year 2023 totaling \$204,322,490, and a Debt Service Budget for Fiscal Year 2023 totaling \$132,734,879.

Section 3. 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 2023.

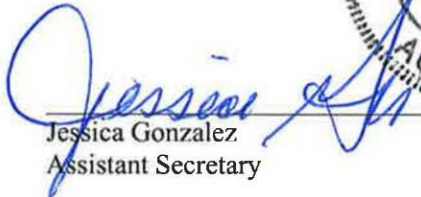
Section 4. This Resolution is effective immediately upon passage.

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



Cydonii Fairfax
Executive Vice President & General Counsel

PASSED this 22nd day of September, 2022
APPROVED this 22nd day of September, 2022

ATTEST:


Jessica Gonzalez
Assistant Secretary




Sanjay Ramabhadran
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

Table of Contents

<u>Executive Summary</u>	8
<u>Preface</u>	19
Board of Directors	22
Executive Leadership Team	23
Overview of the Region and Service Area	25
Recent Economic Highlights.....	26
<u>Overview</u>	27
Service Summary	27
Workforce by Department.....	33
Authority Budget Summary	35
FY2022 to FY2023 Budget-to-Budget Comparisons.....	36
<u>Financials</u>	37
Development Guidelines.....	37
Basis of Budgeting	38
Net Summary	41
Five Year Sources and Uses Summary.....	46
Revenues.....	49
FY2023 Budget Planning	55
Operating Budget	57
Capital Budget	62
Core Business Items Necessary to Maintain Service	67
Expansion/Enhancement Capital Costs	105
Debt Service Budget	149
General Mobility Program	156

<u>Organization Chart</u>	159
--	------------

<u>Department Summaries</u>	160
--	------------

Executive Office	163
Operations, Customer Service, and Human Resources.....	168
METRO Police	175
Safety	178
Administration	181
Planning, Engineering, and Construction	186
Communications	190
Finance.....	196
Legal	201
Audit.....	204
Office of Innovation	207
Non-Departmental and Contingency	210

<u>Appendices</u>	211
--------------------------------	------------

Appendix A: Financial Parameters.....	212
Appendix B: Debt Policy	213
Appendix C: Investment Policy.....	214
Appendix D: Fuel Price Risk Management Policy.....	215
Appendix E: Capitalization Guidelines	216
Appendix F: Comparative Statistics.....	217
Appendix G: Demographic Statistics	219
Appendix H: FY2023 Budgeted Positions.....	220
Appendix I: Historical and Projected Sales Tax Rates and Revenues	221
Appendix J: Glossary	222
Appendix K: List of METRO Acronyms and Abbreviations	225

Executive Summary



“What you say matters, and we’re always listening.”

In a post-pandemic world, our commitment to public service will keep driving us to improve the customer experience — your experience.

Our goal is to move you, in more ways than one. Public transportation is the backbone of our region — moving people to jobs, health care, education, recreation, and all the opportunities our region offers.

METRO is known for our buses and light rail, but we are so much more. We are an extensive transit network combining different types of service tailored to varying needs. We serve the region’s major employment centers and our neighborhoods, and we are a vital partner in welcoming visitors, promoting safety, and helping with natural disasters.

METRO has adapted to the challenges of the COVID-19 pandemic, maintaining essential service while implementing safety protocols to keep our riders and staff safe. In the coming year, METRO anticipates restoring pre-COVID service levels where appropriate and as feasible, dependent on increased operator, mechanic, contractor, and equipment availability.

During the height of the pandemic, METRO adjusted service to match customer demand. Individual Park & Ride routes in some corridors were combined and fewer Downtown-serving trips were made. As we begin to see increases in ridership and changes in ridership patterns, METRO will readjust service levels as resources allow by providing more frequent Park & Ride trips to Downtown and separating some routes that had been combined.

On the light rail side, we expect to restore the Northline portion of the Red Line (Burnett Transit Center to Northline Transit Center) to run every six minutes, matching the frequency on the main portion of the line.

In addition to running frequently, high-quality service is also on-time and reliable. As part of METRO’s ongoing commitment to improving service quality, we analyze the on-time performance of routes and adapt schedules as needed and as resources permit.

One of the commitments made in the [METRONext Moving Forward plan](#) was additional curbside (formerly known as Community Connector) service. We plan to review existing zones and equipment requirements, modify them as appropriate, and implement up to two additional zones.

As always, when considering service changes, we will also focus on equity by evaluating the impact of such changes on minority and low-income riders and considering the needs of historically disadvantaged neighborhoods and Complete Communities. Additionally, we will continue our practice of actively seeking [public involvement](#) when making service changes.

Just a few METRO highlights from FY2022 include initiatives that expanded service, extended operating hours on METRO's HOV/HOT Express Lanes, and implemented key components of [METRO's Climate Action Plan](#):

In August 2022, [METRO curb2curb](#) service expanded to the Hiram Clarke neighborhood, with connections to the [Hiram Clarke Transit Center](#) and [Missouri City Park & Ride lot](#). As stated, METRO plans to further increase service in FY2023 with up to two more curb2curb routes. These expansions further support the METRONext Moving Forward Plan.



Anyone who drives in greater Houston knows that road congestion isn't just on weekdays. METRO is encouraging carpooling on weekends by opening its [HOV/HOT lanes](#). Effective September 10, 2022, after a successful summer pilot program, all of METRO's HOV/HOT Express Lanes will be available for use seven days a week permanently. Weekend service will operate at the same times and in the same direction as weekday service.

Moving away from diesel buses to 100 percent zero emissions purchases by 2030 is a key component of [METRO's Climate Action Plan](#), adopted in January 2022. Federal funds, which cover 80 percent of costs, will help the Houston region transition to more energy-efficient transit vehicles quicker. METRO was awarded a \$21.6 million federal grant that will help the Authority double its initial purchase of 20 full-sized electric buses to 40, and support the funding needs of related charging infrastructure, all to move our region closer to a greener future.



In May 2022, METRO celebrated the completion of [2,500 universally-accessible bus stops](#). Board Member Lex Frieden commented on the importance of this milestone, saying, "For me, when I look at an accessible bus stop, I don't see the curb ramp. I don't see the stop. I don't see the pad. I see opportunity. I see the chance to go somewhere — to go and get an education, to go to work, to go to church, to go get friends to engage in recreation."

The need for qualified applicants to join the METRO family continues in the new fiscal year. 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.



FY2023 Business Plan Goals

During this period of continuing 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. Accelerating METRONext projects
2. Safety/accessibility/efficiency with all travel options/state of good repair
3. Visionary/forward thinking/innovation, especially regarding sustainability.

Below are the goals METRO's Board of Directors has adopted for FY2023:

FY2023 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 multimodal mobility options for all service areas and users.

Maintain assets in a State of Good Repair.

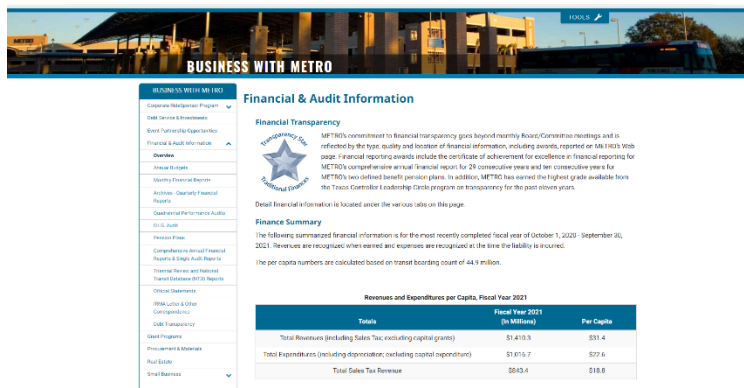
Focus on implementing METRONext to expand and improve transportation system infrastructure, accelerating delivery whenever possible.

Increase public awareness, support, and collaboration/partnership opportunities for the regional transportation system.

Provide responsive, accountable, and trustworthy governance.

Continue implementing METRO's Climate Action Plan and prioritizing resiliency and sustainability.

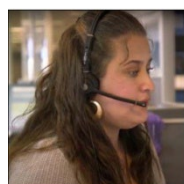
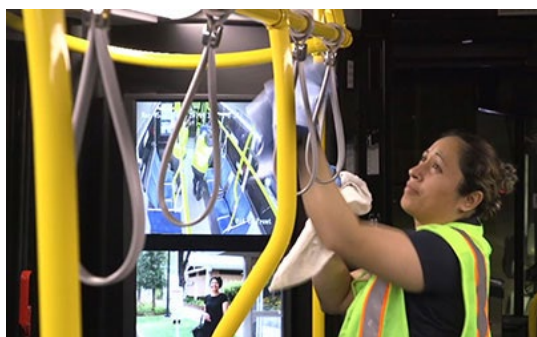
With these goals in mind, each department of the Authority has examined its individual projected expenditures for FY2023. This budgeting approach helps METRO remain a good steward of public funds. The [Department Summaries](#) section includes a breakdown of expenses for each department. The following pages list investments that METRO will make relating to each of the seven goals.



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

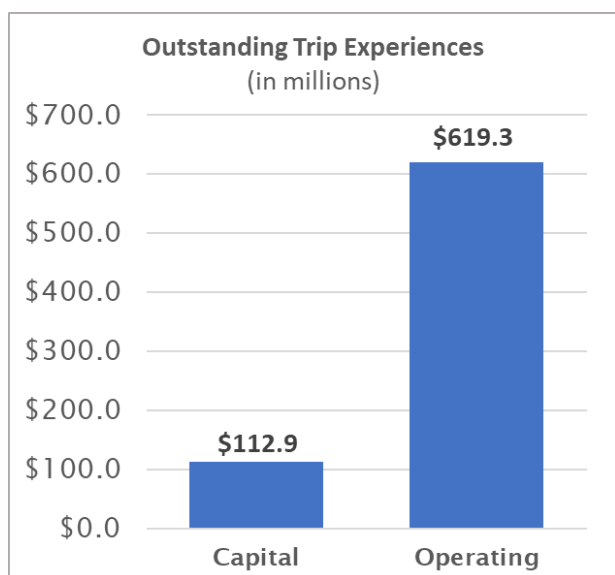
Create outstanding trip experiences for all users by connecting residents to more places, more often, in a safe and efficient environment.

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.



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](https://ride-metro.org) or our [RideMETRO app](#). And if you need personalized assistance, our Customer Service staff can help you find your way; just call or text 713-635-4000.

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

West Bellfort Park & Ride Lot	\$ 54.7
Emergency & Community Service Center	20.6
Northline Transit Center and Parking	18.1
IVOMS Turn-By-Turn	6.4
New Passenger Bus Shelters	6.2
System Upgrades	4.2
Safety Initiatives	2.6
	<u>\$ 112.9</u>

Operating Budget

Operations	\$ 506.7
METRO Police & Safety	55.7
Information Technology	27.5
Customer & Client Service	14.9
Procurement & Materials	14.5
	<u>\$ 619.3</u>

TOTAL INVESTMENT \$ 732.2

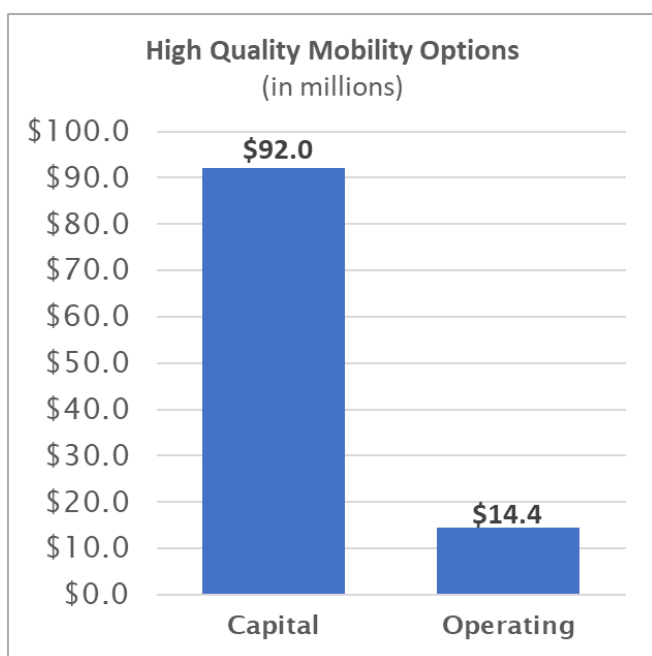
Enhance communities and lives by providing high quality mobility options for all service areas and users.



Red on a street means “go” if you’re in a bus traveling in downtown Houston during rush hour. [Red Lanes](#) 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 critical transit streets. Phase II of the Red Lanes Project extends into FY2023 as lanes on Travis Street, from Leeland to Commerce, and Milam Street, from Commerce to Pierce are updated with new red paint, striping and signage – that clearly designates these as bus-only or carpool-only lanes.



“Rolling stock replacement” helps keep customers moving by periodically purchasing new vehicles while retiring ones that are at the end of their useful life. In FY2023, METRO will renew its fleet with 40-foot clean diesel transit buses, METROLift paratransit vans, and alternative service vehicles.



Capital Budget

Rolling Stock Replacement	\$ 69.2
METRORail FFGA Commitment	9.0
Light Rail Vehicles	7.7
Burnett Transit Center Elevator	2.8
HOV/HOT Lanes	2.0
Capital/Rusk Dedicated Lane	1.3
	<u>\$ 92.0</u>

Operating Budget

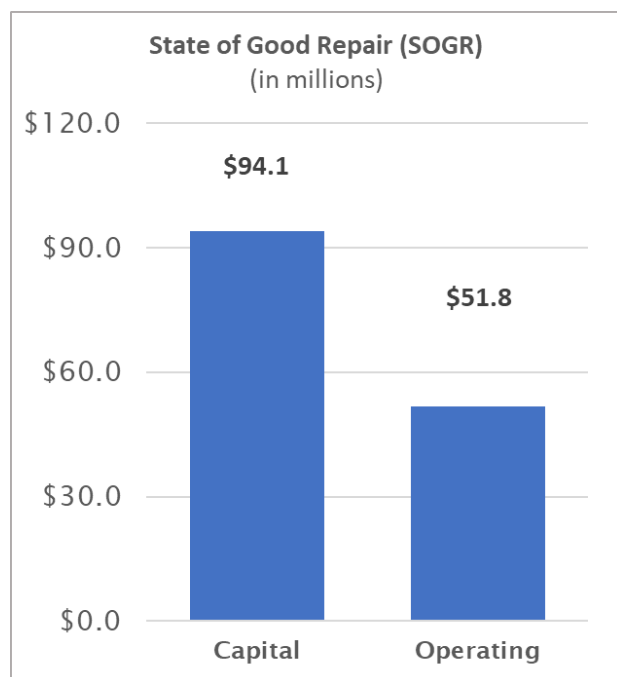
System & Capital Planning	\$ 6.0
Engineering & Capital Projects	5.5
Office of Innovation & Innovation Projects	2.9
	<u>\$ 14.4</u>

TOTAL INVESTMENT \$ 106.4

Maintain assets in a State of Good Repair.

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 our assets to see what needs repair, rehabilitation, or replacement.

METRO's research has shown that adding bus shelters to often-used bus stops can increase ridership at those locations. The [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.



Capital Budget

METRO Facility SOGR	\$ 31.4
Rolling Stock SOGR	25.0
Capital Allowance Funds	14.0
Non-Revenue Vehicles	8.5
Passenger Bus Shelters	8.1
Public Facilities SOGR	7.1
	<u>\$ 94.1</u>

Operating Budget

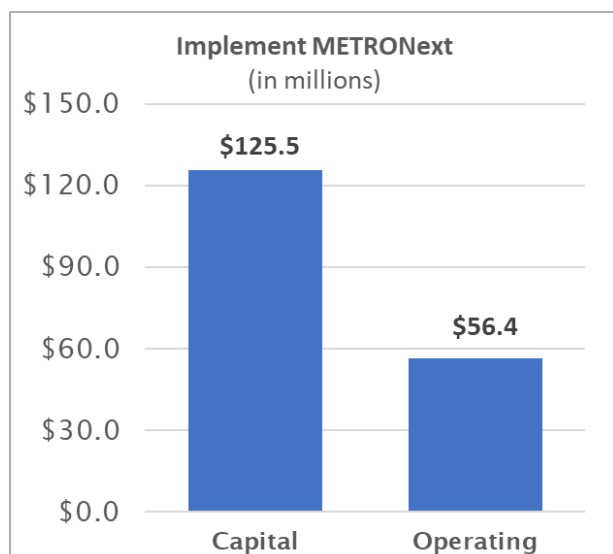
Facilities Maintenance	\$ 50.8
Transit Asset Management	1.0
	<u>\$ 51.8</u>

TOTAL INVESTMENT \$ 145.9

Focus on implementing METRONext to expand and improve transportation system infrastructure, accelerating delivery whenever possible.



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. We will also continue the initial planning stage of METRONext projects, such as the University and Inner Katy Bus Rapid Transit projects.



Capital Budget

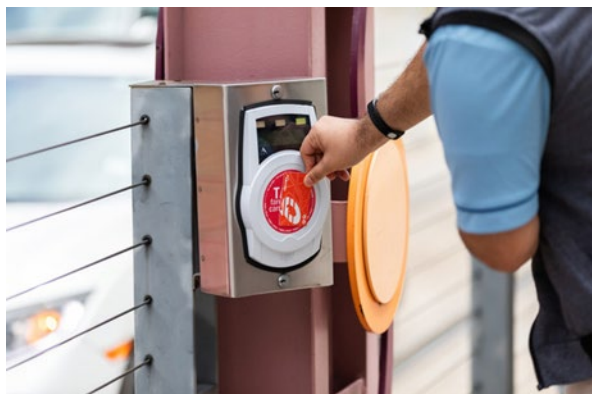
Missouri City Park & Ride	\$ 52.0
BOOST Program	30.6
Bus Stop Accessibility	19.8
University BRT	9.4
METRONext Development	8.3
METROrapid Inner Katy Project	5.3
	<u>\$ 125.5</u>

Operating Budget

METRONext	56.4
-----------	------

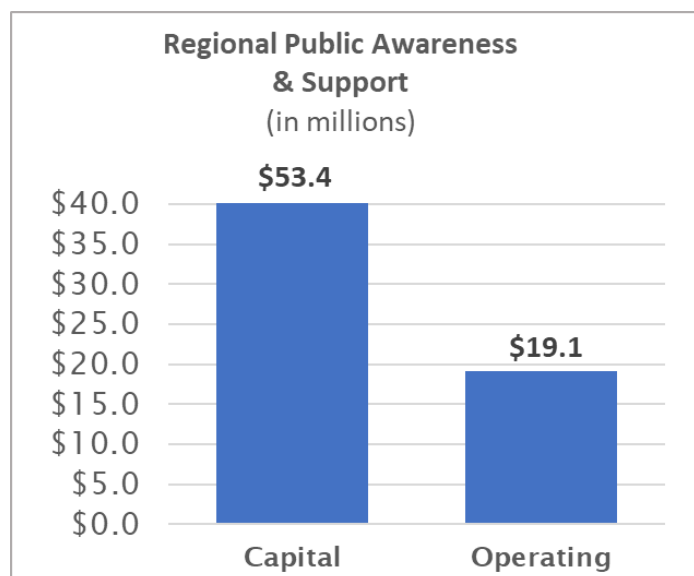
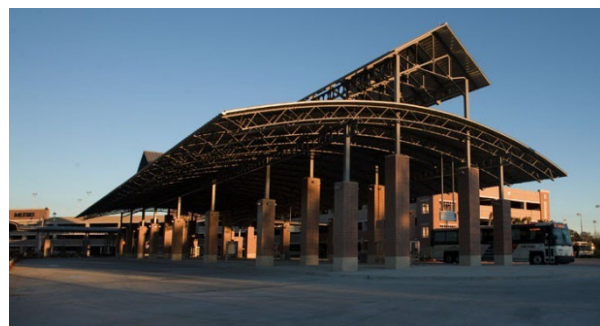
TOTAL INVESTMENT \$ 181.9

Increase public awareness, support, and collaboration/partnership opportunities for the regional transportation system.



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. Our regional partners are also participating in the development of a new fare system that will enable riders to connect seamlessly with all regional transit systems. This next generation account-based fare system will offer riders more ways to pay fares, quickly and conveniently.

In addition to partnering with other area transit agencies, METRO is collaborating with the [Texas Department of Transportation \(TxDOT\)](#) to build a ramp connecting the [Cypress Park & Ride lot](#) to the [Northwest Freeway HOV lane](#) and extend the lane further northwest. This new ramp will make it much easier for buses to enter and exit the lanes and speed travel time in this busy corridor.



Capital Budget

Automated Fare Collection System	\$ 39.6
Buffalo Bayou North Canal Project	10.4
Cypress T-Ramp	3.4
	<u>\$ 53.4</u>

Operating Budget

Communications	\$ 19.1
----------------	---------

TOTAL INVESTMENT \$ 72.5

Provide responsive, accountable, and trustworthy governance.

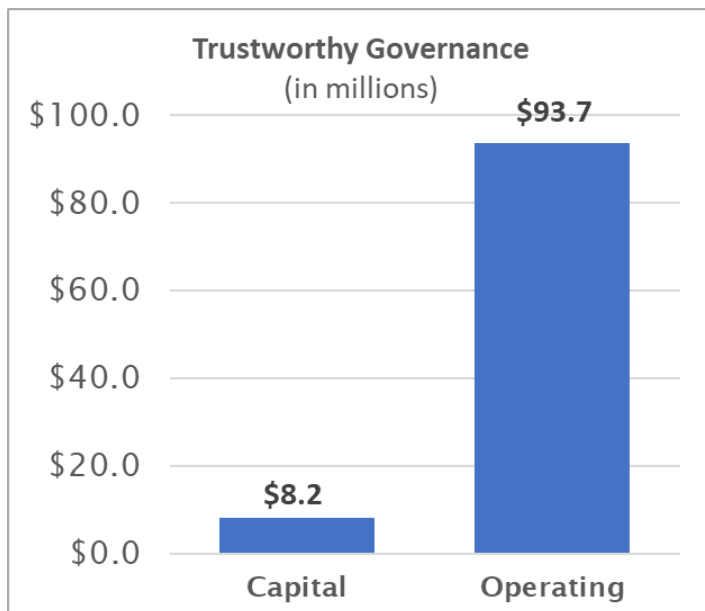


Texas Comptroller of Public Accounts

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	8.2
---------------------	-----

Operating Budget

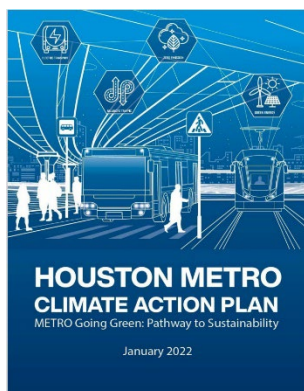
Human Resources	\$ 29.1
Executive Office, Board, & Authority Administration	12.4
Finance	11.2
Legal	4.5
Audit	1.4
President & CEO's Allowance & Contingency	35.1
	\$ 93.7

TOTAL INVESTMENT \$ 101.9

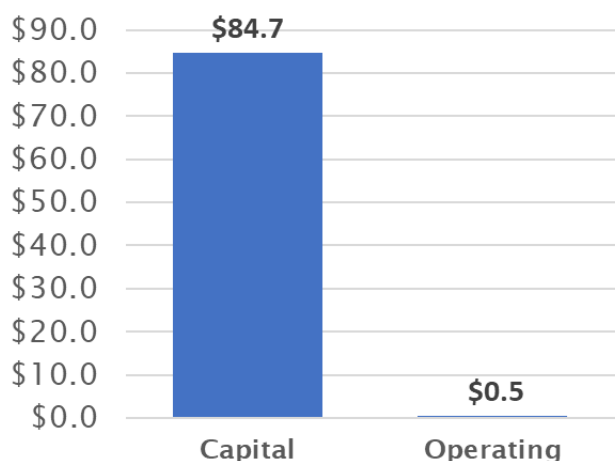
Continue implementing METRO's Climate Action Plan and prioritizing resiliency and sustainability.



METRO made transit history in February 2022 as the first agency to submit a [Climate Action Plan](#) among the 171 participants in the FTA's [Sustainable Transit for a Healthy Planet Challenge](#). The Plan describes the steps METRO will take to reach the agency's sustainability goals. It was designed as a roadmap to guide our ongoing business decisions to reduce or eliminate our carbon footprint. Such decisions include purchasing electric buses and chargers, replacing light bulbs with energy-saving LED bulbs, and replacing petroleum storage tanks.



Implement Climate Action Plan
(in millions)



Capital Budget

40' Battery Electric Buses & Chargers	\$ 50.7
Electrical Charging Infrastructure	12.9
Energy Saving Program - Lighting	11.3
Petroleum Storage Tank Replacements	9.8
	\$ 84.7

Operating Budget

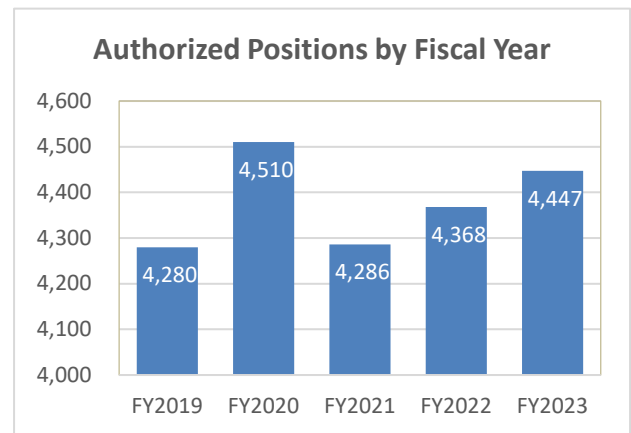
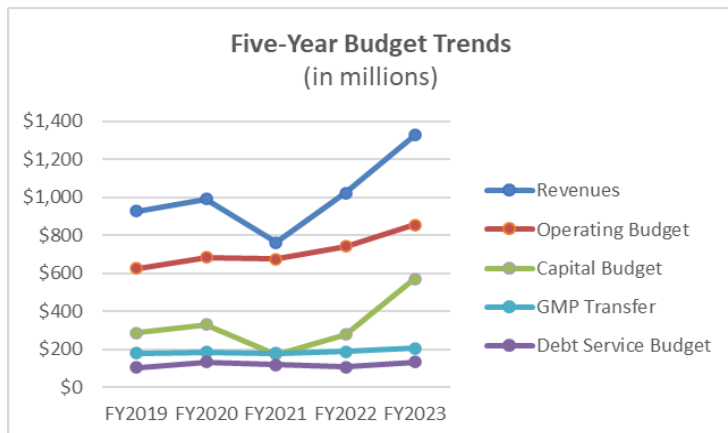
Support of Climate Action Plan	\$ 0.5
--------------------------------	--------

TOTAL INVESTMENT \$ 85.2

Budget Highlights

The highlights of METRO's FY2023 Business Plan and Budget are shown in the table below. Graphs underneath depict five-year budget trends for each major budget category.

	FY2023 Proposed Budget Amount	Change from FY22 Budget	Major Change Drivers	Locations of Additional Information
Revenues	\$1,307,532,227	+11.0%	Anticipated increase in sales tax receipts	Revenues, Appendix I
Operating Budget	\$855,183,000	+15.5%	Inflation, METRONext implementation, Service restoration/expansion as achievable	Major Increases & Decreases; Authority Budget Summary
Capital Budget	\$570,733,141	+106.2%	Purchases of electric buses with charging stations, overhauling/purchase of light rail vehicles, West Belfort Park & Ride lot, and continuing progress on METRONext Moving Forward	Capital Budget
Debt Service Budget	\$132,734,879	+6.2%	Issuance of new bonds	Debt Service Budget
GMP Transfer	\$ 204,322,490	+8.3%	Anticipated increase in sales tax receipts	General Mobility Program, Appendix I
Authorized Positions	4,447	+61 positions	Service improvements; implementation of METRONext; additional investment in safety engineering and training	Workforce by Department; Appendix H

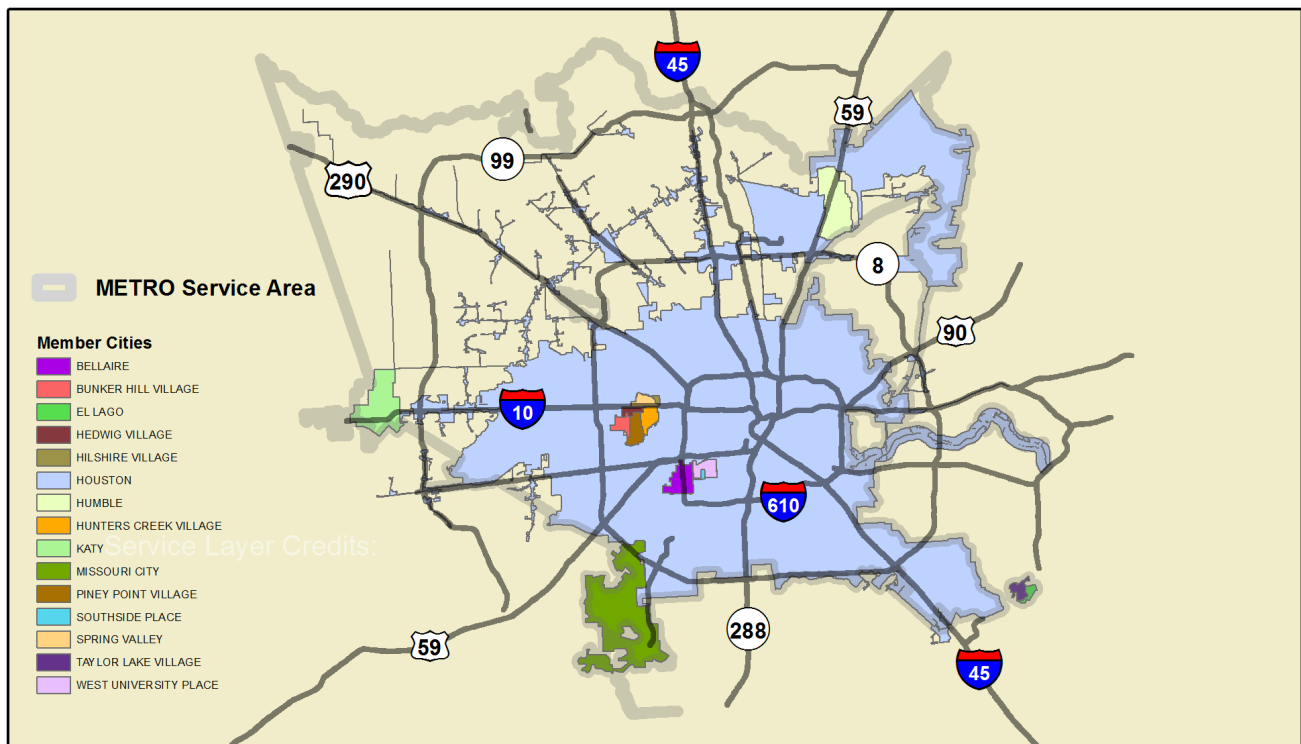


During these unprecedented times, METRO remains committed to providing safe, clean, reliable, accessible, and friendly public transportation to the Houston region. As we continue the process of moving forward, we wish for everyone to stay safe and know that what you say matters, and we're always listening.

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 at least 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 [curb2curb](#) 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 is underway to improve speed, reliability, and access on the 54 Scott, 56 Airline/Montrose, and 82 Westheimer bus routes. METRORapid lines are being designed for the [University Corridor](#) and the [Inner Katy Corridor](#).



METRO's Governing Principles

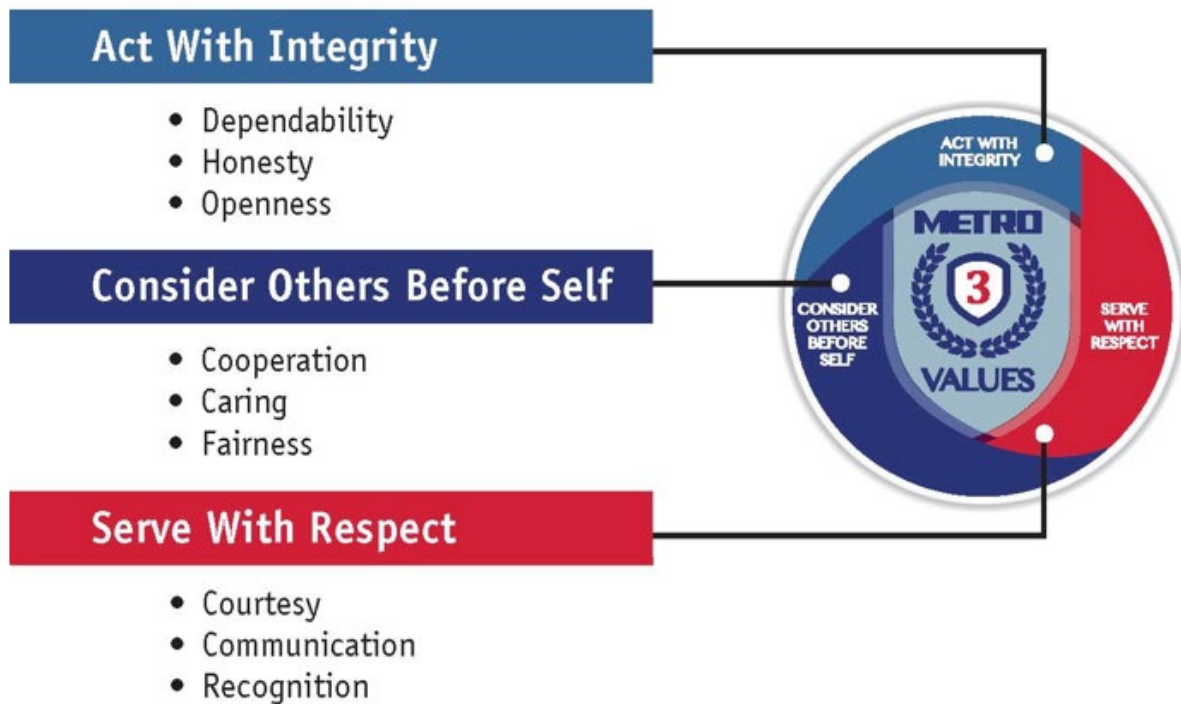
Mission

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



Sustainability Vision Statement

METRO's Sustainability Vision Statement



METRO will shift to procuring only zero-emission buses by FY2030.



METRO will manage its operations to avoid or minimize environmental impacts on the health and safety of our customers and 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, energy creation / generation, recycling, re-use, and re-purposing of materials and waste reduction management opportunities.

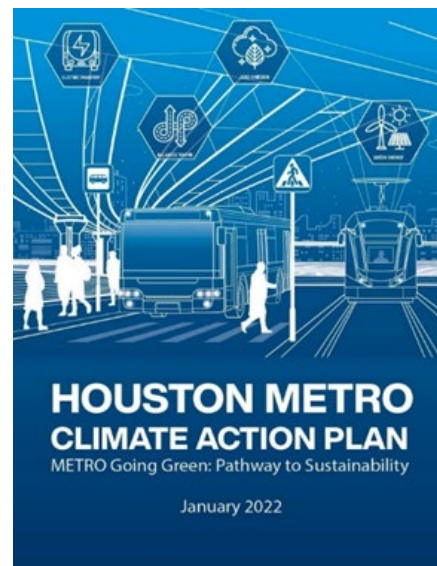


METRO will collaborate with educational institutions and community organizations to achieve shared environmental goals.



METRO will develop an agency wide Climate Action Plan to achieve the objectives of this Sustainability Vision Statement.

The Climate Action Plan referenced in the Sustainability Vision Statement was adopted in January 2022.



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 the web page with their biographies.



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



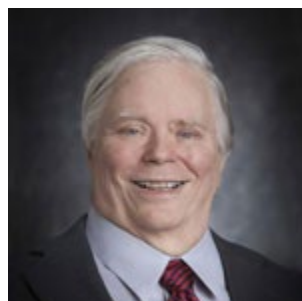
[Don Elder Jr.,
First Vice-Chair \(M\)](#)



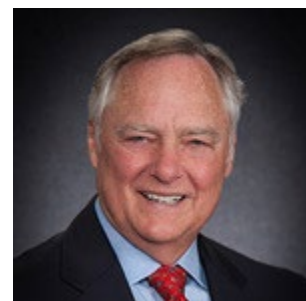
[Roberto Treviño, P.E.
Second Vice-Chair \(H\)](#)



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



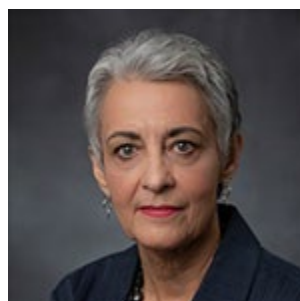
[Lex Frieden \(C\)](#)



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



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



[Diann L. Lewter \(C\)](#)



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

Executive Leadership Team



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



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



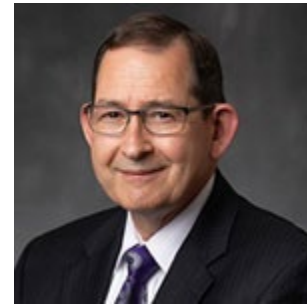
[Rosa Diaz-Hernandez,](#)
[Director of Board Support](#)



[Chuck Berkshire,](#)
[Executive Vice President & Chief](#)
[Operating Officer](#)



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



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



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



[George Fotinos, CPA,](#)
[Interim Chief Financial Officer](#)



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



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



[Karen Kauffman,](#)
[Chief Human Resources Officer](#)



[Santiago Osorio,](#)
[Chief Safety Officer](#)



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



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

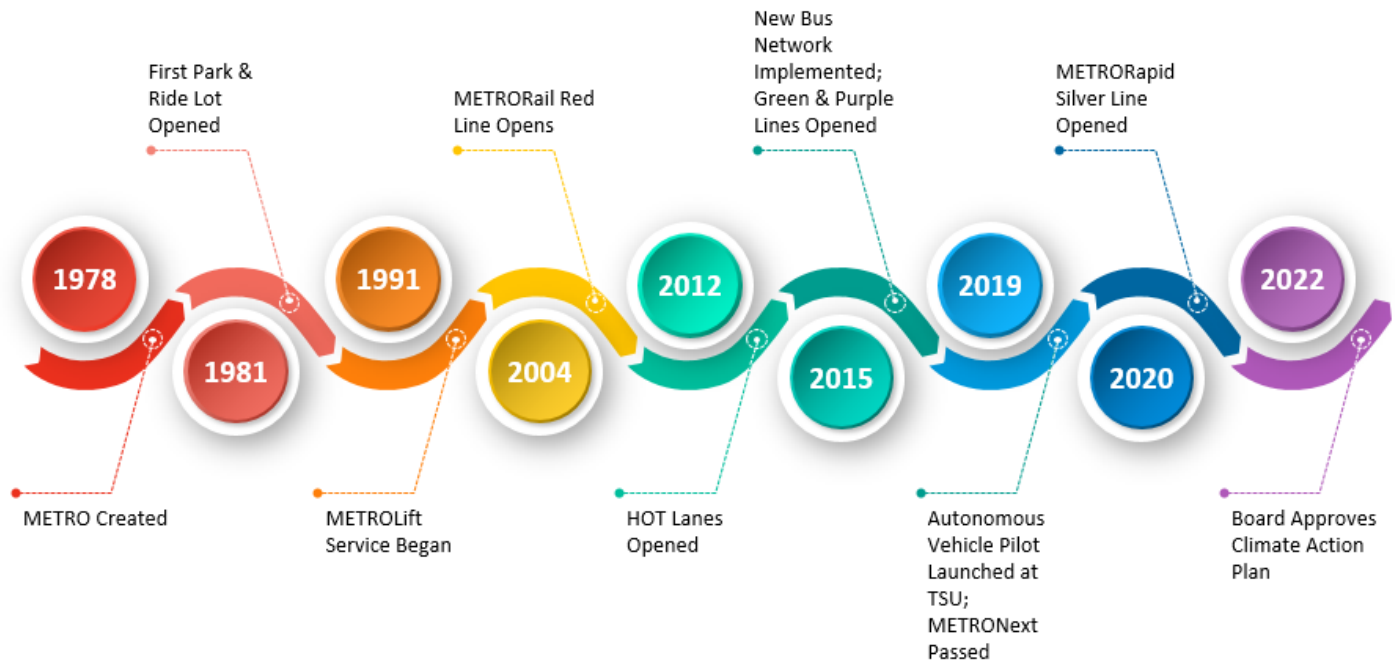


[Alva I. Treviño,](#)
[Executive Vice President,](#)
[Special Projects](#)



[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 1,558 buses and transit vans in active service on 83 local bus routes, 4 curbside routes, one BRT route, and 18 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 4.54 million. The surrounding metropolitan statistical area (MSA) of Houston – The Woodlands – Sugar Land encompasses nine counties in Texas and has a population of 7.20 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 1,245,654 residents, the second largest gain of any U.S. metro over that period. Since 2010, more than 699,000 people have moved to the Houston region.



Population Growth

AUSTIN 2010 28,417 2020 29,972	HARRIS 2010 4,092,459 2020 4,738,253
BRAZORIA 2010 313,166 2020 380,518	LIBERTY 2010 75,643 2020 91,547
CHAMBERS 2010 35,096 2020 45,590	MONTGOMERY 2010 455,746 2020 626,351
FORT BEND 2010 585,375 2020 839,706	WALLER 2010 43,205 2020 57,452
GALVESTON 2010 291,309 2020 345,089	WALKER 2010 68,243 2020 76,400
WHARTON 2010 43,277 2020 41,570	

Houston is forecasted to create roughly 75,000 jobs in 2022. Growth is projected to occur in every sector of the economy, including several that struggled to create jobs in recent years.

Living Cost Comparison

Houston offers a low cost of living while maintaining a high quality of life with the amenities expected in a world-class city.

Metro Area	Percent above/below the U.S. average
New York	141
San Francisco	87.1
Washington DC	53.3
Seattle	50.4
Boston	50.3
Los Angeles	48.9
San Diego	47.5
Chicago	23
Miami	16.3
Denver	12.6
Philadelphia	9
Atlanta	5.6
Minneapolis	4.5
Dallas	4.3
Detroit	3.5
Phoenix	3.5
Tampa	-5.9
HOUSTON	-6.2
St. Louis	-12.2

Recent Economic Activity & Estimates

As of November '21, the nation had recovered 18.2 million of the 22.4 million jobs lost in the early stages of the pandemic. Pre-crisis, the U.S. created around 200,000 jobs per month or 2.4 million per year. Forecasters call for growth in '22 to track well above historic trends. The consensus of the 47 professional forecasters surveyed in September by the National Association for Business Economics is for the U.S. to average 321,000 net new jobs per month in '22.

Selected Key Recovery & Economic Projections for 2022:

The frenetic pace of home sales that dominated the Houston housing market throughout most of the pandemic continues to slow its roll. Total property sales are down 17% to date, bogged down by interest rates and persistent inflation.

As of September '21, Metro Houston had recouped 245,600 jobs, or roughly 68 percent of the 361,400 lost in the early stages of the pandemic. The sectors most impacted by social distancing are near full recovery. Restaurants and bars have recouped 90.1 percent of their losses, retail 86.5 percent, other services (i.e., personal services), 94.0 percent. The Houston Airport System handled 24.7 million passengers, an average of 47 passengers per minute.

Houston's overall living costs are 26.9% below the average of the nation's most populous metropolitan areas, ranking it 2nd most affordable, according to the Cost of Living Index from the Council for Community and Economic Research (C2ER). Houston's overall living costs are 6.2% below the average for all U.S. metros.

Sources:

- Greater Houston Partnership, *Houston Employment Forecast 2022*
- Greater Houston Partnership, *Houston Insider, 2022*
- Houston Association of Realtors, *August 11, 2022 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 Assets in a State of Good Repair
- Focus on Implementing METRONext
- Increase Regional Public Awareness & Support
- Provide Trustworthy Governance
- Continue Implementing Climate Action Plan

The Authority's transit system has these components:

Bus System – Due to COVID-19, the Authority continues adjusting services to meet customer demand with an active revenue fleet of 1,558 buses and vans, including 681 diesel buses, 87 CNG buses, 373 40/45-foot hybrid buses, 14 Bus Rapid Transit buses, 39 alternative service vehicles, 194 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 16 bus routes.

METRO's curb2curb service 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 curb2curb routes in [Acres Homes](#), [Missouri City](#), [Kashmere](#), and [Hiram Clarke](#).

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.



Service Plan

FY2023 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	30,120,777	10,118,027	36,570	40,275,374	2,096,275	42,371,649	1,269	15,741,136	
Revenue Hours	2,233,015	677,092	3,486	2,913,593	197,017	3,110,610	145	1,116,853	
Total Miles	34,203,229	11,823,191	36,570	46,062,990	2,106,953	48,169,943	1,269	19,326,293	
Total Hours	2,393,814	737,417	3,486	3,134,717	198,824	3,333,540	145	1,322,053	
Number of Vans									300

FY2022 Service Levels Estimate

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	30,397,240	8,717,280	36,570	39,151,090	1,811,491	40,962,581	1,269	14,613,129	
Revenue Hours	2,225,700	626,121	3,486	2,855,307	176,563	3,031,869	145	1,017,973	
Total Miles	34,807,860	9,999,222	36,570	44,843,652	1,820,976	46,664,628	1,269	17,455,970	
Total Hours	2,397,335	672,223	3,486	3,073,043	178,171	3,251,214	145	1,189,386	
Number of Vans									210

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

*Includes Bus Rapid Transit (BRT)

Change to Service Levels: FY2022 Estimate to FY2023 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</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>STAR</u>
Revenue Miles	-276,463	1,400,747	0	1,124,284	284,784	1,409,068	0	1,128,007
Revenue Hours	7,314	50,972	0	58,286	20,454	78,740	0	98,880
Total Miles	-604,631	1,823,969	0	1,219,338	285,977	1,505,315	0	1,870,323
Total Hours	-3,521	65,194	0	61,673	20,653	82,326	0	132,667
Number of Vans								90

<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</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>STAR</u>
Revenue Miles	-0.91%	16.07%	0.00%	2.87%	15.72%	3.44%	0.00%	7.72%
Revenue Hours	0.33%	8.14%	0.00%	2.04%	11.58%	2.60%	0.00%	9.71%
Total Miles	-1.74%	18.24%	0.00%	2.72%	15.70%	3.23%	0.00%	10.71%
Total Hours	-0.15%	9.70%	0.00%	2.01%	11.59%	2.53%	0.00%	11.15%
Number of Vans								42.86%

Change to Service Levels: FY2022 Budget to FY2023 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>METRO</u>
	<u>METRO Bus</u>	<u>Bus</u>	<u>Events</u>				<u>Service</u>	<u>STAR</u>
Revenue Miles	-2,290,058	961,399	36,570	-1,292,089	-24,660	-1,316,750	1,269	0
Revenue Hours	-151,760	7,705	3,486	-140,569	3,988	-136,581	145	33,881
Total Miles	-2,960,825	1,220,308	36,570	-1,703,947	-27,127	-1,731,074	1,269	0
Total Hours	-175,743	14,584	3,486	-157,673	3,587	-154,087	145	45,881
Number of Vans								-6

<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>METRO</u>
	<u>METRO Bus</u>	<u>Bus</u>	<u>Events</u>				<u>Service</u>	<u>STAR</u>
Revenue Miles	-7.07%	10.50%	N/A	-3.11%	-1.16%	-3.01%	N/A	0.00%
Revenue Hours	-6.36%	1.15%	N/A	-4.60%	2.07%	-4.21%	N/A	3.13%
Total Miles	-7.97%	11.51%	N/A	-3.57%	-1.27%	-3.47%	N/A	0.00%
Total Hours	-0.47%	0.14%	N/A	-0.33%	0.17%	-0.31%	N/A	0.24%
Number of Vans								-2.04%

The forecast boardings for FY2023 show an expectation of increased ridership due to employees returning to on-site work, etc.

Boardings by Service Category

	FY2021 Actual	FY2022 Budget	FY2022 Estimate	FY2023 Budget	Budget-to-Estimate Variance	
					#	%
Fixed-Route Service						
Local/Bus Rapid Transit	33,327,041	45,720,951	41,222,343	45,976,421	4,754,078	11.5%
Park & Ride	1,313,922	2,701,887	2,679,724	3,491,199	811,475	30.3%
Subtotal Fixed-Route Bus	34,640,963	48,422,837	43,902,067	49,467,620	5,565,553	12.7%
METRORail	8,762,884	14,376,332	11,332,157	13,119,621	1,787,464	15.8%
Subtotal Fixed-Route Service	43,403,847	62,799,169	55,234,224	62,587,241	7,353,017	13.3%
Special Events	3,727	-	26,392	26,392	-	0.0%
Total Fixed-Route	43,407,574	62,799,169	55,260,616	62,613,633	7,353,017	13.3%
Customized Services						
METROLift	1,235,556	1,698,832	1,450,018	1,698,832	248,815	17.2%
METRO STAR Vanpool	286,589	483,408	442,834	553,795	110,961	25.1%
Internal Service	201	-	2,038	2,038	-	
Subtotal Customized Services	1,522,346	2,182,240	1,894,890	2,254,665	359,776	19.0%
Total Fixed-Route and Customized Services	44,929,920	64,981,409	57,155,506	64,868,298	7,712,792	13.5%
HOV/HOT Carpools, Vanpools, and Non-METRO Buses	9,571,876	16,825,886	10,857,748	13,789,313	2,931,565	27.0%

Workforce by Department

Authority	FY2021		FY2022		FY2023
	End of Year Authorized Headcount	Actual	End of Year Authorized Headcount	Projected	End of Year Authorized Headcount
Operations, Customer Service & Human Resources	3,353	3,041	3,409	3,139	3,438
Deputy CEO	2	2	2	2	2
Operations & Customer Service	3,296	2,991	3,350	3,084	3,378
Union FT	2,542	2,346	2,574	2,426	2,559
Union PT	89	54	89	51	89
Non-Union FT	664	590	686	606	729
Non-Union PT	1	1	1	1	1
Human Resources	55	48	57	53	58
Planning, Engineering & Construction	55	39	79	58	83
EVP Office	5	6	4	13	4
Project Delivery & Controls	15	7	20	8	20
Planning	17	13	21	18	22
Engineering	18	13	34	19	37
Administration	236	220	247	228	248
EVP Administration	2	2	2	2	2
Information Technology	74	69	78	73	79
Procurement & Materials	124	118	132	123	132
Union FT	61	60	61	60	61
Non-Union FT	63	58	71	63	71
Transit Asset Management	7	6	7	6	7
Client & Vanpool Ridership Services	29	25	28	24	28
Audit	9	9	9	7	9
Legal	19	16	19	18	23
Finance	77	68	71	68	71
Office of Innovation	5	4	5	5	5
Communications	48	44	51	46	54
EVP, Communications	5	5	3	3	3
Press Office	7	6	9	7	10
Public Engagement	9	8	11	10	12
Marketing & Corporate Communications	26	24	26	24	27
Partnership Promotions	1	1	2	2	2
METRO Police	389	304	388	314	389
Non-Union FT	341	273	340	286	342
Non-Union PT	48	31	48	28	47
Safety	81	64	83	77	96
Union FT	10	1	10	10	10
Non-Union FT	71	63	73	67	86
Non-Departmental	-	-	-	-	12
President & CEO Contingency	-	-	6	-	-
Executive & Board	14	14	19	14	19
Total Union	2,702	2,461	2,734	2,547	2,719
Total Non-Union	1,584	1,362	1,652	1,427	1,728
Total Workforce	4,286	3,823	4,386	3,974	4,447

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

Total Full-Time Workforce (Union and Non-Union)	4,077	3,674	4,175	3,827	4,224
Total Part-Time Workforce (Union and Non-Union)	209	149	211	147	223

FY2023 Operating Budget Workforce Additions/Deletions

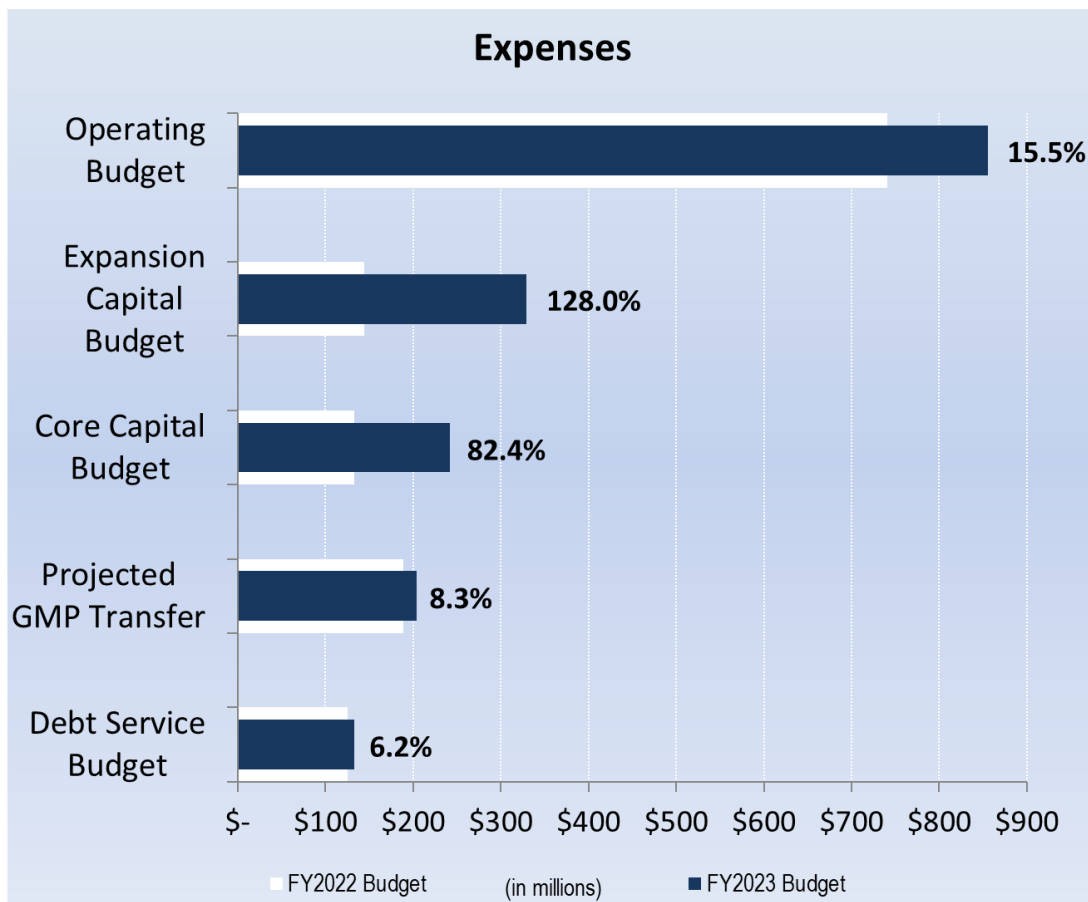
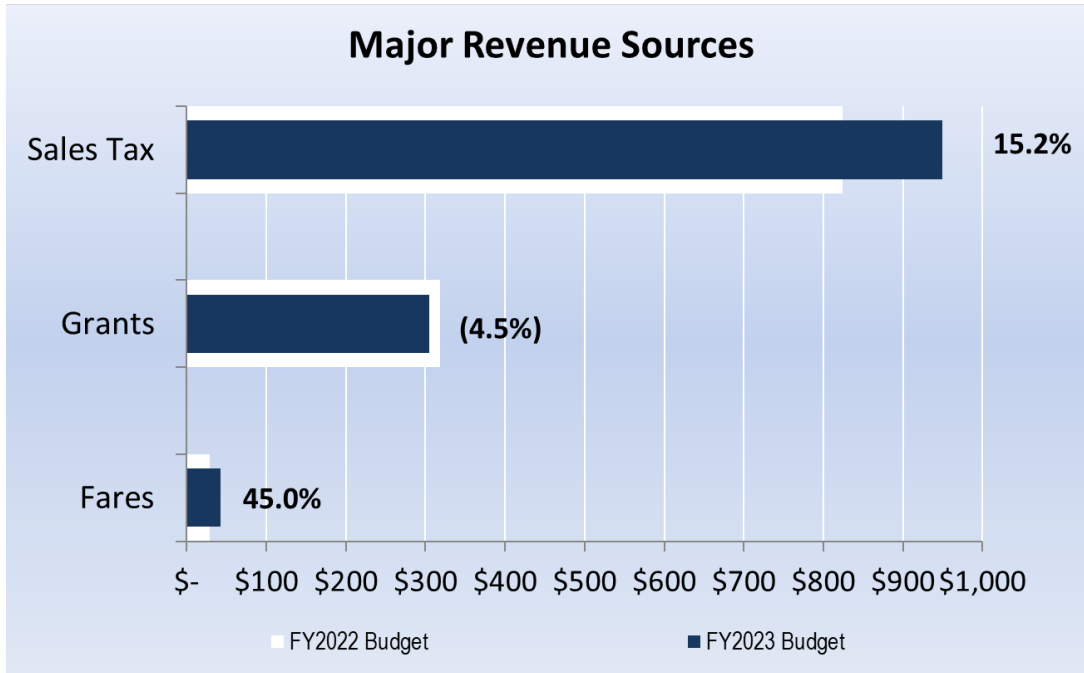
Department	Position	Additions	Deletions
Operations, Customer Service & Human Resources: Bus Transportation	PT Bus Operator	1	
Operations, Customer Service & Human Resources: Bus Transportation	PT Bus Operator Retiree		(1)
Operations, Customer Service & Human Resources: Bus Transportation	Relief Starter		(2)
Operations, Customer Service & Human Resources: Bus Transportation	Starter		(24)
Operations, Customer Service & Human Resources: Facilities Maintenance	Cleaner	3	
Operations, Customer Service & Human Resources: Facilities Maintenance	Mechanics		(3)
Operations, Customer Service & Human Resources: Fleet Services	Cleaner	2	
Operations, Customer Service & Human Resources: Fleet Services	Utility Worker		(2)
Operations, Customer Service & Human Resources: METRORail	Light Rail Servicer	2	
Operations, Customer Service & Human Resources: METRORail	LRT Operator	6	
Operations, Customer Service & Human Resources: METRORail	LRV Technician	2	
Operations, Customer Service & Human Resources: METRORail	LRV Technician - Heavy Repair	1	
	Total Union	17	(32)
Operations, Customer Service & Human Resources: Bus Transportation	Bus Controller	4	
Operations, Customer Service & Human Resources: Bus Transportation	Relief Starter	2	
Operations, Customer Service & Human Resources: Bus Transportation	Starter	24	
Operations, Customer Service & Human Resources: Contract & Paratransit Services	Contract Manager	1	
Operations, Customer Service & Human Resources: Facilities Maintenance	Data Specialist	1	
Operations, Customer Service & Human Resources: Facilities Maintenance	Facilities Supervisor	1	
Operations, Customer Service & Human Resources: Facilities Maintenance	Field Supervisor Landscaping	1	
Operations, Customer Service & Human Resources: Facilities Maintenance	Rail Custodial Compliance Inspector	1	
Operations, Customer Service & Human Resources: Facilities Maintenance	Technician - Bus Charging Stations	1	
Operations, Customer Service & Human Resources: Fleet Services	Director of Technical Services	1	
Operations, Customer Service & Human Resources: METRORail	Rail EAM Data Analyst	1	
Operations, Customer Service & Human Resources: Operations Management Support	ARGO Systems Operator	3	
Operations, Customer Service & Human Resources: Operations Management Support	Senior Transportation Engineer	1	
Operations, Customer Service & Human Resources: Operations Management Support	Sr. ARGO Systems Operator	1	
Operations, Customer Service & Human Resources: VP Human Resources	Compensation Generalist	1	
Planning, Engineering & Construction: Capital & Environmental Planning	Planning Program Manager II	1	
Planning, Engineering & Construction: Operations Engineering	Safety Engineer	1	
Planning, Engineering & Construction: Operations Engineering	Traffic Signal Tech	2	
Administration: Information Technology	GIS Systems Analyst IV	1	
Legal	Litigation Paralegal	1	
Legal	Staff Attorney - Litigation	1	
Legal	Staff Attorney - Transaction	1	
Legal	TPIA Paralegal	1	
Communications: Marketing & Communication Services	Account Executive	1	
Communications: Press Office	Multi-media Specialist/Videographer	1	
Communications: Public Engagement	Manager, Public Engagement & Community Outreach	1	
METRO Police	Fare Inspector	1	
Safety: Director of Safety	SMS Coordinator	1	
Safety: Customer Safety	Bus Safety Officer	1	
Safety: Customer Safety	EHS Officer	1	
Safety: Customer Safety	Rail Safety Officer	1	
Safety: Customer Safety	Sr. Safety Engineer	1	
Safety: Operations Training	Bus Maintenance Trainer	1	
Safety: Operations Training	Facilities Maintenance Trainer	1	
Safety: Operations Training	Transportation Trainer	4	
Safety: Risk Management	Risk Analyst	1	
Safety: Drug & Alcohol	Drug & Alcohol Assistant	1	
Non-Departmental	Associate Staffing Representative	1	
Non-Departmental	Staffing Coordinator	1	
Non-Departmental	Staffing Representative	1	
Non-Departmental	Staffing Supervisor	1	
President & CEO Contingency	Customer Service Rep METROLift/Micro Transit		(3)
President & CEO Contingency	METROLift Dispatcher		(3)
President & CEO Contingency	Position for New Initiatives	8	
	Total Non-Union	82	(6)
Total		99	(38)
Total Year-Over-Year Change in Authorized Positions		61	



Authority Budget Summary

	FY2021	FY2022	FY2022	FY2023	Budget-to-Budget Variance	
	Actual	Budget	Estimate	Budget	\$	%
Sales Tax	\$ 843,425,291	\$ 823,840,150	\$ 952,057,312	\$ 949,247,227	\$ 125,407,077	15.2%
Transfer to GMP	(190,774,935)	(188,646,606)	(204,673,751)	(204,322,490)	(15,675,884)	8.3%
Sales Tax (net GMP Transfer)	\$ 652,650,356	\$ 635,193,544	\$ 747,383,561	\$ 744,924,736	\$ 109,731,192	17.3%
Fares	22,581,567	27,278,325	30,198,922	39,560,588	12,282,263	45.0%
Vanpool	1,106,473	1,664,078	1,892,039	2,402,890	738,812	44.4%
HOT Lane Revenue	3,111,252	3,819,000	4,881,436	6,199,424	2,380,424	62.3%
Grants	247,505,532	318,755,000	337,005,090	304,477,299	(14,277,701)	(4.5%)
Interest	545,517	468,333	2,600,196	2,665,201	2,196,868	469.1%
Miscellaneous	1,609,717	1,775,667	2,906,926	2,979,599	1,203,932	67.8%
Bond Proceeds	-	20,456,745	-	222,645,207	202,188,462	988.4%
Total Revenues	\$ 929,110,414	\$ 1,009,410,692	\$ 1,126,868,170	\$ 1,325,854,944	\$ 316,444,252	31.3%
Payroll & Benefits						
Wages	\$ 136,519,039	\$ 159,156,176	\$ 155,547,221	\$ 176,281,857	\$ 17,125,681	10.8%
Union Fringe Benefits	81,987,065	88,464,703	86,510,111	93,586,577	5,121,874	5.8%
Subtotal Union Labor	218,506,104	247,620,879	242,057,332	269,868,434	22,247,555	9.0%
Salaries and Non-Union Wages	\$ 108,801,949	\$ 124,447,136	\$ 121,701,025	\$ 148,100,217	\$ 23,653,081	19.0%
Non-Union Fringe Benefits	48,116,774	54,306,799	52,603,739	57,124,740	2,817,941	5.2%
Subtotal Non-Union Labor	156,918,723	178,753,935	174,304,764	205,224,957	26,471,022	14.8%
Allocation to Capital & GMP	(9,090,257)	(10,336,511)	(9,178,421)	(14,894,121)	(4,557,610)	44.1%
Subtotal Labor and Fringe Benefits	366,334,569	416,038,304	407,183,675	460,199,270	44,160,966	10.6%
Materials & Supplies						
Services	\$ 54,624,389	\$ 111,385,449	\$ 97,668,403	\$ 139,357,715	\$ 27,972,266	25.1%
Materials and Supplies	29,476,599	31,409,370	32,832,415	35,542,183	4,132,813	13.2%
Fuel and Utilities	31,784,818	36,723,477	38,147,473	54,537,831	17,814,355	48.5%
Administration						
Casualty and Liability	\$ 5,056,209	\$ 8,249,230	\$ 7,889,754	\$ 8,732,790	\$ 483,560	5.9%
Purchased Transportation	90,415,326	106,319,622	102,423,379	127,283,395	20,963,773	19.7%
Leases, Rentals and Misc.	11,793,422	23,919,901	14,473,310	22,956,048	(963,853)	(4.0%)
Allocation to Capital & GMP - Non-Labor	(671,813)	(1,039,510)	(618,411)	(926,231)	113,279	(10.9%)
Subtotal Non-Labor	222,478,950	316,967,539	292,816,325	387,483,731	70,516,192	22.2%
Subtotal Labor and Non-Labor	588,813,520	733,005,843	700,000,000	847,683,000	114,677,157	15.6%
Contingency	-	7,539,157	-	7,500,000	(39,157)	(0.5%)
Total Operating Budget	\$ 588,813,520	\$ 740,545,000	\$ 700,000,000	\$ 855,183,000	\$ 114,638,000	15.5%
Capital Expenses						
Core Business Items	\$ 41,551,150	\$ 132,603,475	\$ 72,746,475	\$ 241,883,262	\$ 109,279,787	82.4%
Expansion/Enhancements	56,128,283	144,219,785	64,048,165	328,849,879	184,630,094	128.0%
Total Capital Budget	\$ 97,679,433	\$ 276,823,260	\$ 136,794,640	\$ 570,733,141	\$ 293,909,881	106.2%
Debt Service	\$ 116,689,651	\$ 124,973,359	\$ 123,519,492	\$ 132,734,879	\$ 7,761,519	6.2%

FY2022 to FY2023 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 FY2023 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 FY2023 has been reduced by 1.00% in the budget calculations.
- No fixed-route fare increases will be proposed for FY2023.
- 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 5.92%, 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 FY2023 is projected to be \$223.8 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 Annual Comprehensive 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 \(ridemetro.org\)](#).

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 Appendices.

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 Annual Consolidated 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.

An Annual Consolidated 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 [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 [Revenues](#) 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 FY2023 Annual Budget (in millions)

Description	Approved FY2022 Budget	Proposed FY2023 Budget	Change	
Operating Budget	\$ 740.5	\$ 855.2	\$ 114.6	15.5%
Capital Budget	276.8	570.7	293.9	106.2%
Projected Transfer to GMP	188.6	204.3	15.7	8.3%
Debt Service Budget	125.0	132.7	7.8	6.2%
Total	\$ 1,331.0	\$ 1,763.0	\$ 432.0	32.5%

Operating Budget

The proposed Operating budget is \$855.2 million, an increase of \$114.6 million or 15.5% from the FY2022 approved budget level. The increase reflects management of “baseline” operating expenses to a growth rate of not more than 5.92% 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 \$570.7 million reflects an increase of \$293.9 million or 106.2% from the FY2022 approved budget level. This increase is due to a \$109.3 million or 82.0% increase in Core Business Items Necessary to Maintain Service and a \$184.6 million or 128% increase in Expansion/Enhancement Capital Costs.

General Mobility Program Transfer

The FY2023 projected General Mobility Program (GMP) transfer is \$204.3 million, an increase of \$15.7 million or 8.3% 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 FY2023 Annual Budget
(in millions)

Description	Approved FY2022 Budget	Proposed FY2023 Budget	Change	
<u>Core Business Items Necessary to Maintain Service</u>				
Vehicle Maintenance Costs	\$ 25.819	\$ 24.972	\$ (0.847)	(3%)
Maintaining Operational Facilities (Buildings and Rail)	57.866	77.717	19.851	34%
IT Projects	7.664	6.351	(1.313)	(17%)
Vehicle Acquisition Costs	41.255	132.843	91.588	222%
Subtotal	\$ 132.603	\$ 241.883	109.280	82%
<u>Expansion & Enhancements</u>				
Vehicle Acquisition Costs	\$ 3.272	\$ -	\$ (3.272)	(100%)
Safety Projects	8.024	\$ 7.336	(0.689)	(9%)
IT Projects	12.236	\$ 47.875	35.639	291%
FFGA Commitments	38.513	\$ 16.790	(21.724)	(56%)
METRONext	46.877	\$ 125.515	78.638	168%
Legacy Projects - New and/or Enhanced	28.175	\$ 127.335	99.159	352%
Allowances	7.122	\$ 4.000	(3.122)	(44%)
Subtotal	144.220	328.850	184.630	128%
TOTAL Capital Program	\$ 276.823	\$ 570.733	\$ 293.910	106%

The proposed Capital budget of \$570.7 million is allocated in two program categories – Core Business Items Necessary to Maintain Service and Expansion/Enhancement Capital Costs.

The FY2023 budget allots \$241.9 million for Core Business Items Necessary to Maintain Service and \$328.9 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 \$132.7 million, a decrease of \$7.8 million or 6.2% from the FY2022 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 \$988 million. This total includes approximately \$84 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 FY2023 budget requires \$2.216 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 FY2023 budget. Fund balances carrying over from the previous year are considered sources of funds.

Sources & Uses of Funds (in millions)

	2023
SOURCES OF FUNDS	
Beginning Fund Balance	\$ 685.404
<u>Revenues:</u>	
Sales Tax	\$ 949.247
Transportation Fares*	39.561
HOT Lanes	6.199
Vanpool	2.403
Grants	304.477
Other Income	5.645
Total FY2023 Revenues	\$ 1,307.532
<u>Debt Funding</u>	
Proceeds from Borrowing	222.645
Total Sources of Funds	\$ 2,215.581
USES OF FUNDS	
<u>Expenditures</u>	
Operating Budget Expenses	\$ 855.183
General Mobility Program Transfer	204.322
Core Business Capital Expenditures	241.883
Expansion / Enhancements Capital Expenditures	328.850
Debt Service	132.735
Total FY2023 Expenditures	\$ 1,762.974
Ending Fund Balance	\$ 452.608
Total Uses of Funds	\$ 2,215.581
<i>* Includes Fixed Route and METROLift Revenues</i>	

Funding of METRO Activities

The Operating Budget of \$855.2 million, GMP transfer of \$204.3 million, Capital Projects including Core Business Capital Expenditures and Expansion/Enhancements Capital Expenditures of \$570.7 million, and Debt Service expenses of \$132.7 million will be largely funded from several revenue sources (including sales tax receipts, transportation fares, vanpool revenues, operating and capital grants, bond proceeds, and other income) totaling \$1.763 billion.

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 FY2023 year-end fund balance of \$452.6 million includes a total of \$128.3 million, a reserve available to assist in the funding of METRO's debt obligations.

In addition, the METRO Board directed an additional 10% of the forward 12-month operating expenditures to be reserved (\$85.5 million) and another \$10 million reserve as directed by the Board. Thus, the FY2023 year-end general fund balance also includes an additional \$95.5 million similarly available to assist with the funding of METRO's operating and capital activities.

In total, METRO has earmarked \$223.8 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 FY2023 Business Plan & Budgets.

Fiscal Year 2023						
Sources of METRO Funds (in millions)	Operations	General Mobility	Debt Service	Capital: Core Business	Capital: Expansion & Enhancements	TOTAL
Sales Tax	365	204	133	85	162	949
Farebox	40	-	-	-	-	40
HOT Lanes	6	-	-	-	-	6
Vanpool	2	-	-	-	-	2
Grants	204	-	-	38	63	304
Borrowing	-	-	-	119	104	223
Other	6	-	-	-	-	6
Fund Balance	233	-	-	-	-	233
TOTAL	855	204	133	242	329	1,763



Five Year Sources and Uses Summary

The table below shows an overall financial projection for the next five years to FY2027 on a cash basis.

	2021 Actuals	Budgeted 2022	Estimated 2022	2023	2024	2025	2026	2027
Gross Sales Tax	\$ 843,425	\$ 823,840	\$ 952,057	\$ 949,247	\$ 969,260	\$ 1,021,102	\$ 1,079,188	\$ 1,139,510
GMP	\$ (190,775)	(188,647)	(204,674)	\$ (204,322)	(206,824)	(213,304)	(220,565)	(228,105)
Net Sales Tax	\$ 652,650	\$ 635,194	\$ 747,384	\$ 744,925	\$ 762,436	\$ 807,798	\$ 858,623	\$ 911,404
Cash Reserve Carryover from Prior Year	\$ 392,922	\$ 588,781	\$ 518,850	\$ 685,404	\$ 452,608	\$ 235,764	\$ 224,796	\$ 233,352
Fares & Misc.	\$ 28,955	35,005	42,480	\$ 53,808	\$ 65,103	\$ 76,494	\$ 87,856	\$ 91,145
Operating Grants	\$ 196,601	85,448	9,005	67,000	83,750	100,500	102,510	104,560
Capital Grants	\$ 5,292	53,307	28,700	100,477	171,665	597,005	583,468	395,967
Other Grants (COVID related, etc.)	\$ 45,613	180,000	299,300	137,000	-	-	-	-
Bus Financing	\$ -	-	-	111,256	78,532	90,116	86,953	116,870
CIP Financing	\$ -	18,831	-	-	-	-	-	-
Rail Financing	\$ -	-	-	-	-	-	-	-
Grant Anticipation Financing	\$ -	-	-	36,306	87,698	-	-	-
CP Financing	\$ -	-	-	-	-	-	-	-
Texas LoanSTAR Financing	\$ -	-	-	7,497	8,000	-	-	-
Farebox Financing	\$ -	-	-	-	110,000	53,000	139,000	145,000
METRONext Financing	\$ -	1,626	-	67,586	190,048	328,774	453,706	264,625
Subtotal	\$ 1,322,033	\$ 1,598,192	\$ 1,645,718	\$ 2,011,259	\$ 2,009,841	\$ 2,289,450	\$ 2,536,913	\$ 2,262,924
Debt Service	\$ (116,690)	\$ (124,973)	\$ (123,519)	\$ (132,735)	\$ (177,039)	\$ (173,007)	\$ (217,811)	\$ (265,345)
Capital Budget	\$ (97,679)	(276,823)	(136,795)	(570,733)	(788,319)	(1,035,652)	(1,194,205)	(844,102)
Subtotal	\$ 1,107,663	\$ 1,196,395	\$ 1,385,404	\$ 1,307,791	\$ 1,044,483	\$ 1,080,791	\$ 1,124,897	\$ 1,153,477
Operating Budget	\$ (588,814)	\$ (740,545)	\$ (700,000)	\$ (855,183)	\$ (808,719)	\$ (855,995)	\$ (891,546)	\$ (914,484)
Cash Reserve at Year End	\$ 518,850	\$ 455,850	\$ 685,404	\$ 452,608	\$ 235,764	\$ 224,796	\$ 233,352	\$ 238,993
Emergency	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)
Board Reserve	\$ (67,632)	(74,055)	(74,055)	(85,518)	(80,872)	(85,599)	(89,155)	(91,448)
Debt Reserve @ 15%	\$ (101,448)	(111,082)	(111,082)	(128,277)	(121,308)	(128,399)	(133,732)	(137,173)
Ending Balance	\$ 339,770	\$ 260,714	\$ 490,268	\$ 228,812	\$ 23,585	\$ 798	\$ 465	\$ 372
MADS Coverage - Sales Tax Lien	5.86	6.10	6.45	6.71	5.58	4.67	3.91	3.65
MADS Coverage - Farebox Lien	NA	NA	NA	NA	6.75	4.28	2.54	2.04
Outstanding Par Value Debt								
Commercial Paper	\$ 109,500	\$ 103,000	\$ 83,550	\$ 67,450	\$ 51,550	\$ 34,350	\$ 23,050	\$ 9,150
Sales Tax Bonds & KO's (non-METRONext)	\$ 964,980	918,511	904,555	748,805	669,985	817,896	840,667	884,339
METRONext Sales Tax Bonds	\$ -	1,626	-	66,577	252,875	573,346	1,012,718	1,258,953
Farebox Revenue Bonds	\$ -	-	-	-	108,493	159,106	293,935	432,861
Grant Anticipation Notes	\$ -	-	-	36,306	124,005	-	-	-
Texas LoanSTAR	\$ -	-	-	-	-	15,482	14,282	13,068

Statement of Revenues, Expenses, and Changes in Net Position

The table below – Statement of Revenues, Expenses and Changes in Net Position – uses the Annual Comprehensive 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.

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

	FY2021 Actual	FY2022 Budget	FY2022 Estimate	FY2023 Projection
REVENUES				
Operating Revenues:				
<u>Revenues:</u>				
Transportation Fares	22.582	27.278	30.199	39.561
HOT Lane & Special Events Revenues	3.111	3.819	10.389	11.844
Vanpool Revenues	1.106	1.664	1.892	2.403
Total Operating Revenues	26.799	32.761	42.480	53.808
Operating Expenses:				
Transit Operating	601.597	740.545	700.000	855.183
Depreciation and Amortization	187.571	190.000	186.362	195.680
Total Operating Expenses	789.167	930.545	886.362	1,050.863
Operating Loss	\$ (762.368)	\$ (897.784)	\$ (843.883)	\$ (997.056)
Non-Operating Revenues (Expenses):				
Sales Tax	\$ 843.425	\$ 823.840	\$ 952.057	\$ 949.247
Investment Income	0.219	0.562	2.600	2.665
Inter-Government Revenue	0.050	-	-	-
Non-capitalized Interest Expense	(32.538)	(40.000)	(36.846)	(42.303)
Other Income	1.610	1.859	2.907	2.980
Grant Proceeds - Operating	196.601	265.448	9.005	67.000
Local Infrastructure Assistance/GMP	(186.949)	(188.647)	(204.674)	(204.322)
Funds passed to subrecipients	(0.158)	(0.016)	(0.356)	-
Recovery /(Loss) for Asset Impairments	(7.632)	-	(6.142)	-
Gain (Loss) on Sale for Disposal of Assets	(0.238)	(0.160)	(0.305)	-
Total Non-Operating Revenues	\$ 814.389	\$ 862.887	\$ 718.246	\$ 775.267
Gain/(Loss) before Capital Grants	\$ 52.021	\$ (34.897)	\$ (125.636)	\$ (221.789)
Capital Grant Proceeds	5.292	53.307	28.700	\$ 100.477
Changes in net assets	57.313	18.410	(96.936)	(121.311)
Net Assets - beginning of the year	1,299.658	1,386.361	1,356.970	1,260.034
Net Assets - end of the year	1,356.970	1,404.770	1,260.034	1,138.722

Statement of Net Position

The table below shows the Authority's Statement of Net Position as of fiscal years ending September 30, 2021 and 2022 as well as a projection for 2023.

Statement of Net Position

(in millions)

	FY2021 Actual	FY2022 Budget	FY2022 Estimate	FY2023 Projection
	9/30/2021	9/30/2022	9/30/2022	9/30/2023
Assets				
Cash	\$ 8.825	\$ 10.000	\$ 10.000	\$ 10.000
Receivables	463.065	140.000	248.249	249.000
Inventory	49.507	40.000	53.173	54.000
Investments	711.023	915.559	457.056	780.989
Other Assets	3.817	8.000	5.199	6.000
Property Net of Depreciation	2,169.990	2,114.560	2,108.713	2,572.280
Land & Improvements	508.430	423.491	487.487	594.653
Total Assets	\$ 3,914.657	\$ 3,651.610	\$ 3,369.878	\$ 4,266.923
Deferred Outflow of Resources*	182.073	136.000	182.244	183.000
Liabilities				
Trade Payables	\$ 61.529	75.111	\$ 73.260	74.000
Accrued Payroll	37.233	35.000	36.053	37.000
Short-Term Debt	109.500	103.200	83.550	67.450
Long-Term Liabilities	2,391.443	2,026.530	1,958.657	2,990.751
Other Liabilities	34.928	33.999	35.460	36.000
Total Liabilities	\$ 2,634.633	\$ 2,273.840	\$ 2,186.980	\$ 3,205.201
Deferred Inflow of Resources*	105.126	109.000	105.11	106.000
Net Assets - Retained	\$ 1,356.970	\$ 1,404.770	\$ 1,260.034	\$ 1,138.722
Total Liabilities and Net Assets	\$ 3,991.604	\$ 3,678.610	\$ 3,447.014	\$ 4,343.923

Note:

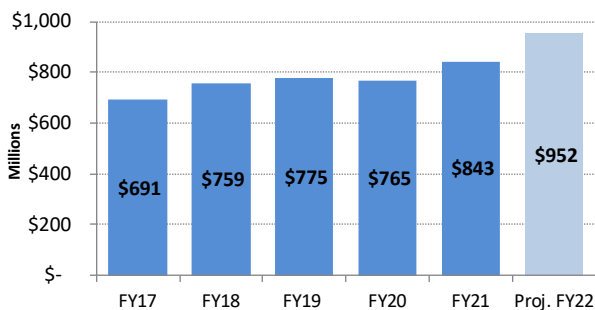
*A deferred outflow of resources is defined by the Governmental Accountability Standards Board as "a consumption of net assets by the government that is applicable to a future reporting period," and a deferred inflow of resources is defined as "an acquisition of net assets by the government that is applicable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

Revenues

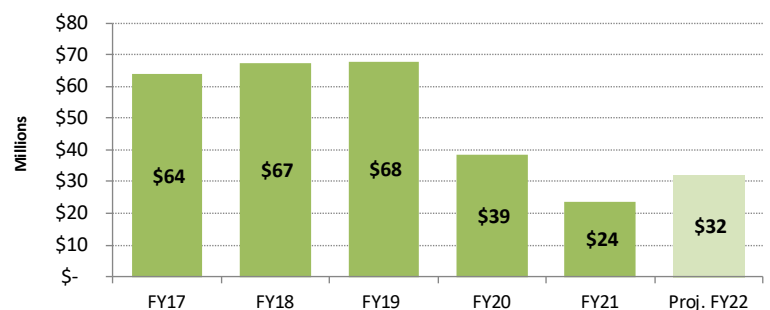
[Chapter 451 of the Texas Transportation Code](#) authorizes METRO to impose fares, tolls, charges, rents, and other compensation in amounts sufficient to produce revenue, together with sales tax revenue received by the Authority, in an amount adequate to: (1) pay all expenses necessary to operate and 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 current and previous five fiscal years. METRO’s fare revenue beginning in FY2020 has been severely reduced because of the ridership decline resulting from COVID-19.

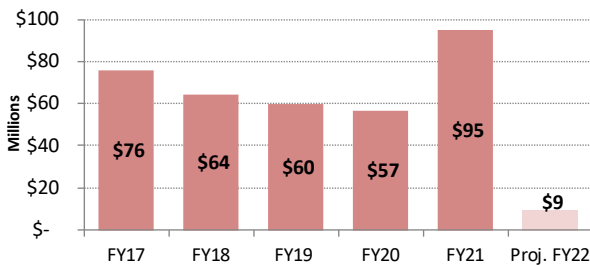
Sales Tax



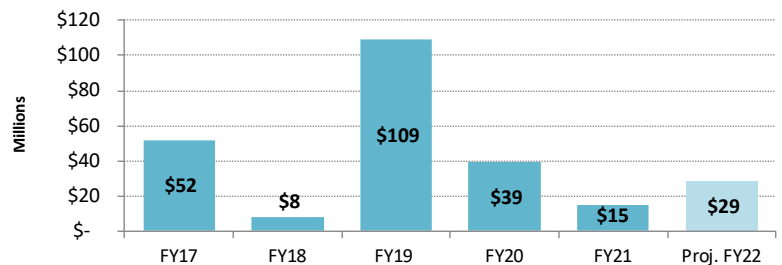
Farebox Revenue



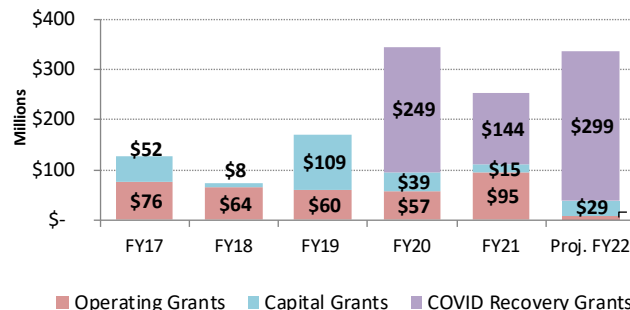
Operating Grants



Capital Grants

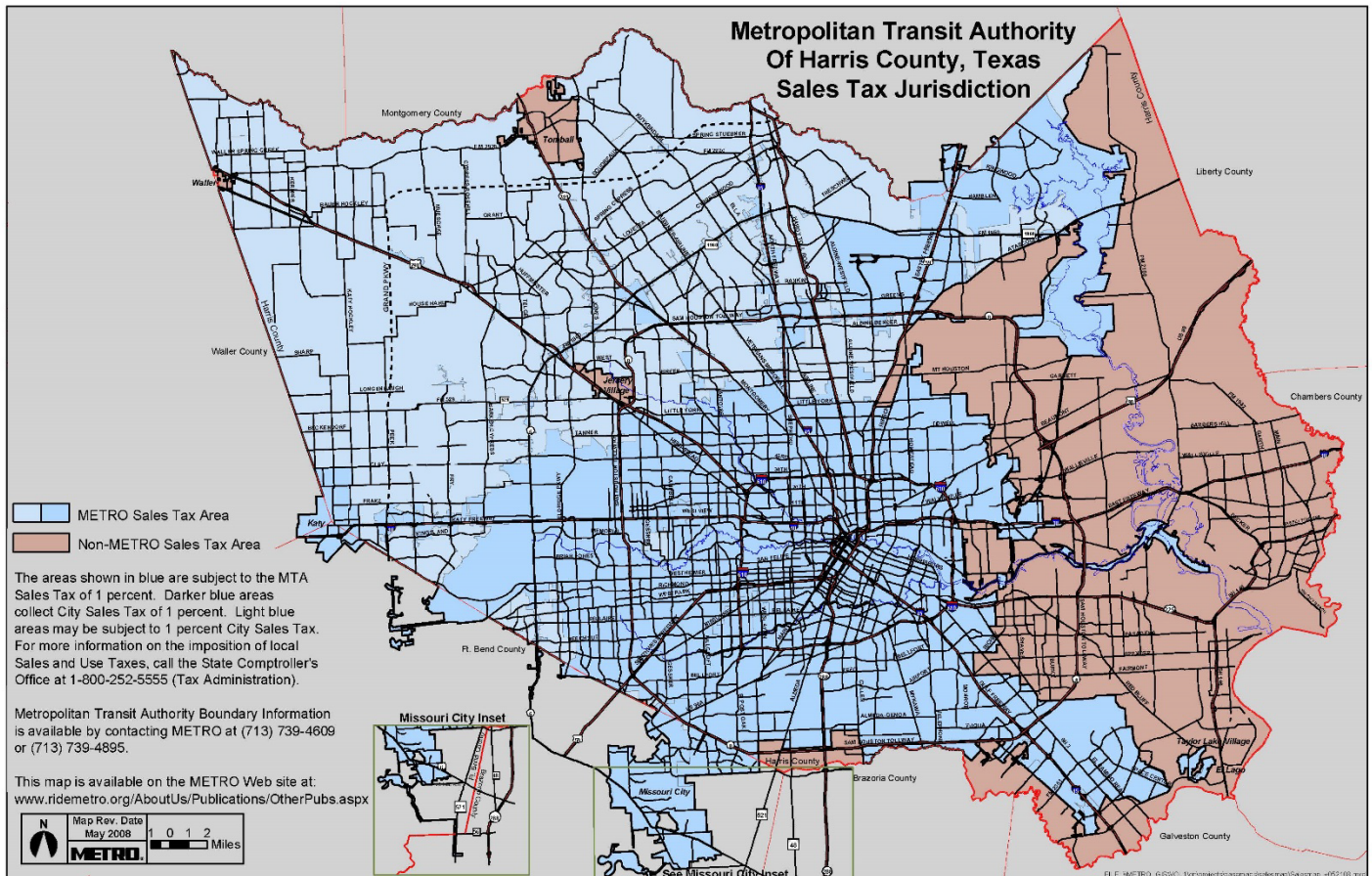


Total Grants



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.



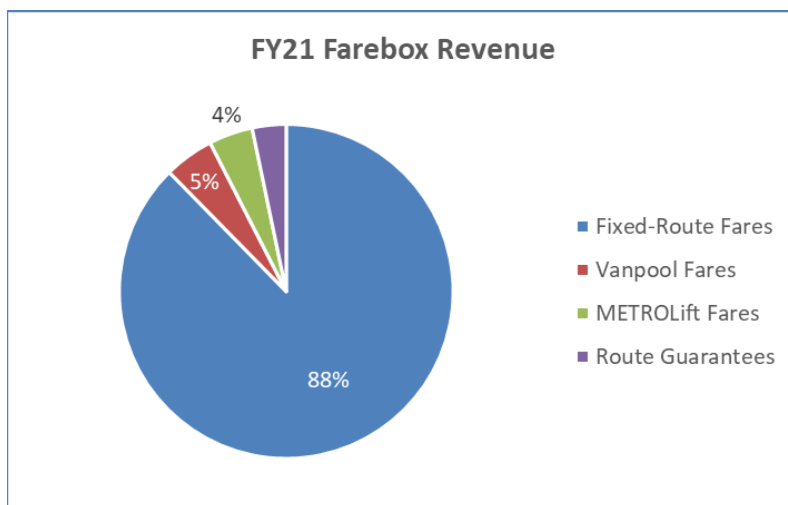
When METRO was created, service area voters approved the tax via referendum. METRO has collected the tax since 1978. This tax currently provides METRO well over \$600 million per year. Sales tax projections are developed by Dr. William (Bill) Gilmer of the [Institute for Regional Forecasting](#) at the 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 2027 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 FY2023.

Current Fares: Fiscal Year 2022

	Full Fare	Discounted Fare
Local/METROrail/METROrapid	\$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 or 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](#).



Public | Surplus®

Chat | Help | Login

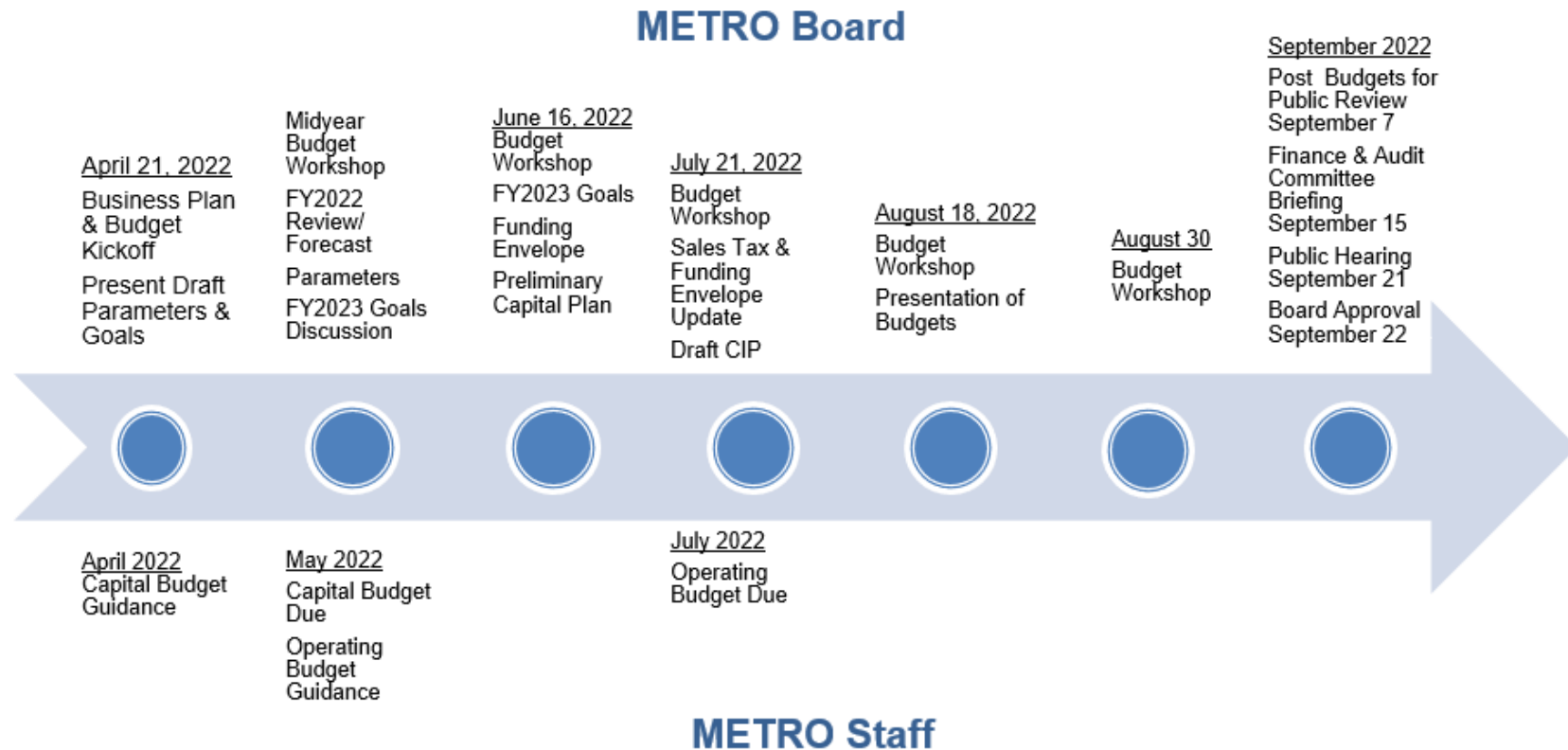


Current Auctions

Current Auctions for Metropolitan Transit Authority Harris County

FY2023 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 public is always welcome to make comments at the budget workshops in accordance with METRO's public comment instructions. Speakers must sign up 48 hours before the workshop and are allotted three minutes to address the Board. Those wishing to speak should send an email to boardoffice@ridemetro.org or call 713-739-4834 to sign up.

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 Wednesday, September 21, 2022. 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/87281252499> or by dialing: 346-248-7799, Meeting ID: 872 8125 2499.
- 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:

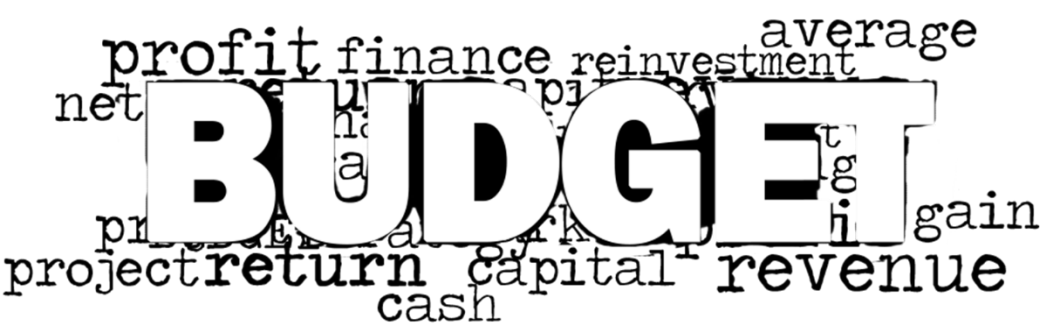
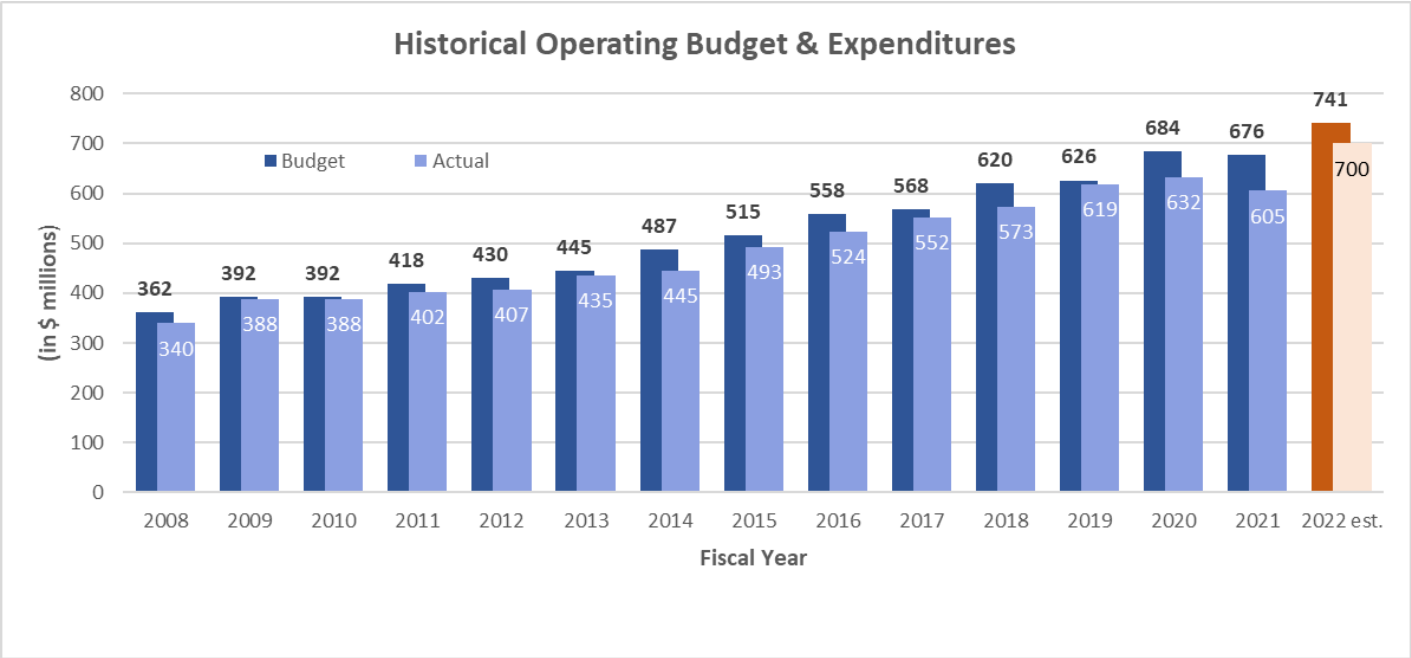
- METRO-operated Local Bus
- Contractor-operated (First Transit) Local Bus
- METRO-operated Bus Rapid Transit
- METRO-operated Park & Ride
- Contractor-operated (First Transit, First Class Tours, AFC Transportation) Park & Ride
- METRO-operated Alternative Service (curb2curb)
- METROLift (standard service)
- 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 with an operating budget surplus. The chart below demonstrates METRO’s history of budgetary compliance over the past 15 years.



Operating Budget

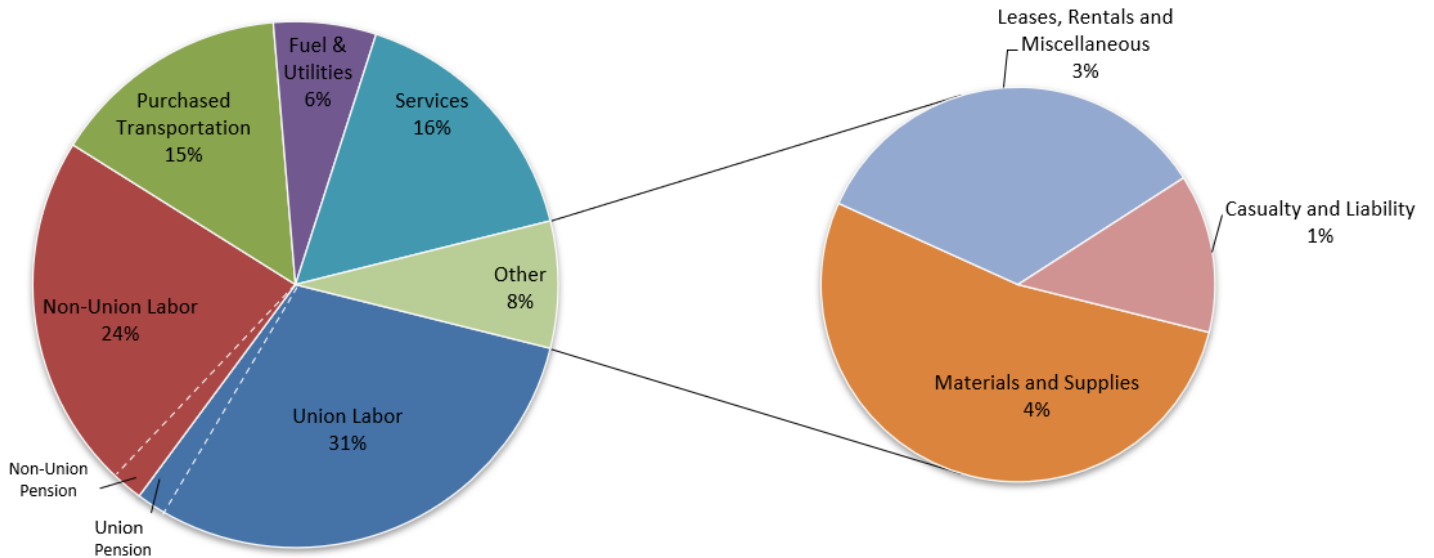
Summary	
FY2022 Operating Budget	\$ 740,545,000
Net Increase	126,165,313
Net Decrease	(11,527,313)
FY2023 Operating Budget	\$ 855,183,000
FY 2023 Net Increase	114,638,000
Major Increases & Decreases	
<u>Increases</u>	
Increase in Non-Union Compensation including added headcounts	26,471,022
Increase in Union Compensation	22,247,555
Increase in METRONext Pre-planning Operating Expenses	21,347,810
Increase in Total Fuel & Utilities	17,814,355
Increase in Purchased Transportation for Annualization of Services	13,963,773
Allowance for New Services	7,000,000
Increase in Materials and Supplies due to Inflation	4,132,813
Increase in Cleaning Services due to Higher Contract Renewals	3,398,443
Increase for Weekend HOT/HOV Lanes Service	1,929,397
Allowance for Authority Strategic Analysis	1,250,000
Increase in Innovation Projects	1,000,000
Allowance for New Initiatives	988,329
Increase in Legislative Coordination	980,000
Increased Investment in Facilities State of Good Repair	950,000
Increase in Software Rental	933,414
Support of Climate Action Plan	500,000
Increase in Casualty & Liability Expense	483,560
Increase in Education & Training	375,418
Increase in Security Services	294,700
Other	104,725
Total Increases	\$ 126,165,313
<u>Decreases</u>	
Higher Allocation of Capital/GMP Expenses	(4,557,611)
Decrease in Other Misc. Expense	(2,972,197)
COVID-19-Related Investments	(2,798,684)
Decrease in Actuarially Determined Pension Contributions	(1,198,822)
Total Decreases	\$ (11,527,313)

Operating Budget by Cost Category

	FY2021 <u>Actual</u>	FY2022 <u>Budget</u>	FY2022 <u>Estimate</u>	FY2023 <u>Budget</u>	Budget-to-Budget Variance	
					\$	%
Wages	\$ 136,519,039	\$ 159,156,176	\$ 155,547,221	\$ 176,281,857	\$ 17,125,681	10.8%
Union Fringe Benefits	81,987,065	88,464,703	86,510,111	93,586,577	5,121,874	5.8%
Subtotal Union Labor	\$ 218,506,104	\$ 247,620,879	\$ 242,057,332	\$ 269,868,434	\$ 22,247,555	9.0%
Salaries and Non-Union Wages	108,801,949	124,447,136	121,701,025	148,100,217	23,653,081	19.0%
Non-Union Fringe Benefits	48,116,774	54,306,799	52,603,739	57,124,740	2,817,940	5.2%
Subtotal Non-Union Labor	\$ 156,918,723	\$ 178,753,935	\$ 174,304,764	\$ 205,224,957	\$ 26,471,022	14.8%
Allocation to Capital and GMP	\$ (9,090,257)	(10,336,511)	(9,178,421)	(14,894,121)	(4,557,611)	44.1%
Subtotal Labor and Fringe Benefits	\$ 366,334,569	\$ 416,038,304	\$ 407,183,675	\$ 460,199,270	\$ 44,160,966	10.6%
Services	54,624,389	111,385,449	97,668,403	139,357,715	27,972,265	25.1%
Materials and Supplies	29,476,599	31,409,370	32,832,415	35,542,183	4,132,813	13.2%
Fuel and Utilities	31,784,818	36,723,477	38,147,473	54,537,831	17,814,355	48.5%
Casualty and Liability	5,056,209	8,249,230	7,889,754	8,732,790	483,560	5.9%
Purchased Transportation	90,415,326	106,319,622	102,423,379	127,283,395	20,963,773	19.7%
Leases, Rentals and Miscellaneous	11,793,422	23,919,901	14,473,310	22,956,048	(963,853)	(4.0%)
Subtotal Non-Labor	\$ 223,150,763	\$ 318,007,049	\$ 293,434,735	\$ 388,409,962	\$ 70,402,913	22.1%
Subtotal Labor and Non-Labor	\$ 589,485,333	\$ 734,045,353	\$ 700,618,411	\$ 848,609,231	\$ 114,563,878	15.6%
Contingency		7,539,157	-	7,500,000	(39,157)	(0.5%)
Allocation to Capital and GMP	(671,813)	(1,039,510)	(618,411)	(926,231)	113,279	(10.9%)
Total Operating Expenses	\$ 588,813,520	\$ 740,545,000	\$ 700,000,000	\$ 855,183,000	\$ 114,638,000	15.5%

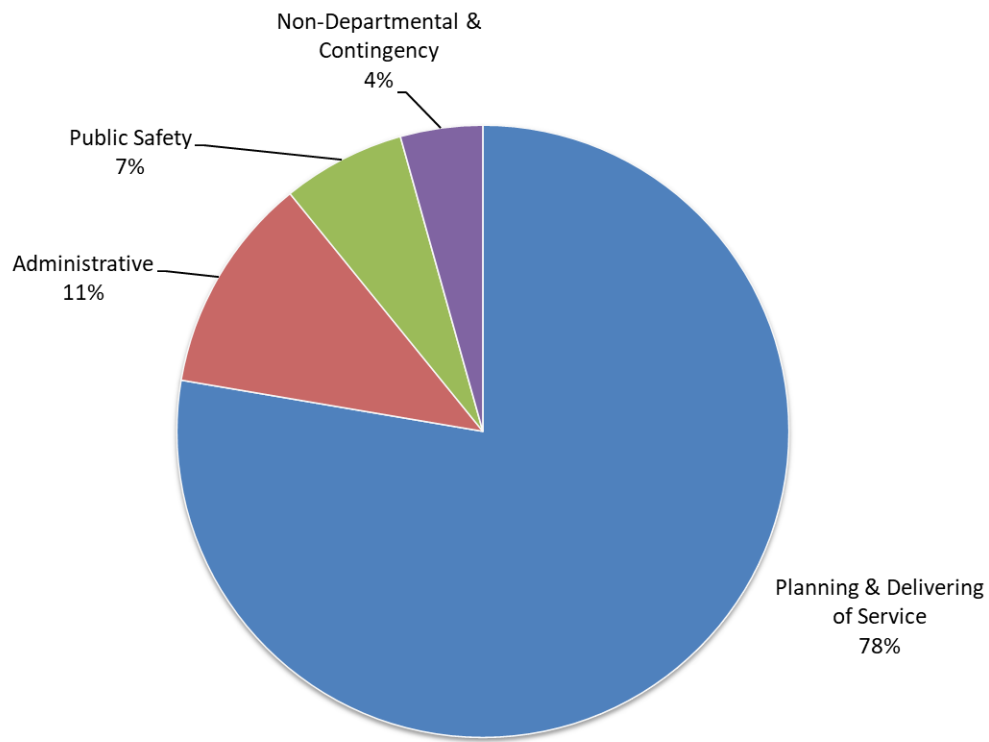
FY 2023 Operating Budget Breakdown

By Cost Category



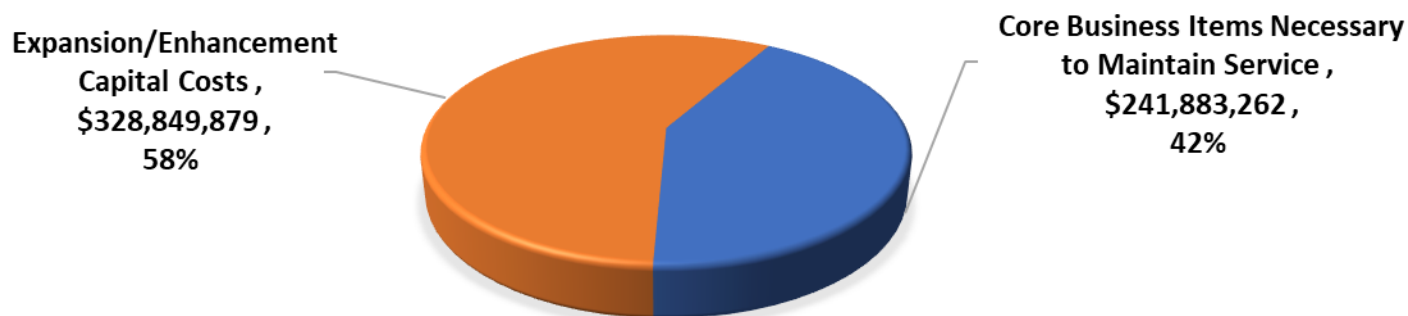
NOTE: Non-Union Pension represents 2.16% of total operating budget. Union Pension represents 2.38% of total operating budget.

By Function



Capital Budget

METRO's FY2023 Capital Programs: \$570,733,141



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 for complete capitalization guidelines.

FY2023 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. Both categories of spending include a wide array of energy efficient Climate Action Plan initiatives, some of which are considered as Core Business Items and a number of METRONext expansion initiatives are aligned with the transition to environmentally friendly initiatives identified in METRO's Climate Action Plan.

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 \$241.9 million in funding of Contracted/Obligated or Committed projects in FY2023.

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 \$324.8 million in funding of Contracted/Obligated or Committed projects in FY2023 with an additional \$4.0 million in allowances, totaling \$328.8 million.

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 \$4.0 million Unallocated Capital Project Allowance included in the FY2023 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.

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, with a complete transition to zero-emission buses by FY2040..
- 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 a second order 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 investigate 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 great 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 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.

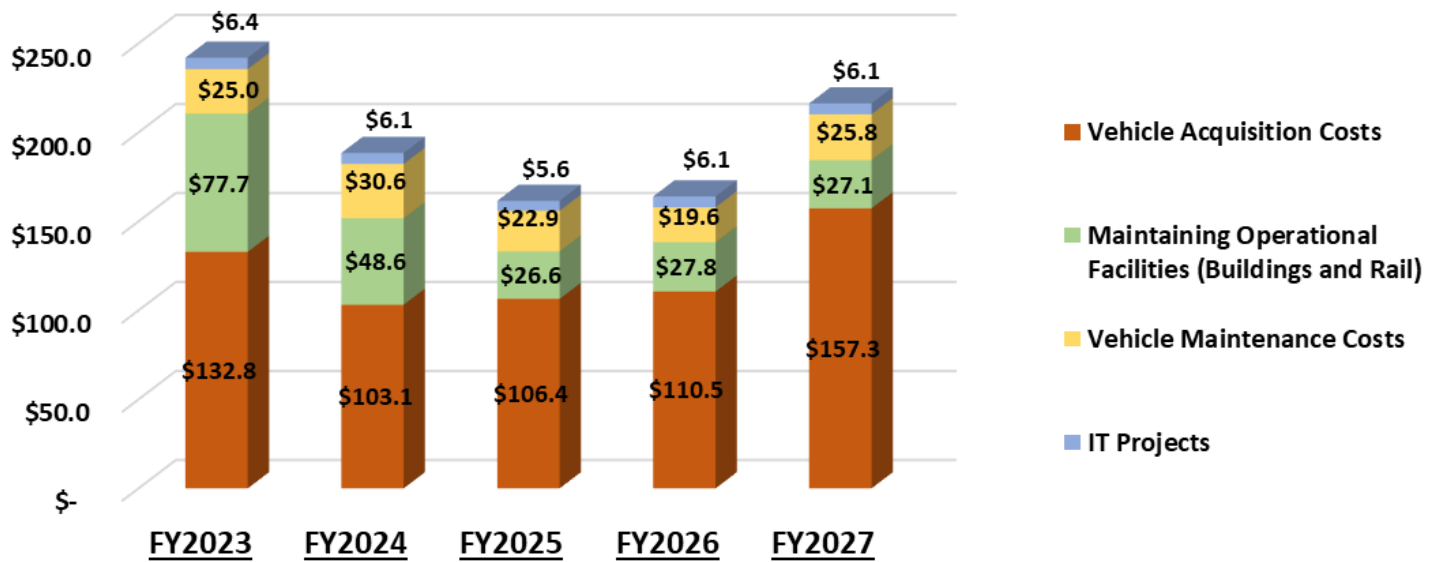


Five-Year Capital Program Plan

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

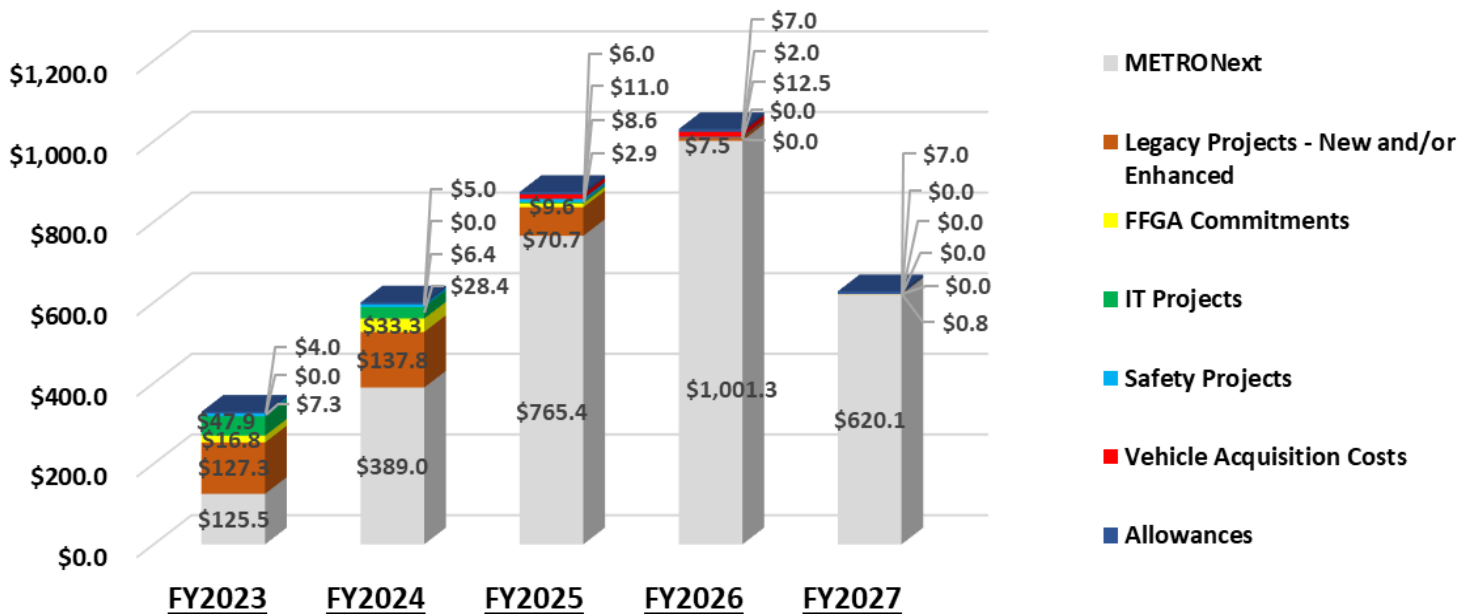
Core Business Items		Grant Funded	FY2023	FY2024	FY2025	FY2026	FY2027
<u>Necessary to Maintain Service</u>							
Vehicle Acquisition Costs	Yes	\$	132,843,000	\$ 103,143,960	\$ 106,424,061	\$ 110,524,223	\$ 157,293,251
Maintaining Operational Facilities (Buildings and Rail)	No		77,717,344	48,580,522	26,645,651	27,764,526	27,099,782
Vehicle Maintenance Costs	No		24,972,000	30,554,525	22,886,722	19,607,676	25,769,063
IT Projects	No		6,350,918	6,089,849	5,553,136	6,080,111	6,063,411
Core Business Items Necessary to Maintain Service			\$ 241,883,262	\$ 188,368,856	\$ 161,509,571	\$ 163,976,536	\$ 216,225,507
<u>Expansion/Enhancement Capital Costs</u>							
METRONext	Targeted	\$	125,515,245	\$ 388,971,768	\$ 765,362,838	\$ 1,001,336,322	\$ 620,065,530
Legacy Projects - New and/or Enhanced	Targeted		127,337,769	137,826,353	70,698,424	7,473,803	797,035
IT Projects	Yes		47,874,693	28,427,828	2,850,476	0	0
FFGA Commitments	Yes		16,786,495	33,340,273	9,587,400	0	1,142
Safety Projects	No		7,335,677	6,383,681	8,593,734	1,957,592	12,704
Vehicle Acquisition Costs	No		0	0	11,049,686	12,460,880	0
Allowances	No		4,000,000	5,000,000	6,000,000	7,000,000	7,000,000
Subtotal - Expansion/Enhancement Capital Costs			\$ 328,849,879	\$ 599,949,902	\$ 874,142,559	\$ 1,030,228,597	\$ 627,876,412
Capital Program - Total			\$ 570,733,141	\$ 788,318,758	\$ 1,035,652,129	\$ 1,194,205,133	\$ 844,101,918
<u>Capital Grant Program</u>							
Grants - Core Business Items Necessary to Maintain Service Subtotal		\$	21,586,913	\$ 24,611,472	\$ 27,358,230	\$ 30,267,111	\$ 35,365,741
Grants - Expansion/Enhancement Capital Costs Subtotal			78,890,386	147,053,906	565,969,827	547,113,077	355,000,584
Total - Capital Program Grants			\$ 100,477,299	\$ 171,665,378	\$ 593,328,056	\$ 577,380,188	\$ 390,366,325

Core Business Items Necessary to Maintain Service



(In \$ Millions)

Expansion/ Enhancement Capital Costs



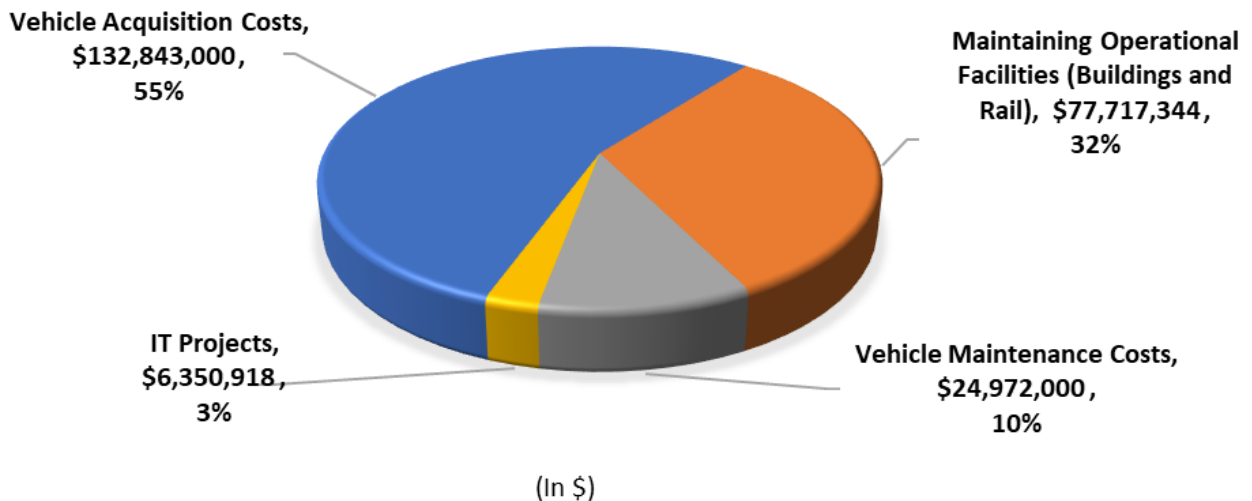
(In \$ Millions)

Core Business Items Necessary to Maintain Service

The infrastructure supported by the FY2023 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)

FY2023 Core Business Items Necessary to Maintain Service \$ 241,883,262



Core Business Items Necessary to Maintain Service

Core Business Items Necessary to Maintain Service	Grant Funded	Grants	Local	FY2023
Vehicle Acquisition Costs	Yes	\$ 21,586,913	\$ 111,256,087	\$ 132,843,000
Maintaining Operational Facilities (Buildings and Rail)	No	-	77,717,344	\$ 77,717,344
Vehicle Maintenance Costs	No	-	24,972,000	\$ 24,972,000
IT Projects	No	-	6,350,918	\$ 6,350,918
Core Business - Subtotal		\$ 21,586,913	\$ 220,296,349	\$ 241,883,262

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.

Core Business Items Necessary to Maintain Service

<u>Vehicle Acquisition Costs</u>	<u>Grants</u>	<u>Local</u>	<u>FY2023</u>
40' Transit Diesel Buses	\$ -	\$ 51,939,000	\$ 51,939,000
40' Battery Electric Buses	21,586,913	29,063,087	50,650,000
METROLift Para-Transit Van	-	13,404,000	13,404,000
Alternative Service Vehicles	-	3,814,000	3,814,000
Specialty Heavy Duty Vehicles	-	3,102,000	3,102,000
Para-Transit Electric Shuttle & Station Charger	-	3,077,000	3,077,000
Sport Utility Vehicle	-	2,662,000	2,662,000
ALL SMALL Bus Make Ready (MLV; Taxis; Electric)	-	1,750,000	1,750,000
ALL BIG Bus Make Ready (40'/45'/60'/Electric Bus)	-	1,430,000	1,430,000
Rail Rescue Truck	-	1,015,000	1,015,000
Vehicle Acquisition Costs	\$ 21,586,913	\$ 111,256,087	\$ 132,843,000



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.

Core Business Items Necessary to Maintain Service

<u>Vehicle Maintenance Costs</u>	<u>Grants</u>	<u>Local</u>	<u>FY2023</u>
LRV Power Truck Overhaul	\$ -	\$ 9,670,000	\$ 9,670,000
ALL Engine Replacement	-	5,260,000	5,260,000
Bus Operator Shields	-	3,197,000	3,197,000
LRV Propulsion Power Overhaul	-	1,700,000	1,700,000
ALL Transmission Replacement	-	1,200,000	1,200,000
LRV Brake Overhaul	-	1,030,000	1,030,000
ALL HYBRID Bus Battery	-	1,010,000	1,010,000
ALL Axle/Chassis Replacement	-	925,000	925,000
LRV Operator Seat Replacement (H3)	-	540,000	540,000
LRV APS Blower Motor Replacement (H1/H2/H3)	-	440,000	440,000
Vehicle Maintenance Costs	\$ -	\$ 24,972,000	\$ 24,972,000

Maintaining Operational Facilities (Buildings and Rail)

The Capital Improvement Program (CIP) provides for Core Business funding for Facility Maintenance, which involves a wide range of projects designed keep the METRO facilities in a 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>FY2023</u>
Energy Saving Program - Lighting-as-a-Service	\$ -	\$ 11,330,000	\$ 11,330,000
Unspecified MFRI Projects	-	10,000,000	10,000,000
Bus Shelter Rehab/Replace Program	-	7,290,000	7,290,000
Light Rail Vehicle (LRV) Turntable Facility Upgrade - ROC	-	4,618,070	4,618,070
Petroleum Storage Tank System Replacement - Polk BOF	-	4,152,453	4,152,453
BOFs Shop Tool Equipment	-	3,670,000	3,670,000
Petroleum Storage Tank System Replacement - Kashmere BOF	-	3,569,739	3,569,739
Central Stores Roof Replacement	-	3,020,000	3,020,000
West BOF Passenger Elevator	-	2,575,000	2,575,000
Print Shop Equipment Replacement	-	2,500,000	2,500,000
LRV Liftings Operation for H1/H2/H3/H4	-	2,300,000	2,300,000
Central Stores Fire Alarm Sprinkler Upgrade	-	2,255,000	2,255,000
Red Line Tactile Pavers	-	2,240,000	2,240,000
Dedicated Bus Lanes (Red Lanes) Project	-	2,192,500	2,192,500
1900 Main Roof Upgrade	-	1,590,000	1,590,000
1900 Main Carpet & Cubicle Replacement	-	1,445,000	1,445,000
North Shepherd P&R Paving Rehabilitation	-	1,384,742	1,384,742
West BOF Electrical Generator	-	1,285,000	1,285,000
Bus Stop Amenities	-	830,000	830,000
Traction Power Substation HVAC Replacement	-	830,000	830,000
TMC Transit Center Paving Rehabilitation	-	693,023	693,023
Power Overhaul Track Switches	-	685,000	685,000
1900 Main 2nd Floor Buildout	-	668,621	668,621
Park & Ride Facilities Bathroom Rehabilitation	-	560,000	560,000
Red Line Windscreen Support Rehabilitation	-	540,000	540,000
Polk BOF Tire Bay Lift Replacement	-	511,000	511,000
Axle Counter Head Replacement	-	470,000	470,000
Petroleum Storage Tank System Replacement - Northwest BOF	-	438,675	438,675
Petroleum Storage Tank System Replacement - Hiram Clarke BOF	-	438,675	438,675
Petroleum Storage Tank System Replacement - Field Service Center	-	414,338	414,338
Petroleum Storage Tank System Replacement - West BOF	-	414,338	414,338
Petroleum Storage Tank System Replacement - Fallbrook BOF	-	402,170	402,170
ROC Fire Code Upgrade	-	400,000	400,000
Traction Power Substation (TPSS) Battery Replacement	-	350,000	350,000
West BOF Boiler	-	330,000	330,000
Traction Power Pull Box Cover	-	255,000	255,000
LRV Tool & Equipment	-	210,000	210,000
West BOF 80 Ton Chiller	-	210,000	210,000
Polk BOF Replace 2 Air Compressors	-	195,000	195,000
Traction Power (TP) Tool & Equipment Make Ready Specialty Vehicles	-	140,000	140,000
Kashmere BOF Electrical Transformer	-	102,000	102,000
TPSS SE1 Foundation Extension and Substation Replacement	-	102,000	102,000
Gate Crossing Motor Replacement	-	60,000	60,000
TM EKOS Slide Roller	-	50,000	50,000
Maintaining Operational Facilities (Buildings and Rail)	\$ -	\$ 77,717,344	\$ 77,717,344

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>FY2023</u>
Data Center Management	\$ -	\$ 3,108,962	\$ 3,108,962
Network Upgrades & Management	-	2,241,956	2,241,956
Interactive Parts Catalog	-	1,000,000	1,000,000
IT Projects	\$ -	\$ 6,350,918	\$ 6,350,918

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

Overall Capital Spending for FY2022 incurred \$136.8 million dollars, with spending on “Core Business Items Necessary to Maintain Service” subtotalling \$72.7 million dollars and “Expansion/Enhancement Capital Costs” of \$64.0 million.

Overall Capital Spending for FY2022 incurred \$36.8 million dollars, with spending on “Core Business Items Necessary to Maintain Service” subtotalling \$72.7 million dollars and “Expansion/Enhancement Capital Costs” of \$64.0 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.

40' Transit Buses - Clean Diesel

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

FY2023 thru FY2027 includes a quantity of 320 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. This project titled **40' Transit Buses - Clean Diesel** involves the procurement of new transit buses that include new camera systems that will enhance security and safety for both customers and operators.

Operating Impact

Procurement of revenue vehicles is part of the life-cycle replacement program that maintains 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. This procurement is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO vehicles and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

40' Electric & Fuel Cell Buses

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

FY2022/FY2023 includes a quantity of 40 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. Funding levels beyond FY2023 are committed as the Fleet Replacement of Low or No Emissions vehicle selections are finalized. This **40' Electric & Fuel Cell Buses** procurement effort is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

Procurement of buses is part of the life-cycle replacement program that maintains 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. This procurement is categorized as a **Core Business Item Necessary to Maintain Service** that incurs annual costs of operating and maintaining the asset that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$1.879M per year.

METROLift Para-Transit Van

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

Purchase of 45 paratransit vans per year is a part of METRO's annual METROLift paratransit van replacement program after taking delivery of the FY2022/FY2023 quantity of 90 vans. 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

Procurement of revenue vehicles is part of the life-cycle replacement program that maintains operational reliability and cost-effectiveness. Regularly replacing revenue vehicles that have met their useful life with new vehicles, not only improves customer experience, but provides stability and predictability by leveling the fleet asset management costs over time. This procurement is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO vehicles and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Alternative Service Vehicles

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

This project titled **Alternative Service Vehicles** involves the purchase and replacement of 15 alternative service vehicles that have met their useful life in the FY2023 timeframe, then an additional 40 vehicle replacements in the FY2025 timeframe. New vehicles would improve the customer experience, which would lead to more use of METRO's transit system.

Operating Impact

Procurement of revenue vehicles is part of the life-cycle replacement program that maintains operational reliability and cost-effectiveness. Regularly replacing revenue vehicles that have met their useful life with new vehicles, not only improves customer experience, but provides stability and predictability by leveling the fleet asset management costs over time. This procurement is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO vehicles and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Specialty Heavy Duty Vehicles- Non-Revenue

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

Replacing Non-Revenue Specialized Heavy Duty 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 56 Vehicles in the FY2022/FY2027 timeframe 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

Procurement of non-revenue vehicles is part of the life-cycle replacement program that maintains operational reliability and cost-effectiveness. Regularly replacing non-revenue vehicles that have met their useful life with new vehicles provides stability and predictability by leveling the fleet asset management costs over time. This procurement is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO vehicles and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Para-Transit Electric Shuttle & Station Chargers

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

Purchase of 10 paratransit electric shuttle vans in FY2022/23 timeframe 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. This product procurement is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals. □

Operating Impact

Procurement of revenue vehicles is part of the life-cycle replacement program that maintains operational reliability and cost-effectiveness. Regularly replacing revenue vehicles that have met their useful life with new vehicles, not only improves customer experience, but provides stability and predictability by leveling the fleet asset management costs over time. This procurement is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO vehicles and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Sport Utility Vehicle - Non-Revenue Vehicles

Projected Expenditures FY23-FY27 (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 157 of METRO's NRVs Vehicle fleet over the FY2022 thru FY2027 timeframe 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

Procurement of non-revenue vehicles is part of the life-cycle replacement program that maintains operational reliability and cost-effectiveness. Regularly replacing non-revenue vehicles that have met their useful life with new vehicles provides stability and predictability by leveling the fleet asset management costs over time. This procurement is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO vehicles and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

METROLift Vans Make Ready

Projected Expenditures FY23-FY27 (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

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO revenue vehicles and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

All New Bus Make Ready

Projected Expenditures FY23-FY27 (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

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO revenue vehicles and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Rail Rescue Truck

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

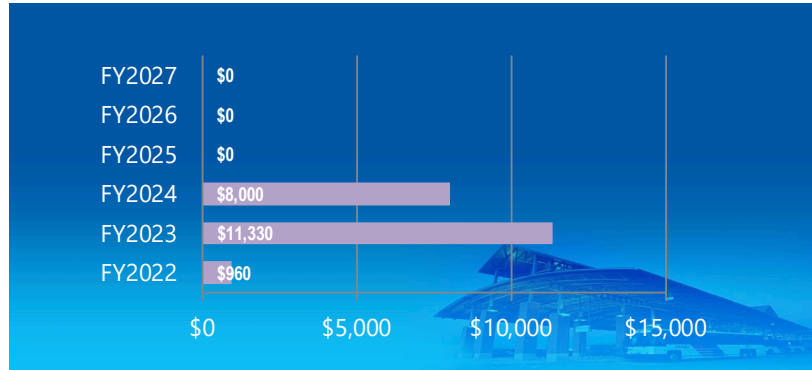
Replacing Non-Revenue Specialized Heavy Duty Rail Rescue Vehicle that has reached it's useful life will enhance METRO ability to provide a higher level of service to our customers. Managing and replacing the Rail Rescue Vehicle in the FY2022/FY2024 timeframe provides a lower operating cost by reducing "out-of-service" times, thus allowing METRO Departments to provide for more reliable and safer rescue operations.

Operating Impact

Procurement of non-revenue vehicles is part of the life-cycle replacement program that maintains operational reliability and cost-effectiveness. Regularly replacing non-revenue vehicles that have met their useful life with new vehicles provides stability and predictability by leveling the fleet asset management costs over time. This procurement is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO vehicles and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Energy Saving Program - Lighting-as-a-Service

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

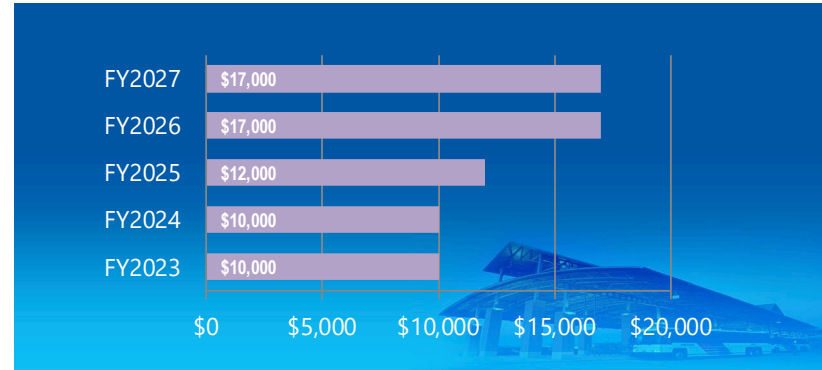
This **Energy Saving Program - Lighting-as-a-Service** project involves the reduction of METRO's consumption of energy by completing a wide range of lighting replacement projects at our facilities such as: retrofit LED lights, upgrade of automation controls of HVAC equipment, replacement of the central plant at the Administration Office Building, and installation of variable frequency drives among others.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Unspecified Major Facility Rehabilitation Initiatives (MFRI)

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

Unspecified Major Facility Rehabilitation Initiatives (MFRI) capital improvement projects, which may be funded from the \$10.0 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

This capital allowance fund is categorized as a **Core Business Item Necessary to Maintain Service** fund that does not directly incur any operating impacts, however any funded project budgets developed from this allowance fund will include a fully allocated annual operating cost for inclusion in the 5 year Capital Improvement Plan.

METRO Bus Shelter Rehab/Replace Program

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

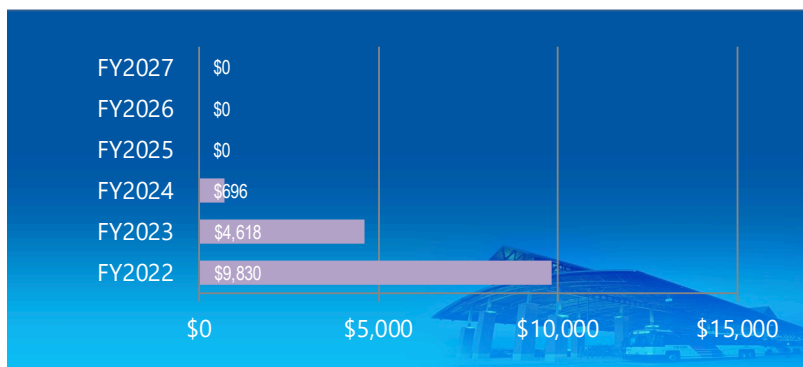
The existing **METRO Bus Shelter Rehab/Replace Program** is an ongoing rehabilitation or replacement effort as a State of Good Repair initiative so that existing bus network sustains an alignment with the needs of METRO's growing service area. In addition to the new bus shelters planned for installation in FY2023, 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 by improving the customer experience by rehabilitating or replacing existing bus stop shelters that have reached the end of their useful life.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO assets, compared to repairs on an as-needed basis. While . Since this is an established METRO capital investment program with routine yearly O&M efforts already funded in the base operating budget, this capital investment is considered a major component life cycle replacement to support all bus types operated by METRO, with this capital investment incurring \$692.5K in additional operating costs per year and ramping up to \$1.551M per year, starting in year FY2024.

Rail Operations Center (ROC)- LRV Turntable Upgrade

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

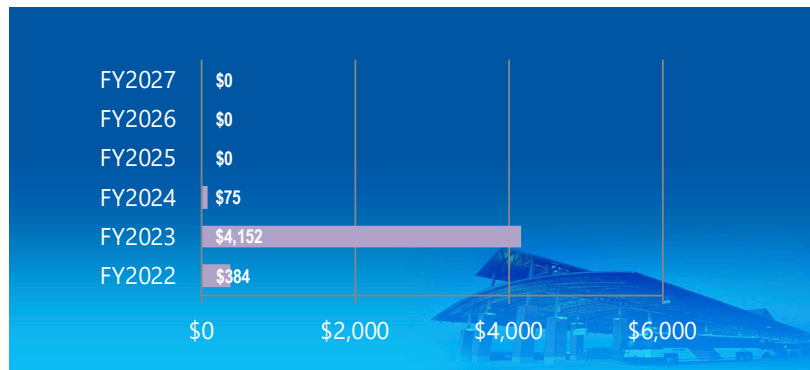
The project will install new flush-mounted Rail Operations turntable that allows for ease of handling major Light Rail Vehicle (LRV) components inside the Rail Operations Center facility.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** with previously intermittent annual costs of operating and maintaining the asset that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$471.9K per year.

Petroleum Storage Tank System Replacement Polk-BOF

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

Polk Bus Operating Facility (P-BOF), has underground storage tanks that are 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 project reduces environmental risk and involves the replacement of underground storage tanks, pipes, leak detection systems, tank gauging systems, and NRV pump dispenser at this Bus Operating Facility. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a lifecycle replacement state-of-good-repair program that lowers the costs to maintain and repair METRO assets. This capital investment is considered as a major life cycle replacement to support all bus types operated by METRO that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$43.4K per year.

BOF Shop Tools & Equipment

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

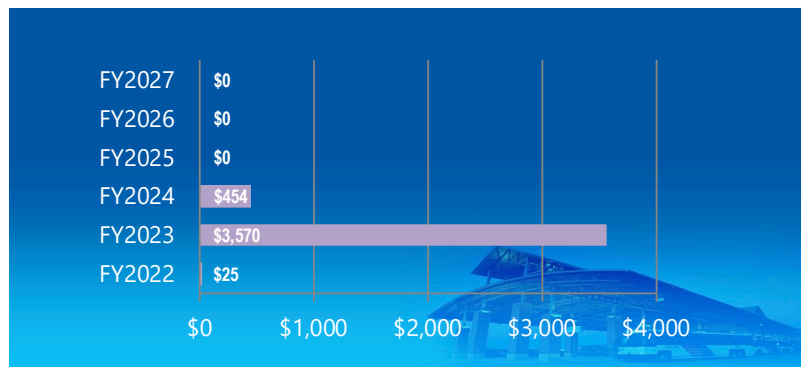
The projects of this request support METRO's asset management plan with the objective of keeping METRO's tools and equipment assets at a state of good repair rating at a level 3 or above. The selection and timing of assets to be replaced are based on both documented useful life benchmarks (ULBs) and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

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Petroleum Storage Tank System Replacement KA-BOF

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

Kashmere Bus Operating Facility (KA-BOF), has underground storage tanks that are 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 project reduces environmental risk and involves the replacement of underground storage tanks, pipes, leak detection systems, tank gauging systems, and NRV pump dispenser at this Bus Operating Facility. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a lifecycle replacement state-of-good-repair program that lowers the costs to maintain and repair METRO assets. This capital investment is considered as a major life cycle replacement to support all bus types operated by METRO that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$116.9K per year.

Central Stores Roof Replacement

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

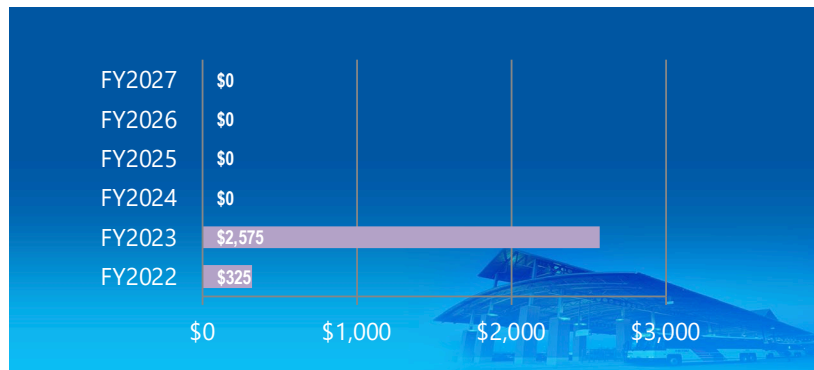
This initiative will provide a new roof to an essential 53,800 sq. ft. warehouse facility of METRO. Placement of the roof will make the infrastructure safe; periodic leaking and destruction of property can be prevented. The warehouse maintains about 4 million dollars of inventory and has about 20 million dollars of parts passing thru there a year. The new roof will keep METRO infrastructure in a state of good repair.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

West BOF Passenger Elevator Installation

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

This **West BOF Passenger Elevator Installation** project involves the installation of a new West Bus Operating Facility passenger elevator to compliment the current use of a freight elevator at the facility. This West facility project will assist employees working at the facility by providing an Americans with Disabilities Act (ADA) compliant elevator system for accessing the second floor of the Bus Operating Facility as an element of METRO's Accessibility Program.

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, ADA compliant, and would minimize the cost of maintaining aging facilities and provide adequate elevator accessibility for METRO employees. This project is categorized as a **Core Business Item Necessary to Maintain Service** with previously intermittent annual costs of operating and maintaining the asset that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$53.7K per year.

Print Shop Equipment Replacement

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

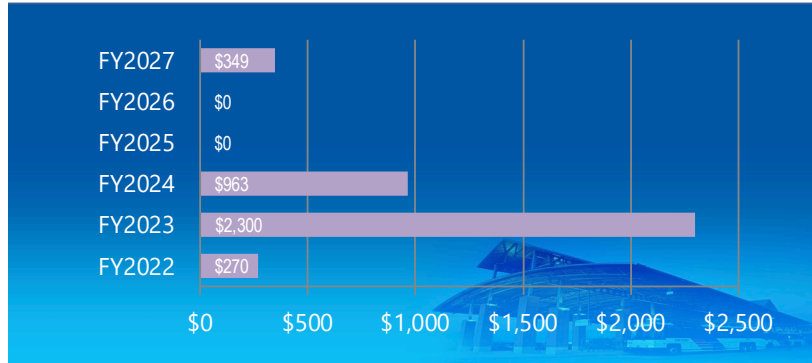
The goal of this METRO **Print Shop Equipment Replacement** project involves equipment that is vitally important as a public source of information provided to METRO Patrons. Keeping METRO's Print shop equipment in a state of good repair will help METRO provide superior service to patrons, provide alerts on a wide range of safety related topics and assist METRO in the public outreach of its services, programs and projects.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

LRV Liftings Operation for H1/H2/H3/H4 Vehicles

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

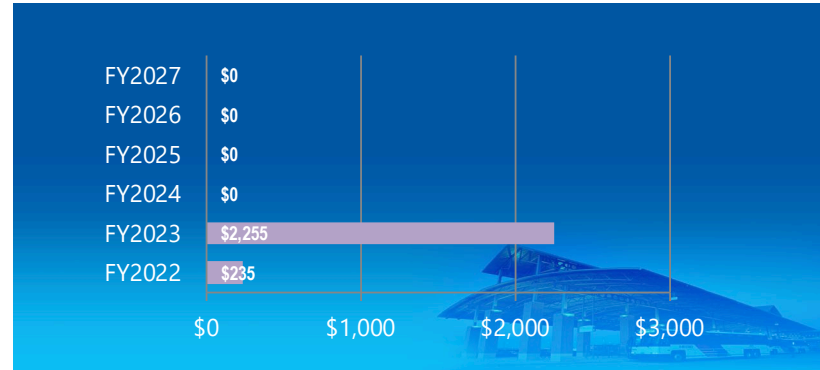
The project will install S&I Lift Controls Upgrades that will mitigate risk of injury to personnel when attempting to utilize the lift equipment at the Service and Inspection Facility on the East End Line.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Central Stores - Fire Alarm Sprinkler Upgrade

Projected Expenditures FY23-FY27 (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

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Red Line Tactile Pavers

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

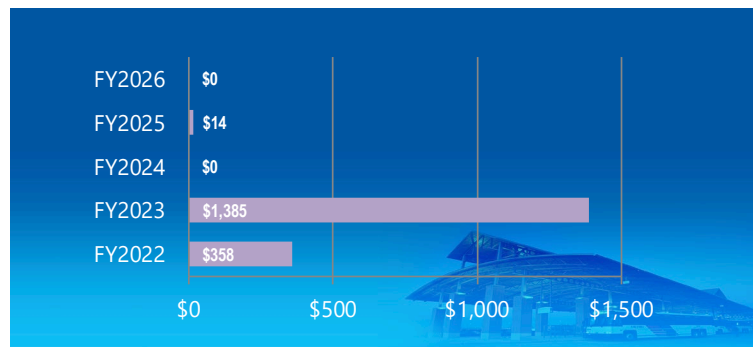
The **Red Line Tactile Pavers** project involves keeping the existing rail line in a state of good repair, specifically by replacing the tactile paving (also called detectable warning surface) which is a system of textured ground surface found on footpaths, stairs and station platforms to warn pedestrians who are visually impaired. Tactile warnings provide a distinctive surface pattern of truncated domes, brightly colored yellow to provide a detectable surface by a long cane or underfoot, used to alert the vision-impaired of approaching streets and hazardous surface or grade changes.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Dedicated Bus Lanes (Red Lanes) Project

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

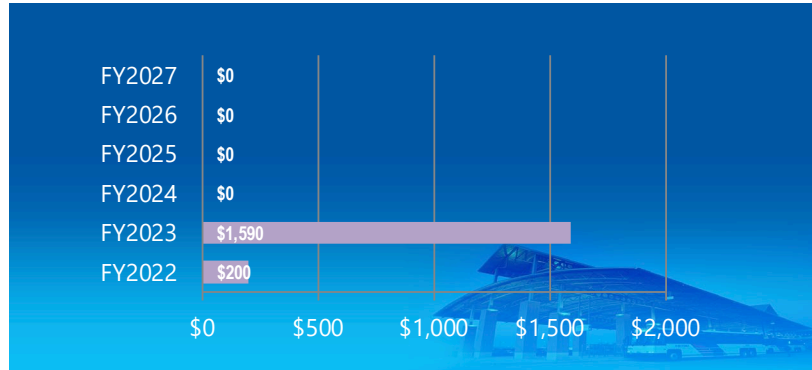
A bus only lanes pilot referred to as "Red Lanes" was introduced at METRO's January 2021 Public Safety, Customer Service, and Operations Committee meeting as one of the opportunities identified by the Rapid Mobility Joint Taskforce (Joint Taskforce). The implementation of this bus only lanes pilot supports 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. This project is categorized as a **Core Business Item Necessary to Maintain Service** with previously intermittent annual costs of operating and maintaining the asset that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$22.9K per year.

Rehabilitate 1900 Main Administration Roofing

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

The goal of the project is to replace/upgrade or rehabilitate the existing 40,000 SF (approximately) roofing of the METRO 1900 Main Street Administration Building.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

1900 Main Carpet & Cubicle Replacement

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

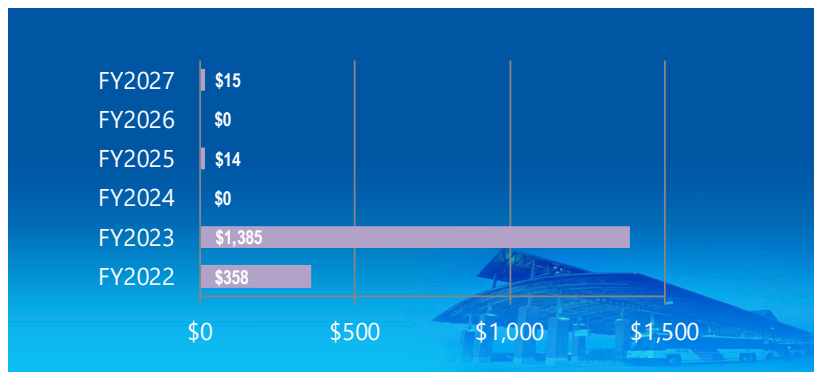
This project replaces aged carpet flooring throughout the Administrative Office Building and reconfigures cubicles in the Customer Service and the Contracted & Paratransit Services Divisions. Cubicles located on the 3rd and 4th floor will be reconfigured to match existing needs for both divisions with cubicle installations per CDC guidelines as related to creating appropriate social distance between people. Replacing aged flooring will maintain the facility in a state of good repair.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

North Shepherd Park & Ride Pavement Rehabilitation

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

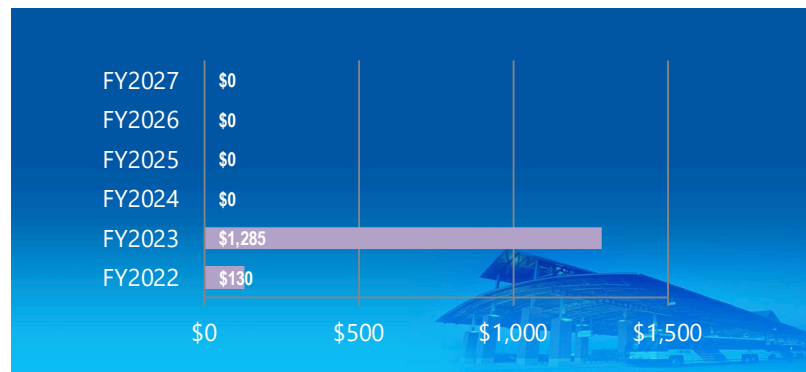
The goal of this **North Shepherd Park & Ride Pavement Rehabilitation** project is to perform a major pavement rehabilitation work for the bus lanes for a vitally important public facility such as this North Shepherd Park & Ride, keeping METRO's transit facility in a good state of repair will help METRO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

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

West BOF Electrical Generator Replacement

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

This **West BOF Electrical Generator Replacement** project involves rehabilitating the West Bus Operating Facility electrical generator and automatic transfer switch that have reached the end of their useful life. The electrical generator and automatic transfer switch have had difficulty supplying the electrical power necessary for mission critical equipment and has incurred increased operating and maintenance costs over the past few years. Replacing the electrical generator will keep the facility HVAC systems in a State of Good Repair.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

METRO Bus Stop Amenities (Multi-Year Program)

Projected Expenditures FY23-FY27 (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. In addition to the new bus shelters installed in FY2023, this **METRO Bus Stop Amenities Multi-Year Program** reinforces METRO's commitment to reinvest in the Authority's bus system backbone and continues to be a proven way to enhance ridership by improving the customer experience by installing new bus stops amenities, including concrete trash dispensers and trash can liners, benches, and bus stop poles.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget with this capital investment incurring \$78.8K in additional operating costs per year and ramping up to \$477.9K per year, starting in year FY2024.

LRT- Traction Power Substation HVAC Replacement

Projected Expenditures FY23-FY27 (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

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a lifecycle replacement state-of-good-repair program that lowers the costs to maintain and repair METRO assets. This capital investment is considered as a major life cycle replacement to support all light rail vehicle types operated by METRO that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$11.9K per year.

Texas Medical Center Transit Center Pavement Rehabilitation

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

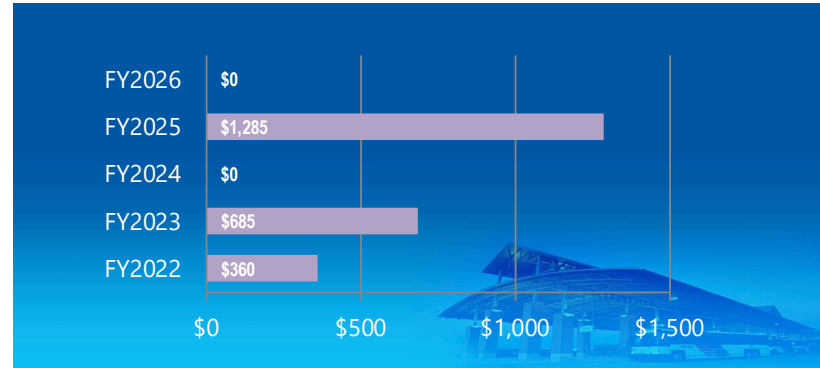
The goal of this **Texas Medical Center (TMC) Transit Center Pavement Rehabilitation** project is to perform a major pavement rehabilitation work for the bus lanes for a vitally important public facility such as TMC Transit Center, keeping METRO's transit facility in a good state of repair will help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

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Power Overhaul Track Switches

Projected Expenditures FY23-FY27 (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

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO assets, compared to repairs on an as-needed basis. While routine yearly O&M efforts are covered in the base operating budget, this capital investment is considered a major component life cycle replacement to support all Light Rail Vehicle types operated by METRO without incurring any additional operating impacts.

1900 Main 2nd Floor Buildout

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

This project rehabilitates the second floor of the 1900 Main Administrative Office Building and reconfigures the office meeting room areas adjacent to the METRO Board room per CDC guidelines as related to creating appropriate social distancing between people. Replacing aged flooring will keep this portion of the facility in a state of good repair.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Park & Ride Facilities Bathroom Rehabilitation

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

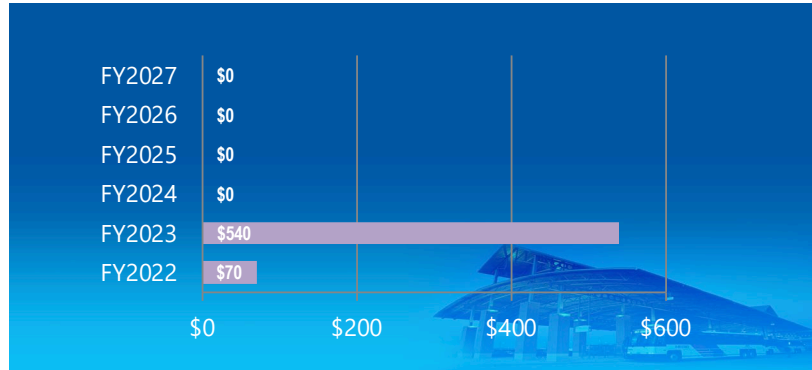
This capital project entails the rehabilitation and total reconstruction all park and ride bathroom facilities used by METRO bus drivers. Most of these bathrooms have reached or are reaching their useful life and need to be reconstructed to bring them up to current code. Accommodating a busy METRO Public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

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Red Line Windscreen Support Rehabilitation

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

This **Red Line Windscreen Support Rehabilitation** project will replace the metal support holding the windscreen on the Legacy Line Platforms. The bottom support beam on the Red Line does not drain properly, causing bottom support beam to rust and potentially have the windscreen fall through. All windscreen supports are rusting and need to be replaced. The rehab would be similar to what is currently on the Purple Line and Green Line and will then drain properly.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Polk BOF Tire Bay Lift Replacement

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

This **Polk BOF Tire Bay Lift Replacement** project involves rehabilitating the Polk Bus Operating Facility by replacing the Tire Bay Lift Equipment, now effectively at the end of its lifecycle and is considered as mission critical equipment. Replacing the lift equipment will keep the facility operations in a State of Good Repair.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

LRT- Axle Counter Head Sensor Replacement

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

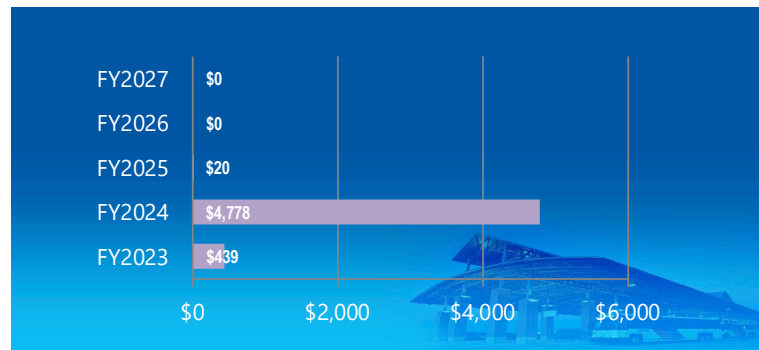
Axle Counter Heads will need to be replaced in critical areas due to the units reaching the end of their useful life, when replaced will ensure safe train operating conditions along the Rail Lines and prevent any loss of service.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO assets, compared to repairs on an as-needed basis. While routine yearly O&M efforts are covered in the base operating budget, this capital investment is considered a major component life cycle replacement to support all Light Rail Vehicle types operated by METRO without incurring any additional operating impacts.

Petroleum Storage Tank System Replacement NW-BOF

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

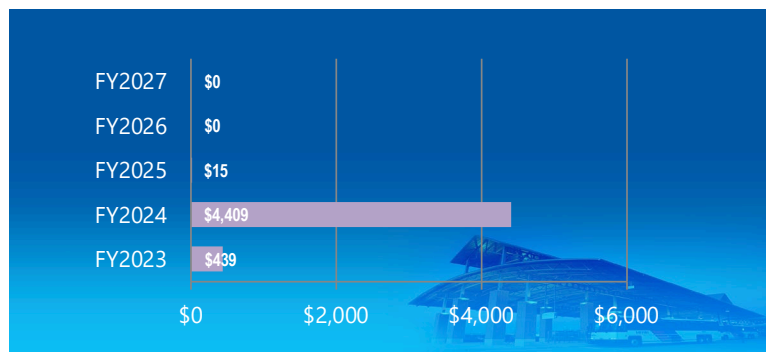
Northwest Bus Operating Facility (NW-BOF), has underground storage tanks that are past their useful life. Insurance companies require METRO to have a plan to move forward with replacement and have raised METRO's insurance premiums. Without replacement METRO is facing an inability to have liability insurance that is required under 30 Tex. Admin. Code 334.15. This project reduces environmental risk and involves the replacement of underground storage tanks, pipes, leak detection systems, tank gauging systems, and NRV pump dispenser at this Bus Operating Facility. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a lifecycle replacement state-of-good-repair program that lowers the costs to maintain and repair METRO assets. This capital investment is considered as a major life cycle replacement to support all bus types operated by METRO that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$52.9K per year.

Petroleum Storage Tank System Replacement HC-BOF

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

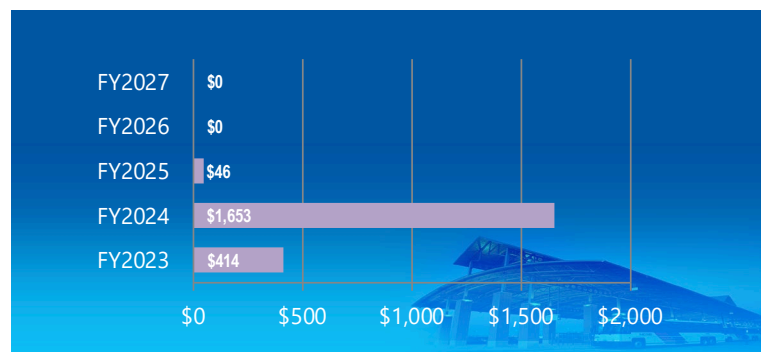
Hiram Clarke Bus Operating Facility (HC-BOF), has underground storage tanks that are past their useful life. Insurance companies require METRO to have a plan to move forward with replacement and have raised METRO's insurance premiums. Without replacement METRO is facing an inability to have liability insurance that is required under 30 Tex. Admin. Code 334.15. This project reduces environmental risk and involves the replacement of underground storage tanks, pipes, leak detection systems, tank gauging systems, and NRV pump dispenser at this Bus Operating Facility. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a lifecycle replacement state-of-good-repair program that lowers the costs to maintain and repair METRO assets. This capital investment is considered as a major life cycle replacement to support all bus types operated by METRO that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$49.2K per year.

Petroleum Storage Tank System Replacement FSC

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

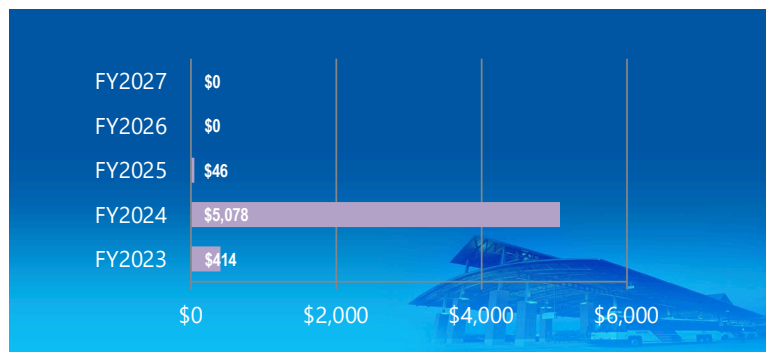
METRO's Field Service Center Facility (FSC), has underground storage tanks that are past their useful life. Insurance companies require METRO to have a plan to move forward with replacement and have raised METRO's insurance premiums. Without replacement METRO is facing an inability to have liability insurance that is required under 30 Tex. Admin. Code 334.15. This project reduces environmental risk and involves the replacement of underground storage tanks, pipes, leak detection systems, tank gauging systems, and NRV pump dispenser at this facility. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a lifecycle replacement state-of-good-repair program that lowers the costs to maintain and repair METRO assets. This capital investment is considered as a major life cycle replacement to support all bus types operated by METRO that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$21.4K per year.

Petroleum Storage Tank System Replacement W-BOF

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

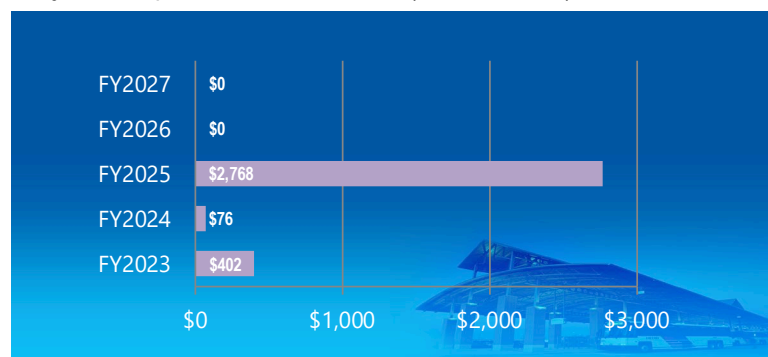
West Bus Operating Facility (W-BOF), has underground storage tanks that are past their useful life. Insurance companies require METRO to have a plan to move forward with replacement and have raised METRO's insurance premiums. Without replacement METRO is facing an inability to have liability insurance that is required under 30 Tex. Admin. Code 334.15. This project reduces environmental risk and involves the replacement of underground storage tanks, pipes, leak detection systems, tank gauging systems, and NRV pump dispenser at this Bus Operating Facility. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a lifecycle replacement state-of-good-repair program that lowers the costs to maintain and repair METRO assets. This capital investment is considered as a major life cycle replacement to support all bus types operated by METRO that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$56.0K per year.

Petroleum Storage Tank System Replacement FB-BOF

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

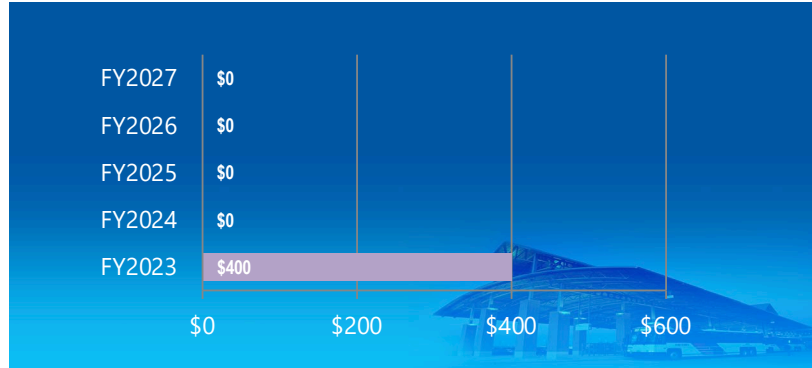
Fallbrook Bus Operating Facility (FB-BOF), has underground storage tanks that are past their useful life. Insurance companies require METRO to have a plan to move forward with replacement and have raised METRO's insurance premiums. Without replacement METRO is facing an inability to have liability insurance that is required under 30 Tex. Admin. Code 334.15. This project reduces environmental risk and involves the replacement of underground storage tanks, pipes, leak detection systems, tank gauging systems, and NRV pump dispenser at this Bus Operating Facility. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a lifecycle replacement state-of-good-repair program that lowers the costs to maintain and repair METRO assets. This capital investment is considered as a major life cycle replacement to support all bus types operated by METRO that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$32.8K per year.

ROC Fire Code Compliance Upgrade

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

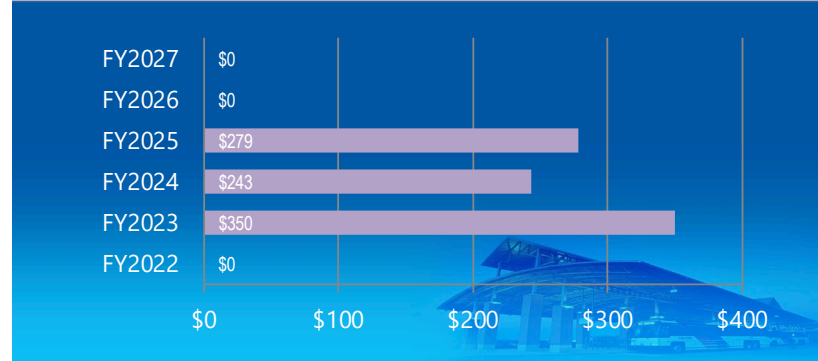
Rehabilitate the Rail Operating Center Fire Life Safety System to comply with the latest fire codes for compliant Fire Marshal inspections.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Traction Power Substation Battery Replace

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

The project will rehabilitate Traction Power facilities by removing and replacing substation battery systems currently used for battery back-up for the control components within the substations on the Light Rail Transitway (LRT). Keeping the battery systems in a state of good repair will mitigate the risk of failure of the existing batteries and further mitigate the failure of the LRT substations.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO assets, compared to repairs on an as-needed basis. While routine yearly O&M efforts are covered in the base operating budget, this capital investment is considered a major component life cycle replacement to support all Light Rail Vehicle types operated by METRO without incurring any additional operating impacts.

West BOF Boiler Replacement

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

This **West BOF Boiler Replacement** project involves rehabilitating the West Bus Operating Facility Boiler unit and associated heating equipment that have reached the end of their useful life. The boiler and associated building automation system have incurred increased operating and maintenance costs over the past few years with some heating components that are non-operational and are now affecting the unit's ability to provide adequate heating. Replacing the boiler system will keep the facility HVAC systems in a State of Good Repair.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Traction Power Pull Box Cover Upgrade

Projected Expenditures FY23-FY27 (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

This project is categorized as a Core Business Item Necessary to Maintain Service that is part of a lifecycle replacement state-of-good-repair program that lowers the costs to maintain and repair METRO assets. This capital investment is considered as a major life cycle replacement to support all light rail vehicle types operated by METRO that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$2.7K per year.

Light Rail Vehicle (LRV) Shop Tools & Equipment

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

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

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

West BOF 80 Ton Chiller

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

This **West BOF 80 Ton Chiller** project involves rehabilitating the West Bus Operating Facility HVAC chiller units and associated circulation equipment that have reached the end of their useful life. The units have incurred increased operating and maintenance costs over the past few years with some cooling components that are non-operational and are now affecting the unit's ability to provide adequate cooling. Replacing the units will keep the facility HVAC systems in a State of Good Repair.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Polk BOF Air Compressors Replacement (Qty 2)

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

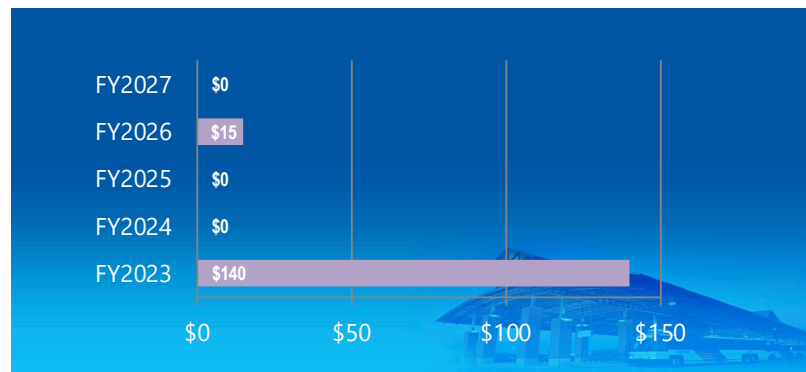
This **Polk BOF Air Compressors Replacement** project involves rehabilitating the Polk Bus Operating Facility by replacing two Air Compressors supplying air to all buildings, work shops and service lanes of the facility have had difficulty supplying the air pressure necessary for mission critical equipment and has incurred increased operating and maintenance costs over the past few years. Replacing the Air Compressors will keep the facility operations systems in a State of Good Repair.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** with previously intermittent annual costs of operating and maintaining the asset that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$2.03K per year.

Traction Power Tools & Equipment Make Ready

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

This Traction Power Tools & Equipment Make Ready effort supports 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

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Rehabilitate Kashmere Electric Transformer

Projected Expenditures FY23-FY27 (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

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Rail Traction Power Substation Replacement

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

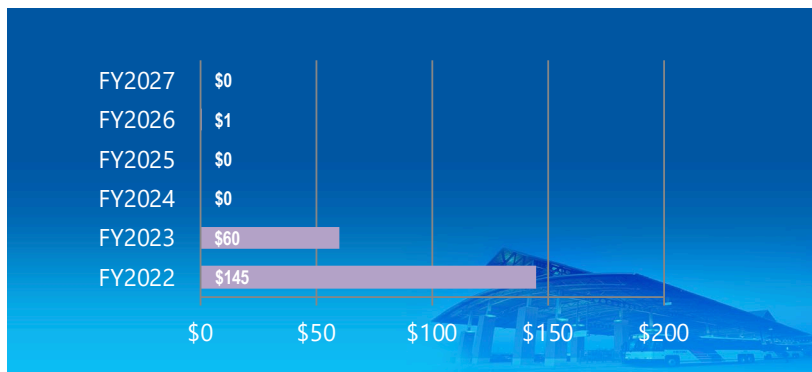
The project involves the final efforts associated with a multi-year project that replaces the Traction Power Sub-Station damaged during Hurricane Harvey and involves the install of new cabinets and a traction power substation structure, built at an increased elevation to mitigate future flooding conditions.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine facility state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Gate Crossing Motor Replacement

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

The **Gate Crossing Motor Replacement project** for the 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

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO assets, compared to repairs on an as-needed basis. While routine yearly O&M efforts are covered in the base operating budget, this capital investment is considered a life cycle replacement to support all Light Rail Vehicle types operated by METRO without incurring any additional operating impacts. Planned capital rehabilitation efforts as part of the state of good repair program with costs of \$1K every other year (avg) start in FY2026

LRT- EKOSlide Switch Rollers

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

The project will install EKOSlide Switch Rollers (internationally manufactured by ekoslide) at METRO Track Switches along the Light Rail Transitway that will mitigate risk of injury to personnel when attempting to throw the switch for switching LRV to adjacent tracks. The ekoslide system was formerly known as the rail switch slide or roller plate that efficiency provides for track switching with less Operating and Maintenance efforts.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO assets, compared to repairs on an as-needed basis. While routine yearly O&M efforts are covered in the base operating budget, this capital investment is considered a major component life cycle replacement to support all Light Rail Vehicle types operated by METRO without incurring any additional operating impacts.

LRV: Power Truck Overhaul

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

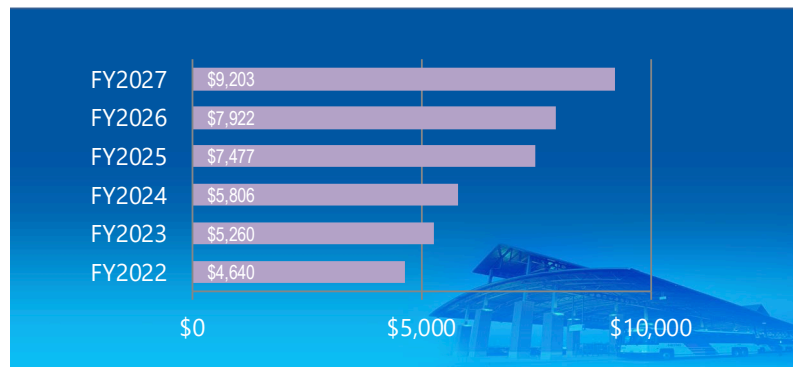
The OEM-recommended Power Truck Overhaul of Light Rail Vehicles (LRV) over the FY2023 thru FY2026 timeframe. This recurring overhaul needs to be accomplished roughly every eight years. With the number of Light Rail Vehicles in the fleet, this effort is now considered a yearly recurring capital cost until the next phase of the OEM recommended truck overhauls re-occur in the timeframe beyond this 5 year Capital Improvement Plan.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a lifecycle replacement state-of-good-repair program that lowers the costs to maintain and repair METRO assets. This capital investment is considered as a major life cycle replacement to support all light rail vehicle types operated by METRO that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$301.3K per year.

Bus Engine Assemblies

Projected Expenditures FY23-FY27 (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

Replacing engine assemblies is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state of good repair program lowers the costs to maintain and repair buses, compared to repairs on an as-needed basis. While routine yearly O&M efforts are covered in the base operating budget, this capital investment is considered a major component life cycle replacement to support all bus types operated by METRO without incurring any additional operating impacts.

Bus Operator Shields

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

This project is for the purchase and installation of a rigid operator barrier on METRO's bus fleets currently in use at METRO facilities. The barrier will provide an enhanced level of safety between the passenger and the Bus Operator, while still allowing for required Bus Operator communication and field of view. Future bus procurements will include Bus Operator Barriers provided by Bus manufacturer's and will not involve METRO retrofitting.

Operating Impact

Renovating the METRO bus fleet with Bus Operator Shields is categorized as a **Core Business Item Necessary to Maintain Service** that will enhance the level of safety of our Bus Operators and increase the quality of service. While routine yearly O&M efforts are covered in the base operating budget, this capital investment is in support of all bus types currently operated by METRO, previously delivered without Operator shields and without incurring any additional Operating Impacts.

LRV: Propulsion Power Overhaul

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

The OEM-recommended state of good repair overhauls for FY2022/FY2023 includes the 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 with the next phase of overhauls occurring in FY2026.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a lifecycle replacement state-of-good-repair program that lowers the costs to maintain and repair METRO assets. This capital investment is considered as a major life cycle replacement to support all light rail vehicle types operated by METRO that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$19.1K per year.

Bus Transmission Assemblies

Projected Expenditures FY23-FY27 (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

Replacing bus fleet transmissions is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state of good repair program that lowers the costs to maintain and repair them, compared to repairs on an as-needed basis. While routine yearly O&M efforts are covered in the base operating budget, this capital investment is considered a major component life cycle replacement to support all bus types operated by METRO without incurring any additional operating impacts.

LRV: Brakes Overhaul

Projected Expenditures FY23-FY27 (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

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a lifecycle replacement state-of-good-repair program that lowers the costs to maintain and repair METRO assets. This capital investment is considered as a major life cycle replacement to support all light rail vehicle types operated by METRO that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$27.6K per year.

Hybrid Bus Batteries

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

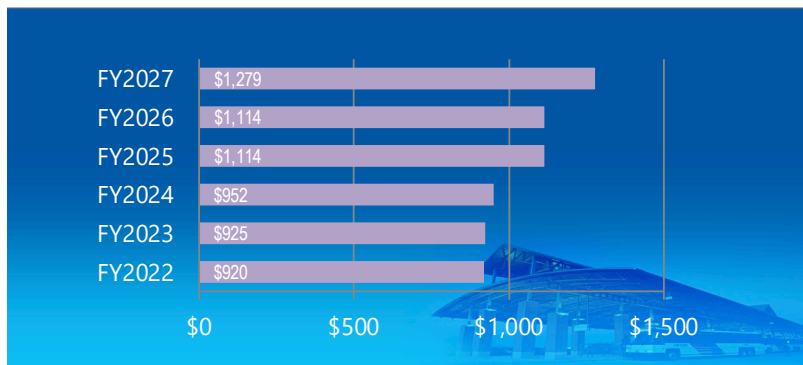
This project would involve replacing hybrid batteries for the 40' Orion Transit and 45' MCI Park & Ride buses to assure fleet dependability and provide safe, reliable transportation to METRO customers.

Operating Impact

Replacing hybrid batteries is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state of good repair program that lowers the costs to maintain and repair them, compared to repairs on an as-needed basis. While routine yearly O&M efforts are covered in the base operating budget, this capital investment is considered a major component life cycle replacement to support all hybrid bus types operated by METRO without incurring any additional operating impacts.

Bus Axles

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

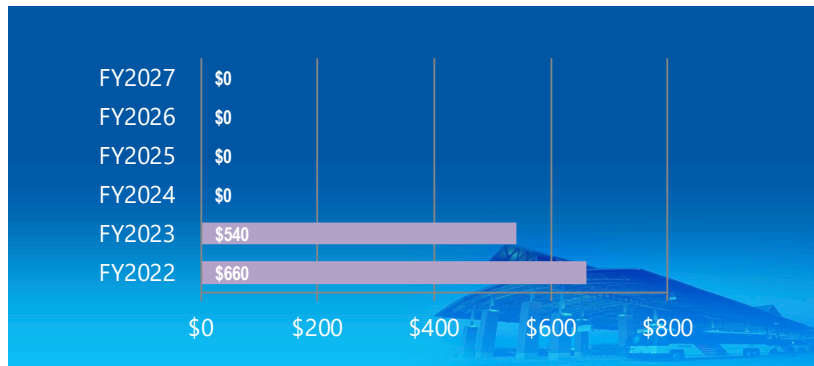
This project involves a bus fleet axles replacement effort for the 40' transit buses, 45' commuter buses, and 60' articulated buses to ensure fleet dependability and provide safe and reliable transportation to METRO customers.

Operating Impact

Replacing bus fleet axles is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state of good repair program that lowers the costs to maintain and repair them, compared to repairs on an as-needed basis. While routine yearly O&M efforts are covered in the base operating budget, this capital investment is considered a major component life cycle replacement to support all bus types operated by METRO without incurring any additional operating impacts.

LRV- Seat Replacement - H3

Projected Expenditures FY23-FY27 (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 project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO assets, compared to repairs on an as-needed basis. While routine yearly O&M efforts are covered in the base operating budget, this capital investment is considered a life cycle replacement to support all Light Rail Vehicle types operated by METRO without incurring any additional operating impacts.

LRV: APS Blower Motor Replacement (H1/H2/H3)

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

Blower motors are past due for replacement as established as an OEM recommended replacement. Replacement of these components will increase reliability of the vehicle and allow for better customer service.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO assets, compared to repairs on an as-needed basis. While routine yearly O&M efforts are covered in the base operating budget, this capital investment is considered a major component life cycle replacement to support all Light Rail Vehicle types operated by METRO without incurring any additional operating impacts.

IT- Data Center Management

Projected Expenditures FY23-FY27 (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 is categorized as a Core Business Item Necessary to Maintain Service that is part of a lifecycle replacement state-of-good-repair program that lowers the costs to maintain and repair METRO assets. This capital investment is considered as a major life cycle replacement to support IT systems operated by METRO that will eventually become part of the routine operating base budget, but for now are identified as Operating Impact costs of \$708.9K per year.

Network Upgrades and Management

Projected Expenditures FY23-FY27 (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 is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Interactive Parts Catalog

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

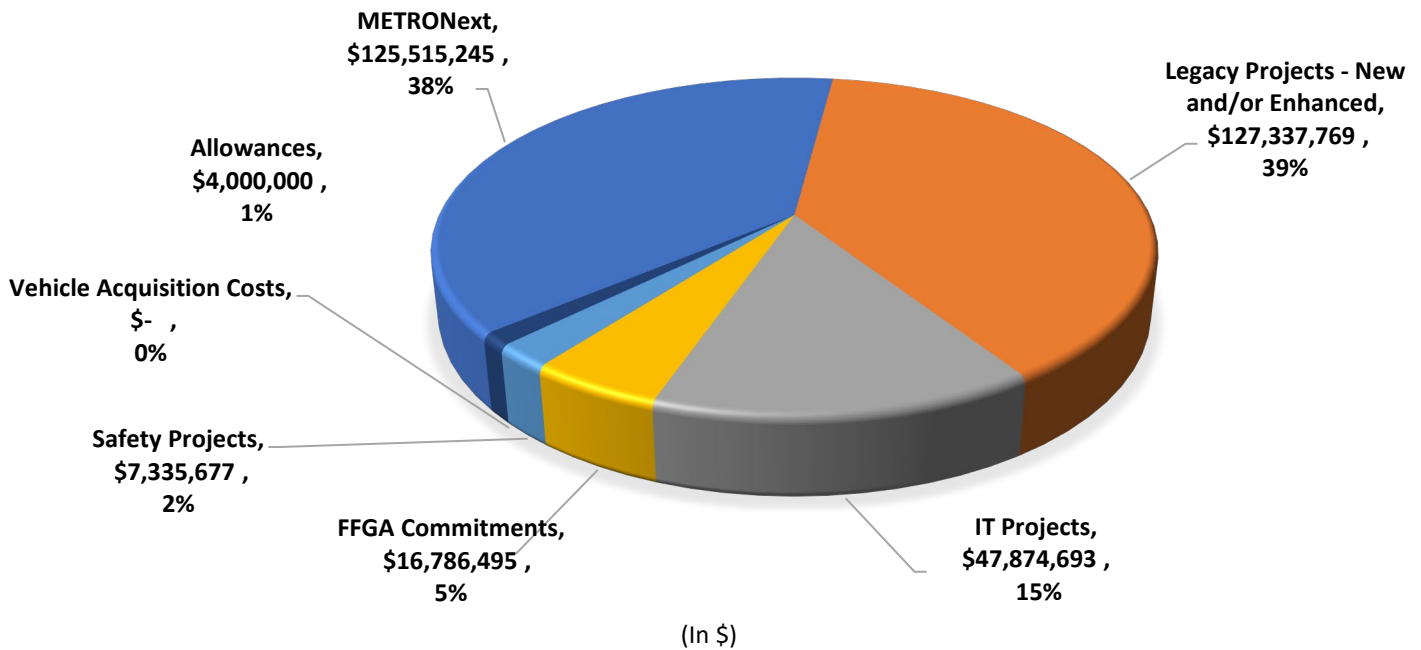
The METRO bus and rail maintenance Operations department is seeking to implement an online, **Interactive Parts Catalog** solution for sourcing, maintenance and repair of METRO bus and rail vehicles and equipment.

Operating Impact

This project is categorized as a **Core Business Item Necessary to Maintain Service** that is part of a routine state-of-good-repair program that lowers the costs to maintain and repair METRO assets and is covered in the routine yearly O&M base operating budget, without any additional operating impact.

Expansion/Enhancement Capital Costs

FY2023 Expansion/Enhancement Capital Costs \$ 328,849,879



Expansion/Enhancement Capital Costs

<u>Expansion/Enhancement Capital Costs</u>	<u>Grant Funded</u>	<u>Grants</u>	<u>Local</u>	<u>FY2023</u>
METRONext	Targeted	\$ 51,961,705	\$ 73,553,540	\$ 125,515,245
Legacy Projects - New and/or Enhanced	Targeted	11,261,994	116,075,776	\$ 127,337,769
IT Projects	Yes	7,686,160	40,188,533	\$ 47,874,693
FFGA Commitments	Yes	7,980,527	8,805,968	\$ 16,786,495
Safety Projects	No	-	7,335,677	\$ 7,335,677
Vehicle Acquisition Costs	No	-	-	\$ -
Allowances	No	-	4,000,000	\$ 4,000,000
Expansion/Enhancement - Subtotal		\$ 78,890,386	\$ 249,959,493	\$ 328,849,879

METRONext

A key effort in the METRONext program in FY2023 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.

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>FY2023</u>
Missouri City Park & Ride	\$ 31,034,400	\$ 21,014,600	\$ 52,049,000
Bus Stop Accessibility/Site Improvement	15,854,842	3,963,711	19,818,553
56 Airline /Montrose BOOST	-	13,702,444	13,702,444
82 Westheimer BOOST	-	10,308,594	10,308,594
University BRT	-	9,405,000	9,405,000
54 Scott BOOST	-	6,549,347	6,549,347
METRORapid Inner Katy Project	3,204,790	2,136,526	5,341,316
Transit Signal Priority (TSP) for 54/56/82 BOOST Corridors	-	4,001,934	4,001,934
Gulfton BRT from Westpark Drive to Bellaire Blvd	1,161,074	774,049	1,935,124
Wheeler Transit Center	706,599	471,066	1,177,665
University of Houston Pedestrian Improvements	-	884,250	884,250
I-69 Two-Way HOV Facility - Spur 527 to I-610	-	342,019	342,019
METRONext	\$ 51,961,705	\$ 73,553,540	\$ 125,515,245

Legacy Projects – New and/or Enhanced

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. In support of the METRO Climate Action Plan, the network of Passenger Bus Shelters will incorporate solar powered, battery electric lighting as one of the many steps that METRO is taking to become environmentally sustainable and energy efficient. The solar powered lighting provides for a safe, secure environment for METRO patrons waiting at bus shelters along bus routes where conventional electric power may not be readily available. This program reinforces METRO's commitment to reinvesting in the agency's backbone – the bus system. Public response has been very positive, bus shelters providing patrons both safety and protection from the elements, and with the addition of solar powered lighting, further increased safety and security.

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.

Expansion/Enhancement Capital Costs

Legacy Projects - New and/or Enhanced

	Grants	Local	FY2023
West Bellfort Park & Ride Lot	\$ 8,468,795	\$ 46,275,075	\$ 54,743,870
Emergency & Community Service Center	-	20,595,615	20,595,615
MRC-Northline TC and Parking	-	18,099,902	18,099,902
Buffalo Bayou North Canal Channel Project	-	10,390,395	10,390,395
Electric Bus Chargers TMC, Infrastructure Construction	-	8,392,500	8,392,500
New Passenger Bus Shelters	-	6,228,059	6,228,059
Cypress T-Ramp	-	3,404,871	3,404,871
Burnett Transit Center Elevator Project	2,793,199	-	2,793,199
HOV/HOT Lanes ARGO Operation & Equipment Upgrade	-	1,972,667	1,972,667
North Post Oak Pedestrian Bridge (TxDoT AFA)	-	511,839	511,839
NWTC Reconfiguration & Parking Upgrade	-	204,852	204,852
Legacy Projects - New and/or Enhanced	\$ 11,261,994	\$ 116,075,776	\$ 127,337,769

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

IT Projects

	Grants	Local	FY2023
Automated Fare Collection System	\$ 7,686,160	\$ 31,878,663	\$ 39,564,823
IVOMS Turn-By-Turn	-	6,433,799	6,433,799
Ariba Hosted Procurement Solution	-	1,776,071	1,776,071
Mobile Ticketing	-	100,000	100,000
FFGA Commitments	\$ 7,686,160	\$ 40,188,533	\$ 47,874,693

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.

With Phase 1 of the MRC program substantially completed with the closeout of construction on the original three corridors, the remaining Phase 2 effort involves the delivery of 14 light rail vehicles in FY2023 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.

Expansion/Enhancement Capital Costs

FFGA Commitments

	<u>Grants</u>	<u>Local</u>	<u>FY2023</u>
North Line - Maintenance of Way Facility	\$ 4,817,784	\$ 3,276,612	\$ 8,094,396
LRV - H4 (FTA Grant 13/14 LRV)	3,106,406	2,574,658	5,681,064
SE- H3 LRV Remaining Contract Balance/Pending Settlement Negotiation	-	843,000	843,000
NL- H3 LRV Remaining Contract Balance/Pending Settlement Negotiation	-	787,000	787,000
North Line - METRO - Remaining Project Management / Project Closeout	-	538,000	538,000
LRV - H4 (METRO Local Fund 1/14 LRV)	-	437,005	437,005
SE - METRO - Remaining Project Management / Project Closeout	-	203,000	203,000
Southeast (SE) Corridor Bike Amenities	56,337	46,693	103,030
North Line - Before and After Study	-	50,000	50,000
Southeast Line - Before and After Study	-	50,000	50,000
FFGA Commitments	\$ 7,980,527	\$ 8,805,968	\$ 16,786,495

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

Safety Projects

	<u>Grants</u>	<u>Local</u>	<u>FY2023</u>
Bus Traffic Timing and Cabinet	\$ -	\$ 1,371,667	\$ 1,371,667
Capitol/Rusk Dedicated Train Lanes	-	1,265,917	1,265,917
Video Based Safety	-	1,155,000	1,155,000
Rail Interlocking Plants	-	826,951	826,951
TMC Dedicated Train/EMS Lanes	-	729,663	729,663
Pedestrian Gates	-	600,600	600,600
Taser MPD Body Cameras and system (Phase 1)	-	579,472	579,472
High Load Detector Tie In	-	447,000	447,000
Wayside Horns Pilot Project	-	131,700	131,700
Taser & Police Body Camera System enhancements	-	115,000	115,000
Traffic Signal Arm at 12 locations	-	112,708	112,708
Safety Projects	\$ -	\$ 7,335,677	\$ 7,335,677

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

Vehicle Acquisition Costs

	<u>Grants</u>		<u>Local</u>		<u>FY2023</u>
No vehicle expansion planned in FY2023	\$	-	\$	-	\$ -
Vehicle Acquisition Costs	\$	-	\$	-	\$ -

Allowances

The Capital Improvement Program (CIP) provides for capital project allowances that may be funded from the \$4.0 million Unallocated Capital Fund included in the FY2023 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.

Expansion/Enhancement Capital Costs

Allowances

	<u>Grants</u>		<u>Local</u>		<u>FY2023</u>
Non-Obligated Capital Project Fund	\$	-	\$	4,000,000	\$ 4,000,000
Allowances	\$	-	\$	4,000,000	\$ 4,000,000

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 the FY2021/FY2022 timeframe and with final project closeouts occurring in FY2022, including:

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

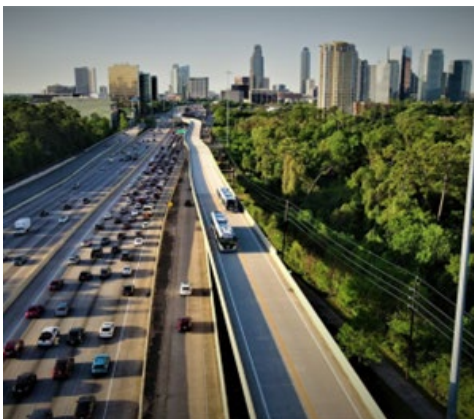
Overall Capital Spending for FY2022 incurred \$136.8 million dollars, with spending on “Core Business Items Necessary to Maintain Service” subtotaling \$72.7 million dollars and “Expansion/Enhancement Capital Costs” of \$64.0 million.

FY2022 saw completion of several major capital projects including the final closeout of 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:



FY2022 also involved the completion and closeout of the ROC Yard Track Expansion project that 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, which included site work, drainage, added 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:



FY2022 involved the completion and closeout of the North Post Oak BRT which 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 included improvements to North Post Oak Road.



METRONext Missouri City Park & Ride

Projected Expenditures FY23-FY27 (In Millions)



Project Scope

The **METRONext plan** calls for 75 miles of new METRORapid bus service that operates like light rail. The METRONext METRORapid Bus Rapid Transit (BRT) network is designed to provide station to station service like METRORail but has the flexibility to accommodate multiple routes. METRORapid lines will provide a direct connection between Downtown and George Bush Intercontinental Airport as well as additional rapid service between Downtown, Uptown, Northwest Transit Center and the proposed High-Speed Rail terminal. Exclusive lanes could be used for autonomous vehicle transit in the future. The **METRONext Missouri City Park & Ride** is part of the **METRONext Moving Forward Plan**. Missouri City Park & Ride will provide a Park & Ride facility within the vicinity of Highway 6 in Missouri City that currently involves a temporary interim lot at Kroger with 203 spaces that is currently above 100% capacity. The anticipated location of this new facility will be in Fort Bend County, Texas and located to best serve the SH 6 / Southwest US 59 Corridor. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset is a new METRO asset that does not exist yet in the base operating budget. The fully allocated annual operating cost for this project will be addressed during the preliminary design and is estimated to begin in FY2029 at approximately \$342.7K annually.

56 Airline /Montrose BOOST

Projected Expenditures FY23-FY27 (In Millions)



Project Scope

The **BOOST Corridor Network** involves Bus Operation Optimized System Treatments (BOOST) to make services faster and more reliable in certain highly traveled corridors through methods such as consolidating stops and signal coordination. The Boost Corridor Network includes the following corridors that will align with METRONext: Tidwell, Long Point, Westheimer, Broadway, Bellfort, MLK-Lockwood, Beechnut, Scott, Airline-Montrose. This **56 Airline-Montrose BOOST** 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. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset is a new METRO asset that does not exist yet in the base operating budget, so this capital investment will incur \$604.6K in additional operating costs per year starting in FY2025 and capital State of Good repair costs of \$6k per year starting in FY2025.

82 Westheimer BOOST

Projected Expenditures FY23-FY27 (In Millions)



Project Scope

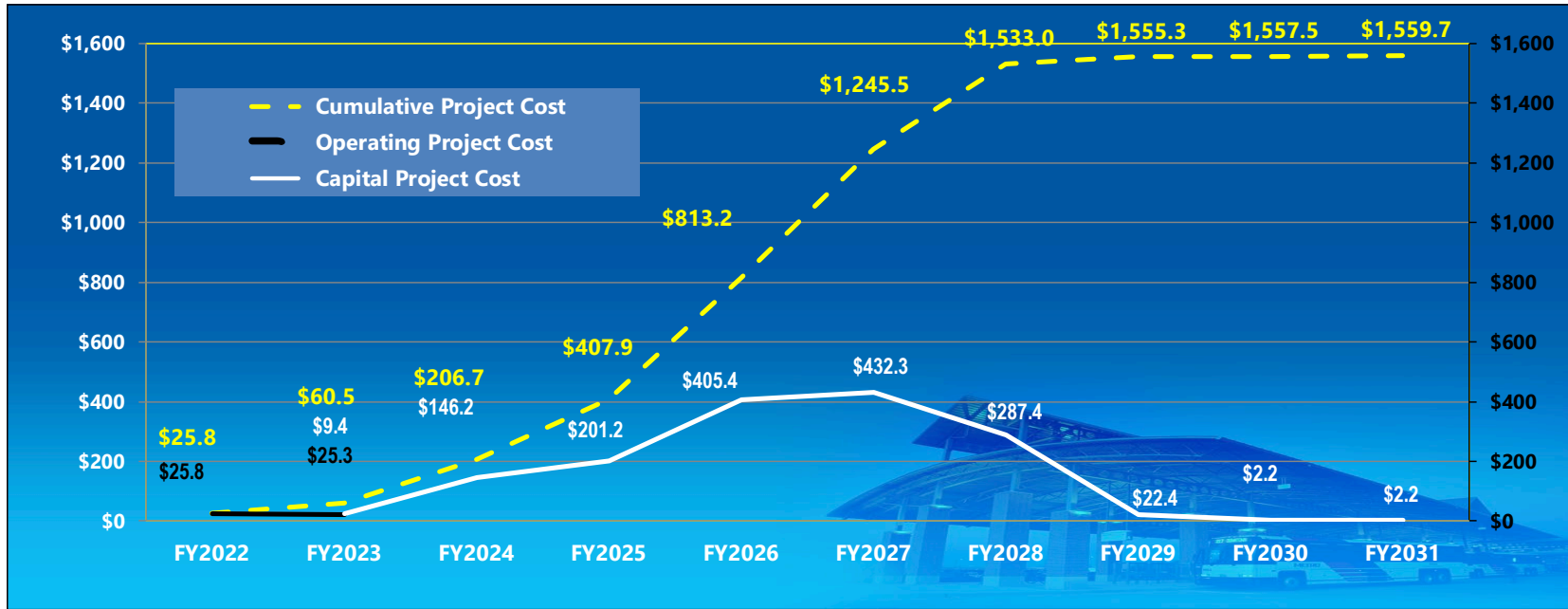
The **BOOST Corridor Network** involves Bus Operation Optimized System Treatments (BOOST) to make services faster and more reliable in certain highly traveled corridors through methods such as consolidating stops and signal coordination. The Boost Corridor Network includes the following corridors that will align with METRONext: Tidwell, Long Point, Westheimer, Broadway, Bellfort, MLK-Lockwood, Beechnut, Scott, Airline-Montrose. This **82 Westheimer BOOST** 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. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset is a new METRO asset that does not exist yet in the base operating budget, so this capital investment will incur \$1.141M in additional operating costs per year starting in FY2026 and capital State of Good repair costs of \$10k per year starting in FY2026.

METRORapid University Corridor BRT Line

Projected Expenditures FY23-FY29 (In Millions)



Project Scope

The **METRONext plan** calls for 75 miles of new METRORapid bus service that operates like light rail. The METRONext METRORapid Bus Rapid Transit (BRT) network is designed to provide station to station service like METRORail but has the flexibility to accommodate multiple routes. METRORapid lines will provide a direct connection between Downtown and George Bush Intercontinental Airport as well as additional rapid service between Downtown, Uptown, Northwest Transit Center and the proposed High-Speed Rail terminal. Exclusive lanes could be used for autonomous vehicle transit in the future. The **METRORapid University Corridor BRT Project** is part of the **METRONext Moving Forward Plan**, and aims to develop a new METRORapid line running for 25.3 miles. The line would operate in a dedicated, transit-only lane to move through traffic. The University Corridor begins at the Westchase Park & Ride near the intersection of the Westpark Tollway and the Sam Houston Tollway. It ends at Tidwell Transit Center, near the intersection of Tidwell Road and U.S. Highway 59. The proposed route alignment passes through multiple residential, business and education centers, thru five segments as follows: Segment 1 (from Westchase to Lower Uptown), Segment 2 (Greenway / Upper Kirby and Montrose), Segment 3 (from Wheeler Station to Eastwood Transit Center), Segment 4 (from Eastwood Transit Center to Greater Fifth Ward), and Segment 5 (from Greater Fifth Ward to Tidwell Transit Center). This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset is a new METRO asset that does not exist yet in the base operating budget. The fully allocated annual operating cost for this project will be addressed during the preliminary design and is estimated to begin in FY2030 at approximately \$29.0M annually.

54 Scott BOOST

Projected Expenditures FY23-FY27 (In Millions)



Project Scope

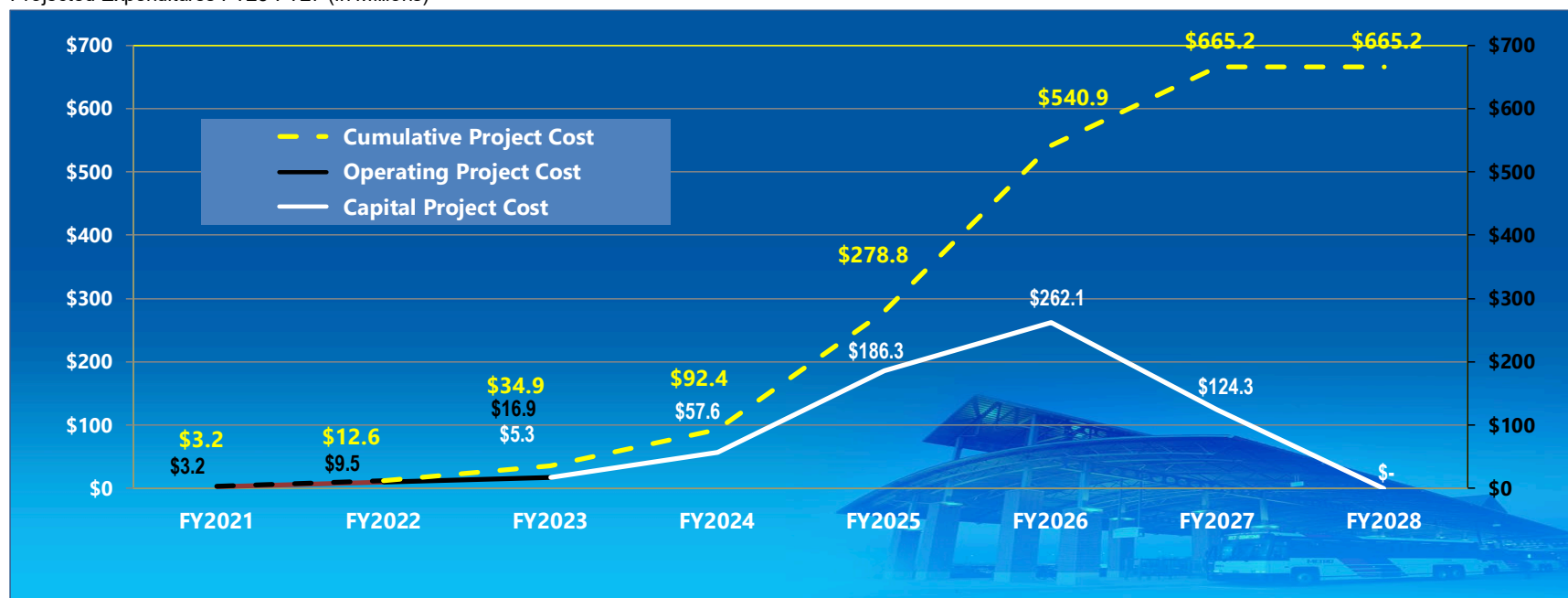
The **BOOST Corridor Network** involves Bus Operation Optimized System Treatments (BOOST) to make services faster and more reliable in certain highly traveled corridors through methods such as consolidating stops and signal coordination. The Boost Corridor Network includes the following corridors that will align with METRONext: Tidwell, Long Point, Westheimer, Broadway, Bellfort, MLK-Lockwood, Beechnut, Scott, Airline-Montrose. This **54 Scott BOOST** 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. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset is a new METRO asset that does not exist yet in the base operating budget, so this capital investment will incur \$479.5K in additional operating costs per year starting in FY2025 and capital State of Good repair costs of \$6K per year starting in FY2025.

METRORapid Inner Katy BRT Project

Projected Expenditures FY23-FY27 (In Millions)



Project Scope

The **METRONext plan** calls for 75 miles of new METRORapid bus service that operates like light rail. The METRONext METRORapid Bus Rapid Transit (BRT) network is designed to provide station to station service like METRORail but has the flexibility to accommodate multiple routes. METRORapid lines will provide a direct connection between Downtown and George Bush Intercontinental Airport as well as additional rapid service between Downtown, Uptown, Northwest Transit Center and the proposed High-Speed Rail terminal. Exclusive lanes could be used for autonomous vehicle transit in the future. The **METRORapid Inner Katy Bus Rapid Transit (BRT)** is part of the **METRONext Moving Forward Plan** and involves the Inner Katy Corridor to the Northwest Transit Center / Proposed High Speed Rail / Uptown section of the city. The 7.6 mile long Inner Katy METRORapid/BRT route runs along I 10 (Katy Freeway), between the Northwest Transit Center (at the junction of I 10 West and I 610) and the Convention District area in Downtown Houston with a possible connection to the proposed high-speed rail and will provide exclusive lanes for Regional Express buses using I-10 West and US 290, allowing them to bypass the congestion on I-10 where there's currently no HOV lane. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget without this capital investment incurring any additional operating costs or impacts.

Transit Signal Priority (TSP) for 54/56/82 BOOST Corridors

Projected Expenditures FY23-FY27 (In Millions)



Project Scope

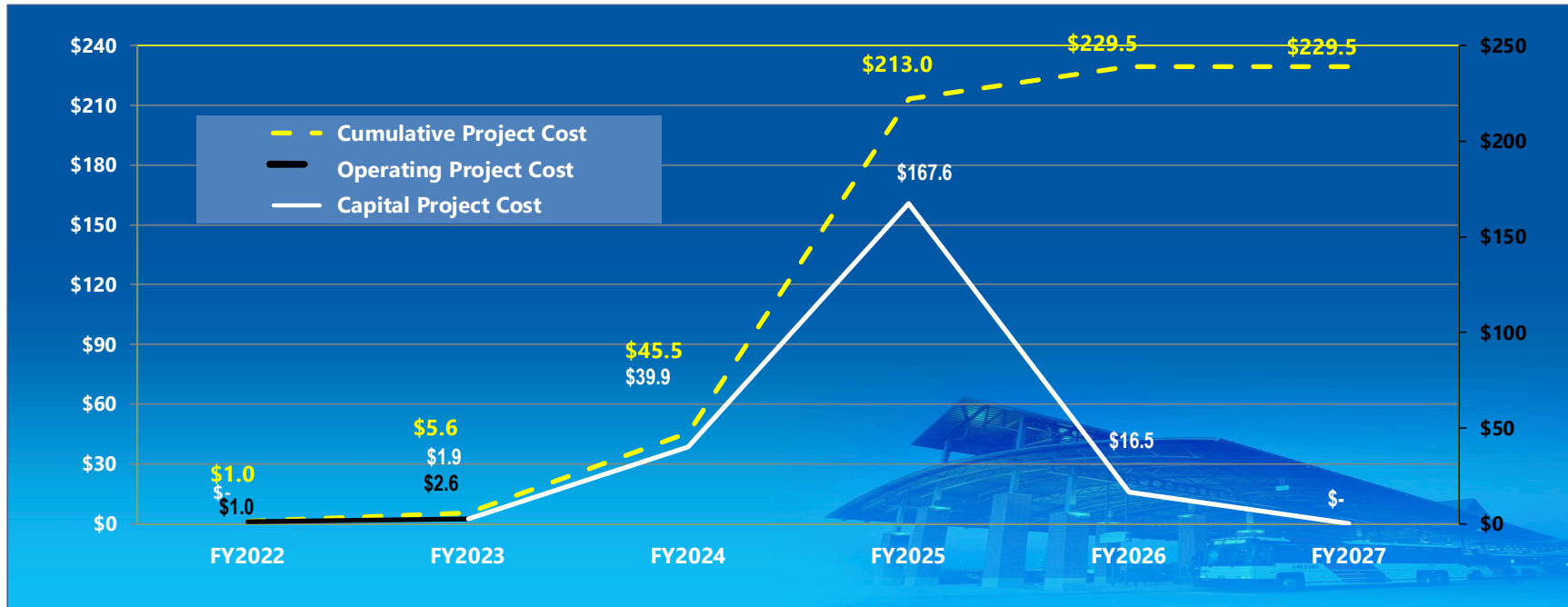
The **BOOST Corridor Network** involves Bus Operation Optimized System Treatments (BOOST) to make services faster and more reliable in certain highly traveled corridors through methods such as consolidating stops and signal coordination. The Boost Corridor Network includes the following corridors that will align with METRONext: Tidwell, Long Point, Westheimer, Broadway, Bellfort, MLK-Lockwood, Beechnut, Scott, Airline-Montrose. This **Transit Signal Priority (TSP) for 54/56/82 BOOST Corridors** project includes efforts to improve the customer experience by increasing reliability and average speed of service by providing signalization enhancements to the BOOST projects starting with routes 54/56/82. The improvements to signalization coincide with a number of sidewalk improvements, bus stop amenities, bus shelters, signage, wayfinding, intersection treatments and enhancements that result in the optimization of the service. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget without this capital investment incurring any additional operating costs or impacts.

METRORapid Gulfton BRT from Westpark Drive to Bellaire Blvd

Projected Expenditures FY23-FY29 (In Millions)



Project Scope

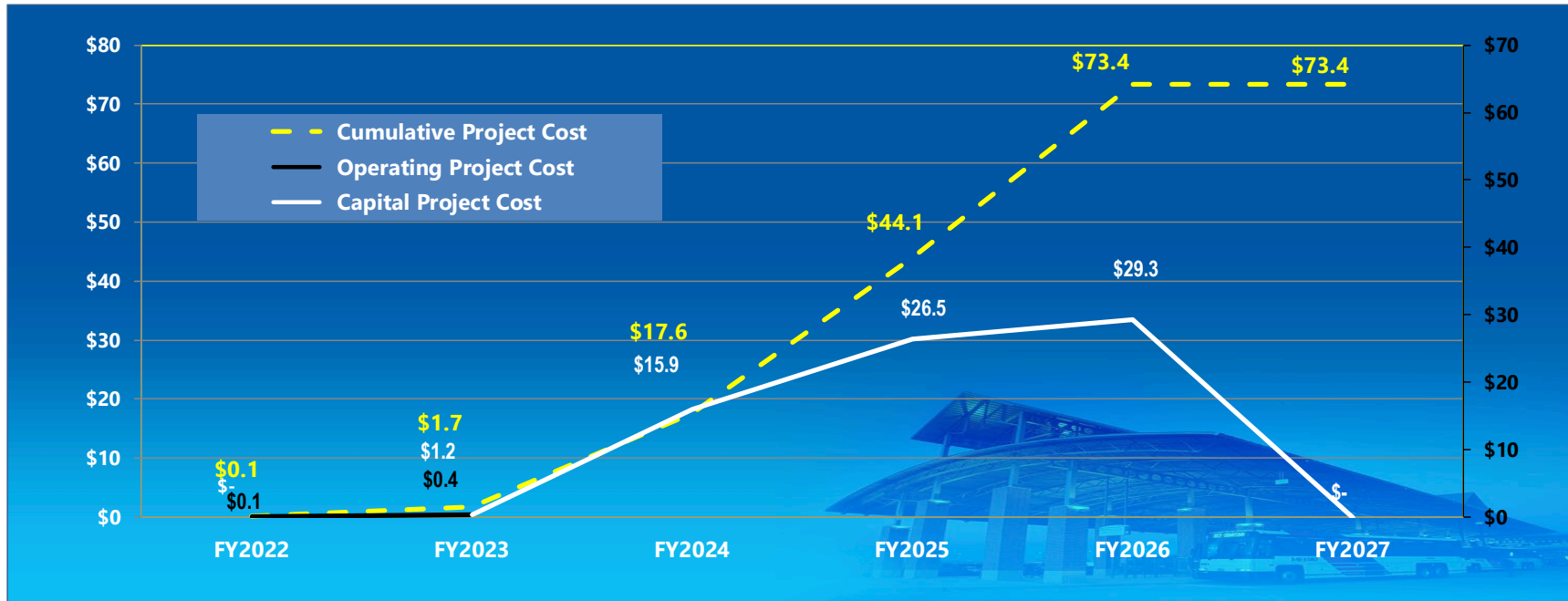
The **METRONext plan** calls for 75 miles of new METRORapid bus service that operates like light rail. The METRONext METRORapid Bus Rapid Transit (BRT) network is designed to provide station to station service like METRORail but has the flexibility to accommodate multiple routes. METRORapid lines will provide a direct connection between Downtown and George Bush Intercontinental Airport as well as additional rapid service between Downtown, Uptown, Northwest Transit Center and the proposed High-Speed Rail terminal. Exclusive lanes could be used for autonomous vehicle transit in the future. The **Gulfton BRT from Westpark Drive to Bellaire Blvd Project** is part of the **METRONext Moving Forward Plan**, and aims to develop a new METRORapid line system. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset is a new METRO asset that does not exist yet in the base operating budget. The fully allocated annual operating cost for this project will be addressed during the preliminary design and is estimated to begin in FY2028 at approximately \$21.464M annually.

METRORapid Wheeler Transit Center

Projected Expenditures FY23-FY29 (In Millions)



Project Scope

The **METRONext plan** calls for 75 miles of new METRORapid bus service that operates like light rail. The METRONext METRORapid Bus Rapid Transit (BRT) network is designed to provide station to station service like METRORail but has the flexibility to accommodate multiple routes. METRORapid lines will provide a direct connection between Downtown and George Bush Intercontinental Airport as well as additional rapid service between Downtown, Uptown, Northwest Transit Center and the proposed High-Speed Rail terminal. Exclusive lanes could be used for autonomous vehicle transit in the future. The **Wheeler Transit Center Project** is part of the **METRONext Moving Forward Plan**, and aims to develop a new METRORapid line system that aligns with the existing METRO Light Rail line network.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget without this capital investment incurring any additional operating costs or impacts.

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

Projected Expenditures FY23-FY27 (In Millions)



Project Scope

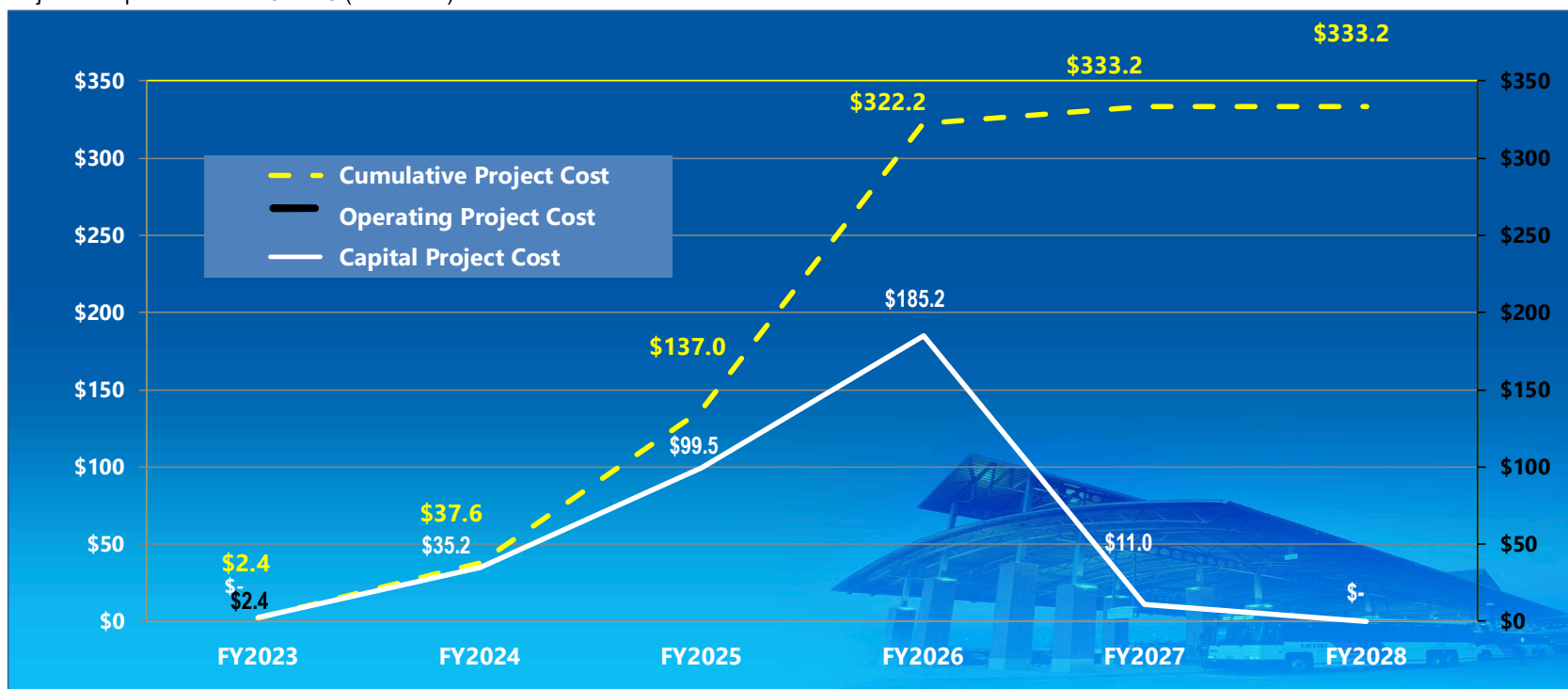
The **METRONext plan** calls for 75 miles of new METRORapid bus service that operates like light rail. The METRONext METRORapid Bus Rapid Transit (BRT) network is designed to provide station to station service like METRORail but has the flexibility to accommodate multiple routes. METRORapid lines will provide a direct connection between Downtown and George Bush Intercontinental Airport as well as additional rapid service between Downtown, Uptown, Northwest Transit Center and the proposed High-Speed Rail terminal. Exclusive lanes could be used for autonomous vehicle transit in the future. The **METRONext US 59/69 - Spur 527 to Edloe New (Extend HOV 2-way)** is part of the **METRONext Moving Forward Plan**. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget without this capital investment incurring any additional operating costs or impacts.

METRORapid Bus Operating Facility

Projected Expenditures FY23-FY29 (In Millions)



Project Scope

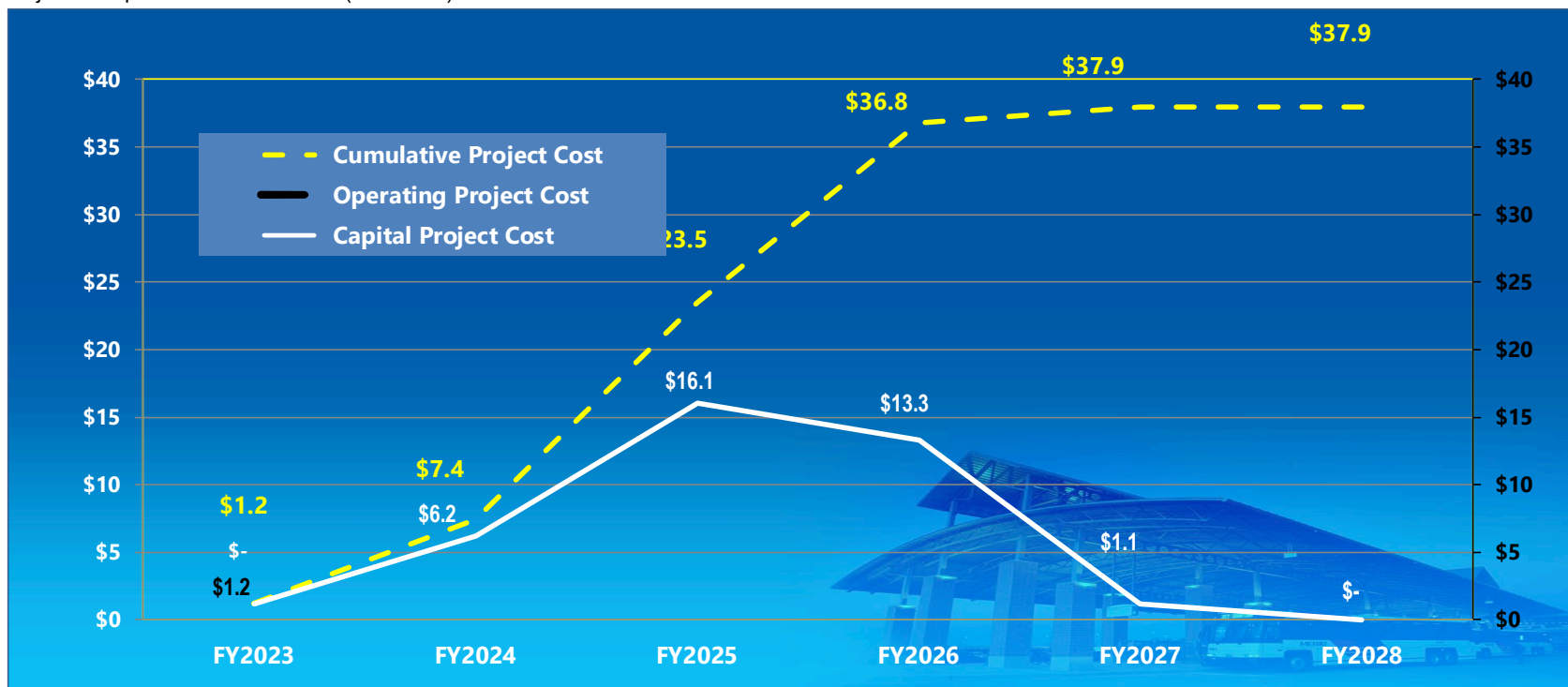
The **METRONext plan** calls for 75 miles of new METRORapid bus service that operates like light rail. The METRONext METRORapid Bus Rapid Transit (BRT) network is designed to provide station to station service like METRORail but has the flexibility to accommodate multiple routes. METRORapid lines will provide a direct connection between Downtown and George Bush Intercontinental Airport as well as additional rapid service between Downtown, Uptown, Northwest Transit Center and the proposed High-Speed Rail terminal. Exclusive lanes could be used for autonomous vehicle transit in the future. The **Bus Operating Facility Project** is part of the **METRONext Moving Forward Plan** and aims to support the new METRORapid lines.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset is a new METRO asset that does not exist yet in the base operating budget. The fully allocated annual operating cost for this project will be addressed during the preliminary design and is estimated to begin in FY2028 at approximately \$35M annually.

METRONext Courthouse LRT Extension

Projected Expenditures FY23-FY29 (In Millions)



Project Scope

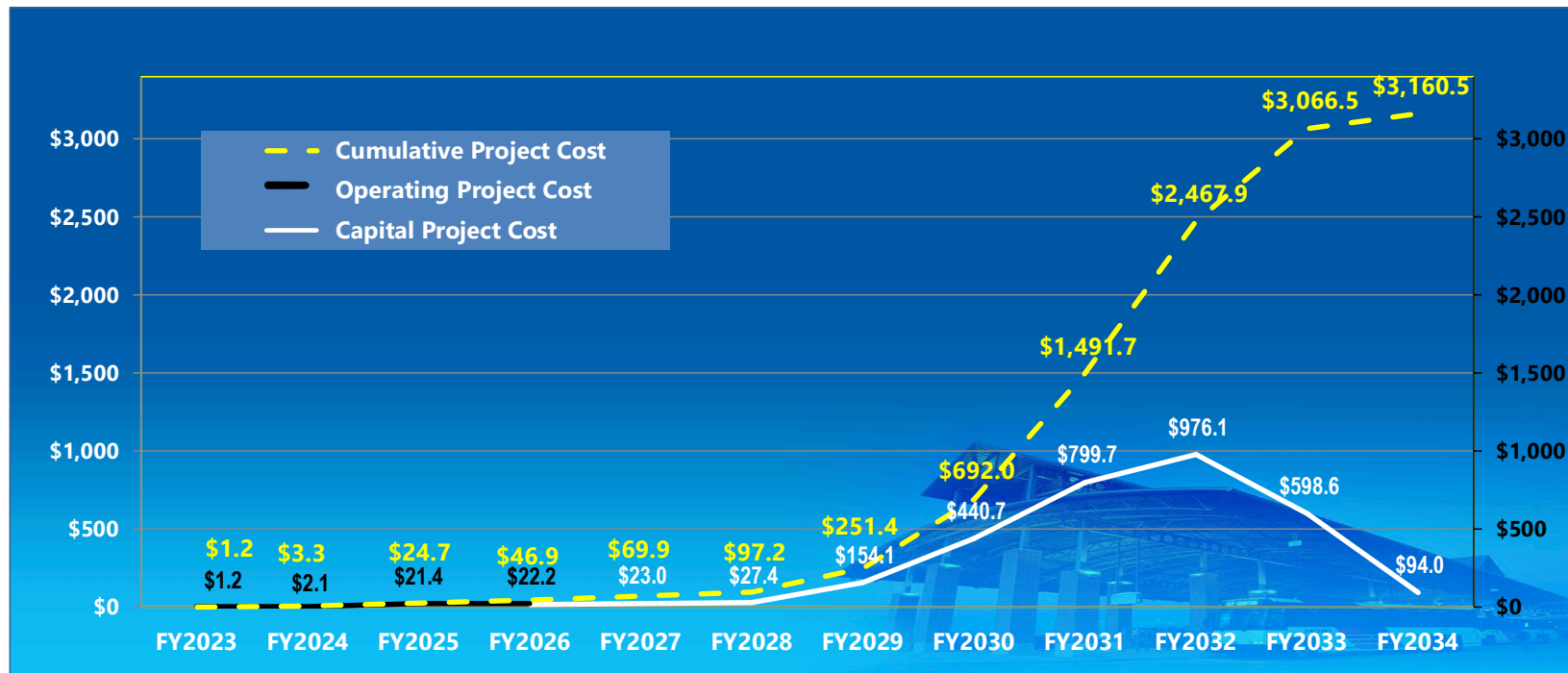
The **METRONext plan** calls for 75 miles of new METRORapid bus service that operates like light rail. The METRONext METRORapid Bus Rapid Transit (BRT) network is designed to provide station to station service like METRORail but has the flexibility to accommodate multiple routes. METRORapid lines will provide a direct connection between Downtown and George Bush Intercontinental Airport as well as additional rapid service between Downtown, Uptown, Northwest Transit Center and the proposed High-Speed Rail terminal. Exclusive lanes could be used for autonomous vehicle transit in the future. The **METRONext Courthouse LRT Extension Project** is part of the **METRONext Moving Forward Plan** and aims to support the new network of METRORapid lines while extending the current Green & Purple lines from the Theater District further west to the Harris County Courthouse. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget without this capital investment incurring any additional operating costs or impacts.

METRONext Green and Purple Lines to Hobby Airport

Projected Expenditures FY26-FY39 (In Millions)



Project Scope

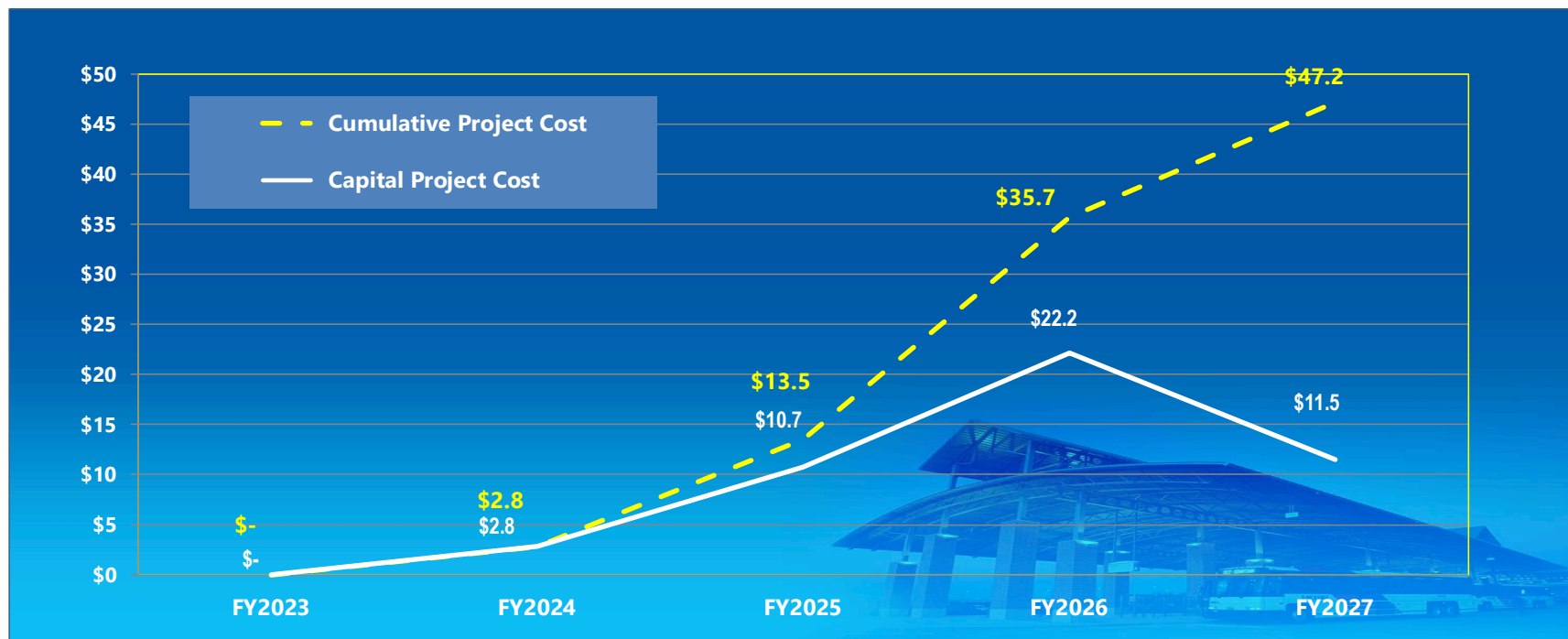
The **METRONext plan** calls for 75 miles of new METRORapid bus service that operates like light rail. The METRONext METRORapid Bus Rapid Transit (BRT) network is designed to provide station to station service like METRORail but has the flexibility to accommodate multiple routes. METRORapid lines will provide a direct connection between Downtown and George Bush Intercontinental Airport as well as additional rapid service between Downtown, Uptown, Northwest Transit Center and the proposed High-Speed Rail terminal. Exclusive lanes could be used for autonomous vehicle transit in the future. The **METRONext Green and Purple Line Extension Project** is part of the **METRONext Moving Forward Plan** and aims to support the new network of METRORapid lines while extending the current Green & Purple lines from the Theater District further west to the Harris County Courthouse. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset is a new METRO asset that does not exist yet in the base operating budget. The fully allocated annual operating cost for this project will be addressed during the preliminary design and is estimated to begin in FY2035 at approximately \$35M annually.

Additional BOOST Corridor #4

Projected Expenditures FY23-FY27 (In Millions)



Project Scope

The **BOOST Corridor Network** involves Bus Operation Optimized System Treatments (BOOST) to make services faster and more reliable in certain highly traveled corridors through methods such as consolidating stops and signal coordination. The Boost Corridor Network includes the following corridors that will align with METRONext: Tidwell, Long Point, Westheimer, Broadway, Bellfort, MLK-Lockwood, Beechnut, Scott, Airline-Montrose. This **Additional BOOST Corridor #4 project** includes an estimated 10 bus routes each 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. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset is a new METRO asset that does not exist yet in the base operating budget, so this capital investment will incur additional operating costs that will be addressed during the preliminary design.

Additional BOOST Corridor #5

Projected Expenditures FY23-FY27 (In Millions)



Project Scope

The **BOOST Corridor Network** involves Bus Operation Optimized System Treatments (BOOST) to make services faster and more reliable in certain highly traveled corridors through methods such as consolidating stops and signal coordination. The Boost Corridor Network includes the following corridors that will align with METRONext: Tidwell, Long Point, Westheimer, Broadway, Bellfort, MLK-Lockwood, Beechnut, Scott, Airline-Montrose. This **Additional BOOST Corridor #5 project** includes an estimated 10 bus routes each 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. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset is a new METRO asset that does not exist yet in the base operating budget, so this capital investment will incur additional operating costs that will be addressed during the preliminary design.

Bus Stop Accessibility and Site Improvements Program

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

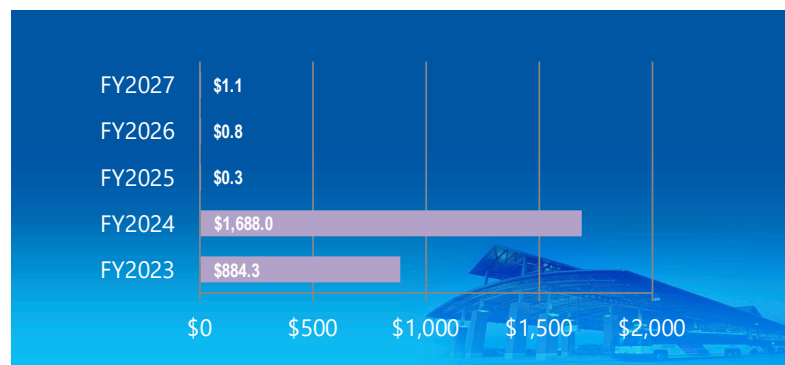
Universal Accessibility is a capital upgrade program which is designed to ensure that METRO's facilities and services are usable for all riders. Although METRO's entire fleet of buses and trains is already accessible, improvements to bus stops, bus shelters, and public facilities will make it easier 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 **Universal Accessibility program** will also provide enhancements at several METRO public facilities (such as Park & Ride lots and transit centers), "First & Last Mile" Universal Accessibility and bus stop signage upgrades at over 7,000 locations with three years remaining in the program.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget with this capital investment incurring \$1.8M in additional operating costs per year and ramping up to \$6.3M per year, starting in year FY2024.

University of Houston Pedestrian Improvements

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

As a part of the METRONext program METRO is participating in Transit Oriented Developments in an effort to design and build this project which involves the construction of a **University of Houston Pedestrian Improvements**. This is an initiative to expand and improve METRO facilities and services by connecting pedestrian and bike paths with the new Shared Use Paths and METRO transit facilities in the vicinity. as the project improves the Universal Accessibility in the area, improving customer service and involves the last year of a multi-year effort.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget with this capital investment incurring \$61.3K in additional operating costs per year, starting in year FY2025 and capital State of Good repair costs of \$1K per year starting in FY2025.

West Bellfort Park & Ride

Projected Expenditures FY23-FY27 (In Millions)



Project Scope

METRO is developing expansion opportunities at the **West Bellfort 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. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget with this capital investment incurring \$371.8K in additional operating costs per year, starting in year FY2024 and capital State of Good repair costs of \$192K (avg) per year starting in FY2025.

Emergency & Community Service Center (ECSC)

Projected Expenditures FY23-FY27 (In Millions)



Project Scope

METRO is developing expansion opportunities at the **Emergency & Community Service Center (ECSC)** located in downtown Houston adjacent to the 1900 Main Administration facility. This project efforts involves the acquisition of Real Estate for the Emergency & Community Services Center for use and parking structure as a component of a multi-year \$48.6M facility adjacent to the 1900 Main Administration building. The project currently involves \$5.9M in grant funding for future construction efforts. Expansion of the parking facility would provide for continued growth in ridership and customer service support with more parking spaces in the southwest region of the City of Houston. This project is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset is a new METRO asset that does not exist yet in the base operating budget, so this capital investment will incur \$1.561M in additional operating costs per year starting in FY2026.

Buffalo Bayou North Canal Channel Project (Upgraded Facility)

Projected Expenditures FY23-FY27 (In Millions)



Project Scope

Buffalo Bayou North Canal Channel Project (Upgraded Facility) is an ambitious City of Houston (COH) project charged with reducing flooding in the downtown Houston area. The project will connect the White Oak Bayou with the Buffalo Bayou via a new diversion channel which will impact several properties. The project requires replacement, relocation and removal of portions of METRO's existing Buffalo Bayou Facility.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset is a new METRO asset that does not exist yet in the base operating budget, so this capital investment will incur \$2.818M in additional operating costs per year starting in FY2026.

US290 Cypress T- Ramp

Projected Expenditures FY23-FY27 (In Millions)



Project Scope

In coordination with TxDOT, this project titled **US290 Cypress T-Ramp** 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. This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget without this capital investment incurring any additional operating costs or impacts.

Northline Transit Center and Parking

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

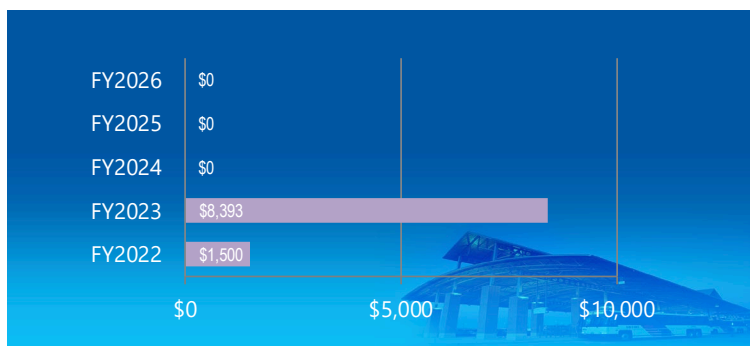
The Northline Transit Center has been in existence since 2001, with the existing lease for the Northline Transit Center set to expire in 2023 and to meet the demand of METRO customers and provide adequate parking, it has become imperative to explore opportunities for the construction of a new transit center. The proposed facility will improve the customer experience and provide improved access to employment and educational facilities, such as the HCC Northline Campus, a public community college system. 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 ridership of students and staff, while enhancing safety and security. The new transit center will be in the immediate vicinity of the current Northline Transit Center and will include a multi story parking structure with approximately 500 parking spaces and 7 to 8 Bus bays, all of which would be covered.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. The fully allocated annual operating cost for this project will be addressed during the final design/build phase, with this capital investment incurring an estimated \$314.2K in additional operating costs per year, starting in year FY2025 and capital State of Good repair costs of \$135K (avg) per year starting in FY2026.

Electrical Bus Accommodation (Polk/West/Kashmere/TMC)

Projected Expenditures FY22-FY26 (In Thousands)



Project Scope

Replacing Revenue 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 40 of METRO's Revenue Vehicle fleet with new Electric 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 **Electrical Bus Accommodation (Polk/West/Kashmere/TMC)** project involves the electric charging stations for the new electric revenue buses. This product procurement is in alignment with METRO's Climate Action Plan and Sustainability Vision that serves as a pathway to achieving the agency's sustainability goals.

Operating Impact

This project is categorized as a **Expansion/Enhancement Capital Cost** that is new to the routine state-of-good-repair program that lowers costs to maintain and repair METRO assets. Since this is an established METRO capital investment program with routine yearly O&M efforts already funded in the base operating budget, this capital investment is considered a new installment that supports all bus types operated by METRO without incurring any additional operating costs or impacts.

METRO Bus Shelters (Multi-Year Program)

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

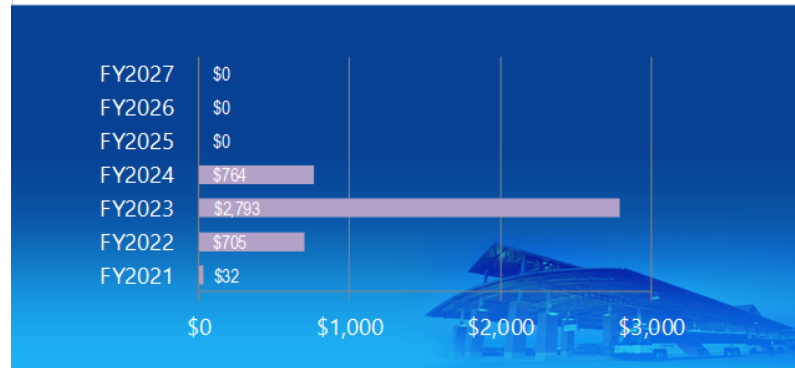
The METRO New Bus Network program restructured the existing bus network to be more aligned with the needs of METRO's growing service area. There will be 200 new bus shelters installed in FY2022 with the goal of 300-400 shelters per year starting in FY2023 and ramping up. This **METRO Bus Shelters Multi-Year 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

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget with this capital investment incurring \$620K in additional operating costs per year and ramping up to \$1.346M per year, starting in year FY2025.

Burnett Transit Center Elevator Project

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

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

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset is a new METRO asset that does not exist yet in the base operating budget, so this capital investment will incur \$73.0K in additional operating costs per year.

HOV/HOT Lanes ARGO Operation & Equipment Upgrade

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

The HOV/HOT Lanes ARGO Operation & Equipment Upgrade project involves the replacement and upgrade of equipment used on the existing Automated Reversible Gate Operation (ARGO) system for METRO's High-Occupancy Toll (HOT) Lanes and High-Occupancy Vehicle (HOV) lane system. Equipment has reached the end of its useful life and central controller customized software is no longer supported by the OEM. This project replaces the legacy ARGO system and back-up server for Disaster Recovery. Additionally, sixty seven (67) hard-wired legacy cameras will be upgraded to work with the new System to provide higher visibility and flexibility. This initiative will provide more accurate monitoring of traffic to improve Safety and Security and is an example of Planning for the Future while improving the State of Good Repair of an existing facility.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget without this capital investment incurring any additional operating costs or impacts. Capital rehabilitation efforts as part of the state of good repair program with costs of \$22K per year (avg) start in FY2026.

North Post Oak Pedestrian Bridge

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

As part of the Uptown Bus Rapid Transit project METRO is participating with TxDOT to design and build this **North Post Oak Pedestrian Bridge** 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 and involves the last year of a multi-year effort.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget with this capital investment without incurring any additional operating costs or impacts.

Northwest Transit Center Reconfiguration & Parking Upgrade

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

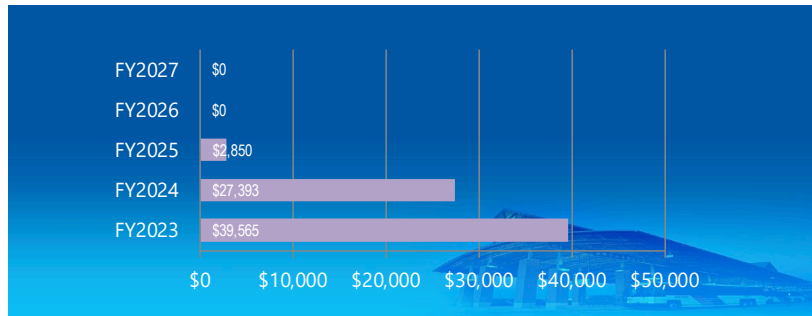
The **Northwest Transit Center Reconfiguration (NWTC) and Parking Upgrade** increased the number of bays to accommodate METRO's Local Network and Uptown BRT service, and enhance bike and pedestrian amenities. In addition, parking capacity was increased by 200 spaces to replace the capacity lost from the closure of the Pinemont Park & Ride, due to TxDOT and HCTRA's joint US 290 Managed Lane Project. The parking that was provided on right-of-way that has been purchased by TxDOT adjacent to the eastbound US-290 Frontage Road at the Old Katy Road intersection. This project involves additional work scope for canopy flashing and signage on this Transit Center.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with the annual cost of operating and maintaining primarily included in the base operating budget, with this effort considered as the final developmental phase of the capital investment currently managed by METRO with a minimal additional operating cost impact of \$2.1K per year and capital State of Good repair costs of \$1K per year starting in FY2024.

Automated Fare Collection Equipment Replacement

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

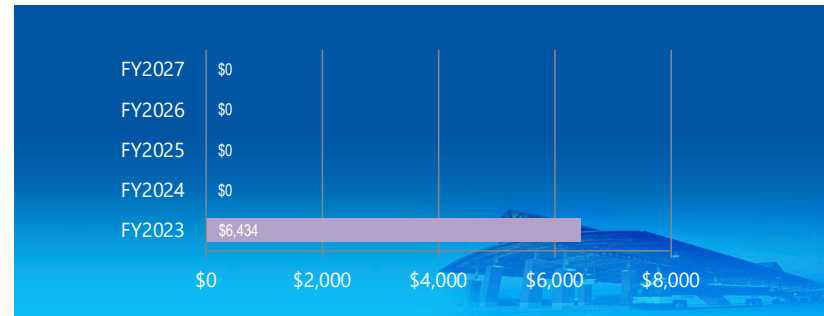
The **Automated Fare Collection Equipment Replacement** project will replace aging and obsolete equipment and software. The new system will utilize an open architecture platform to help reduce capital equipment costs in the future by allowing a more plug-and-play environment for METRO's fare collection 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

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget with this capital investment incurring \$304K in additional operating costs per year, starting in year FY2026 and planned capital rehabilitation efforts as part of the state of good repair program with costs of \$3.08M every other year (avg) start in FY2028.

IVOMS Turn-By-Turn

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

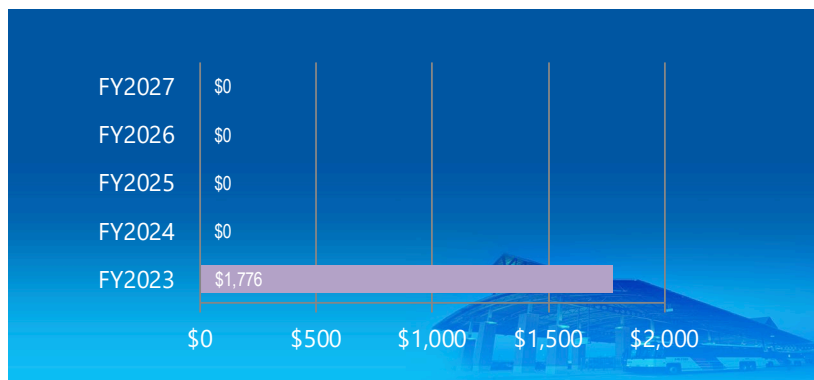
The **Integrated Vehicle Operations Management System (IVOMS) Turn-by-Turn Project** is an upgrade bus IVOMS hardware to avoid obsolescence and improve the system with new turn-by-turn functionality. Provide the bus Operator simple intuitive on-board navigation using visual and audible directions. This reduces Bus Controllers, Transportation Supervisors, Safety Training, and Operators labor and increase bus on time performance. In addition to the benefits listed for this project, the replacement of old co-pilots and PressIt equipment will be essential in the new Fare Collection System. They will also benefit our way-side wi-fi on the vehicles, which are currently using an outdated protocol to transfer data and pose a potential security issue.

Operating Impact

The annual cost of operating and maintaining IVOMS Turn-By-Turn is categorized as a **Expansion/Enhancement Capital Cost** and is included in the base Information Technology operating budget, with this capital investment incurring no additional yearly operating cost impacts.

Ariba Hosted Procurement Solution

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

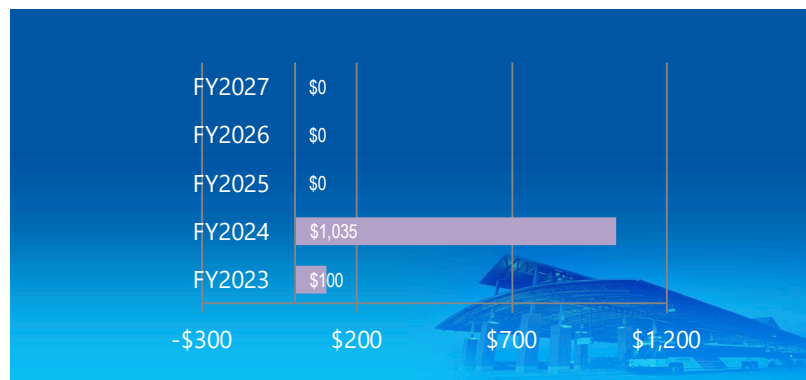
SRM is now being phased out by SAP, and the **Ariba Hosted Procurement Solution** is required by SAP to stay within their mandatory upgrade path. Ariba brings a number of enhanced and modernized features for today's government procurement departments. Ariba embraces the philosophy of paperless transactions that are enabled by mobile devices. Fully integrated contract management, workflow approvals that can be fully managed on iPhone/Android mobile devices, and all within an advanced paperless framework. Ariba would also eliminate the necessity for the current Bonfire solution, BoardVantage, and offer a fully integrated solution for METRO's vendors and RFP/RFTP/RFI/RFQ/IFB respondents.

Operating Impact

The annual cost of operating and maintaining Ariba Hosted Procurement Solution is categorized as a **Expansion/Enhancement Capital Cost** and is included in the base Information Technology operating budget, with this capital investment incurring no additional yearly operating cost impacts.

Mobile Ticketing

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

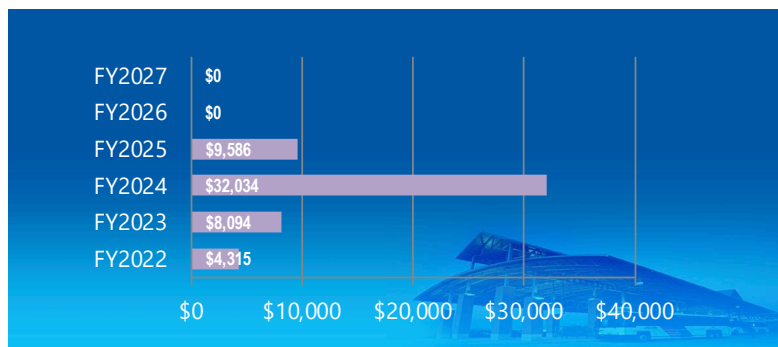
Mobile ticketing is a smart phone application that allows consumers to purchase Mobile tickets through the METRO Q Ticketing application and manage fare media tickets with smart phone point-of-sale applications that have become the worldwide technology standard and has become popular in the Mass Transit industry. This project funding involves the past phase of a multi-year effort that initially went live in FY2020 and has incurred a series of advancements and integrated development, with this phase 3 effort now involving integration with the Automated Fare Collection System (AFCS) and further development and integration utilizing Handheld Inspection Terminal (HIT) devices for revenue collection management.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with the annual cost of operating and maintaining Mobile Ticketing primarily included in the base Information Technology operating budget, with this effort considered as the final developmental phase of the capital investment currently managed by METRO with a minimal additional operating cost impact of \$5.826K per year.

Northline Maintenance of Way

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

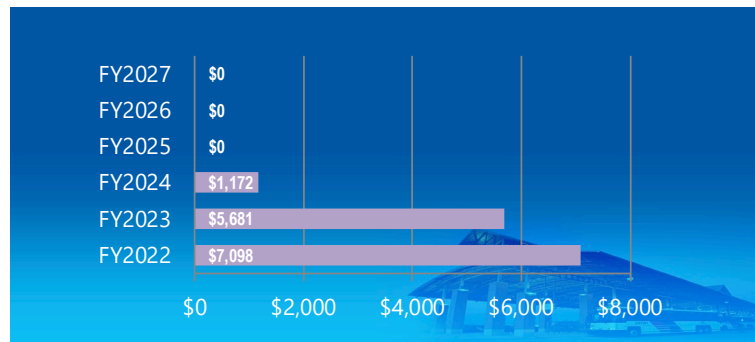
The Maintenance of Way project consists of constructing a new facility for METRO Rail. This facility is part of FFGA Phase 2 scope and includes a new facility on the METRO owned parcel located at 1507 Keene Street, which is located on the northeast area of the IH 45 and IH 10 interchange. This parcel 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

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. The fully allocated annual operating cost for this project will be addressed during the final design/build phase, with this capital investment incurring an estimated \$1.423M in additional operating costs per year, starting in year FY2026.

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

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

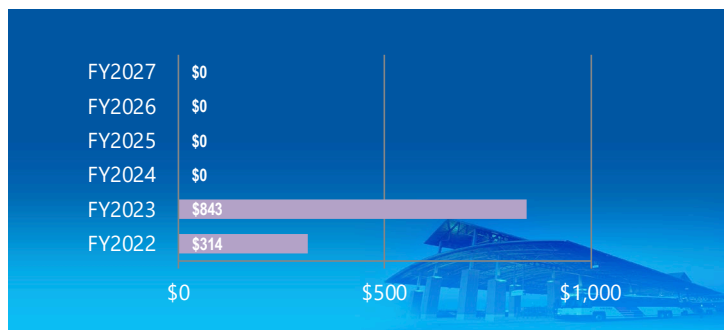
The Southeast Line Project is a 6.56-mile, double track-LRT line, with 10 stations, a storage facility and an opening day fleet of 15 LRT vehicles. The project operates in semi-exclusive right-of-way from downtown Houston, east to the University of Houston main campus and Texas Southern University to 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

This project is categorized as an **Expansion/Enhancement Capital Cost** with the annual cost of operating and maintaining primarily included in the base operating budget. This project involves the final close out of MRC Full Funding Grant items in the Southeast Line, specifically the final acquisition costs of thirteen FFGA grant funded LRVs for the Southeast Line.

MRC FFGA Southeast Line H3 LRV Grant Closeout

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

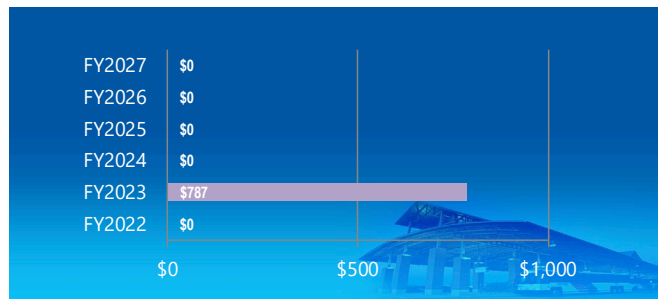
The Southeast Line Project is a 6.56-mile, double track-LRT line, with 10 stations, a storage facility and an opening day fleet of 15 LRT vehicles. The project will operate in semi-exclusive right-of-way from downtown Houston, east to the University of Houston main campus and Texas Southern University 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

This project is categorized as an **Expansion/Enhancement Capital Cost** with the annual cost of operating and maintaining primarily included in the base operating budget. This investment is currently operated by METRO without incurring any additional operating costs or impacts. This project involves the final close out of MRC Full Funding Grant items in the Southeast Line.

MRC FFGA North Line - H3 LRV Closeout

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

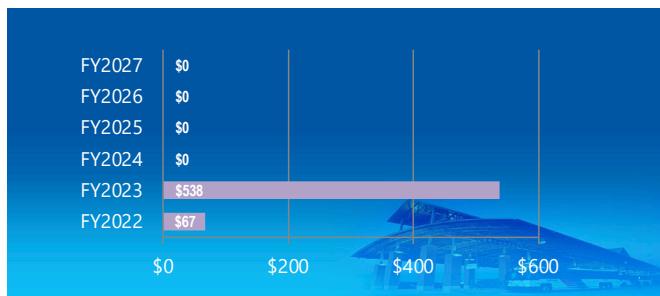
The North Line Project is a 5.31-mile fixed guideway system that includes 8 platforms, an opening day fleet of 14 LRT vehicles, and extends the existing Main St. light rail line from the University of Houston Downtown to the newly expanded Northline Transit Center. The project's goal is to provide a 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. 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

This project is categorized as an **Expansion/Enhancement Capital Cost** with the annual cost of operating and maintaining primarily included in the base operating budget. This investment is currently operated by METRO without incurring any additional operating costs or impacts. This project involves the final close out of MRC Full Funding Grant items in the North Line.

MRC FFGA Northline Grant Closeout

Projected Expenditures FY23-FY27 (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. 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

This project is categorized as an **Expansion/Enhancement Capital Cost** with the annual cost of operating and maintaining primarily included in the base operating budget. This investment is currently operated by METRO without incurring any additional operating costs or impacts. This project effort involves the final close out of MRC Full Funding Grant items in the two remaining corridors, specifically the Northline and Southeast Line.

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

Projected Expenditures FY23-FY27 (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 Southeast Line Project Closeout

Projected Expenditures FY23-FY27 (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

This project is categorized as an **Expansion/Enhancement Capital Cost** with the annual cost of operating and maintaining primarily included in the base operating budget. This investment is currently operated by METRO without incurring any additional operating costs or impacts. This project involves the final close out of MRC Full Funding Grant items in the Southeast Line.

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

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

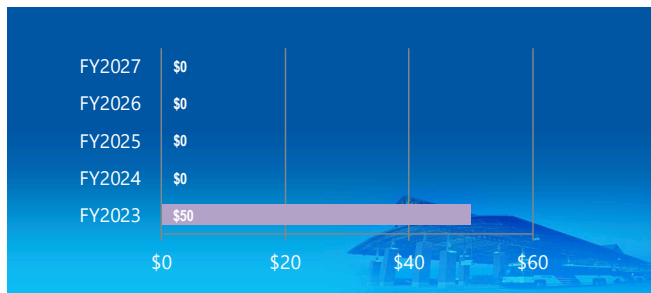
The Southeast Line Project is a 6.56-mile, double track-LRT line, with 10 stations, a storage facility and an opening day fleet of 15 LRT vehicles. The project will operate in semi-exclusive right-of-way from downtown Houston, east to the University of Houston main campus and Texas Southern University 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

This project is categorized as an **Expansion/Enhancement Capital Cost** with the annual cost of operating and maintaining primarily included in the base operating budget. This investment is currently operated by METRO without incurring any additional operating costs or impacts. This project involves the final close out of MRC Full Funding Grant items in the Southeast Line.

MRC FFGA North Line - Before and After Study

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

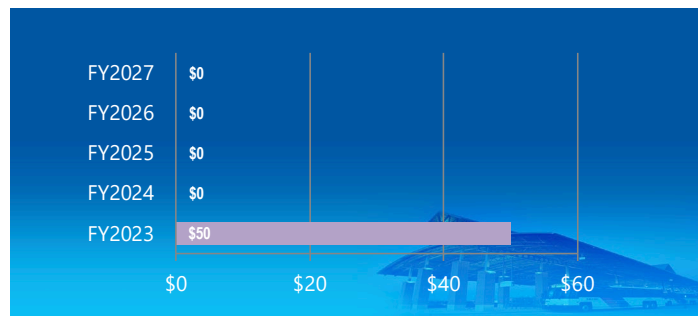
The North Line Project is a 5.31-mile fixed guideway system that includes 8 platforms, an opening day fleet of 14 LRT vehicles, and extends the existing Main St. light rail line from the University of Houston Downtown to the newly expanded Northline Transit Center. The project's goal is to provide a 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. 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

This project is categorized as an **Expansion/Enhancement Capital Cost** with the annual cost of operating and maintaining primarily included in the base operating budget. This investment is currently operated by METRO without incurring any additional operating costs or impacts. This project involves the final close out of MRC Full Funding Grant items in the North Line.

MRC FFGA Southeast Line - Before and After Study

Projected Expenditures FY23-FY27 (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

This project is categorized as an **Expansion/Enhancement Capital Cost** with the annual cost of operating and maintaining primarily included in the base operating budget. This investment is currently operated by METRO without incurring any additional operating costs or impacts. This project involves the final close out of MRC Full Funding Grant items in the Southeast Line.

Bus Traffic Timing and Cabinet

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

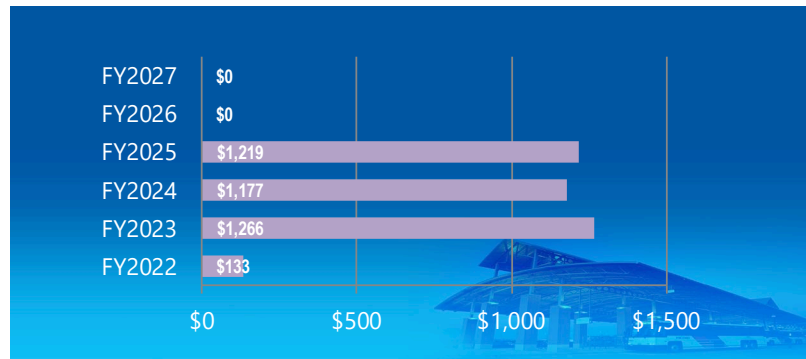
METRONext specifies a Bus Operations optimized Signaling Treatments (BOOST) program for local bus routes. The intent of this **Bus Traffic Timing and Cabinet** project is to speed up local buses on chosen routes to make the routes more attractive and increase ridership. Funding would implement transit-friendly traffic timings and bring traffic signals into a state of good repair especially by replacing end-of-life traffic cabinets.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget without this capital investment incurring any additional operating costs or impacts.

Rail Safety Initiative - Capital/Rusk Dedicated Train/EMS Lanes

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

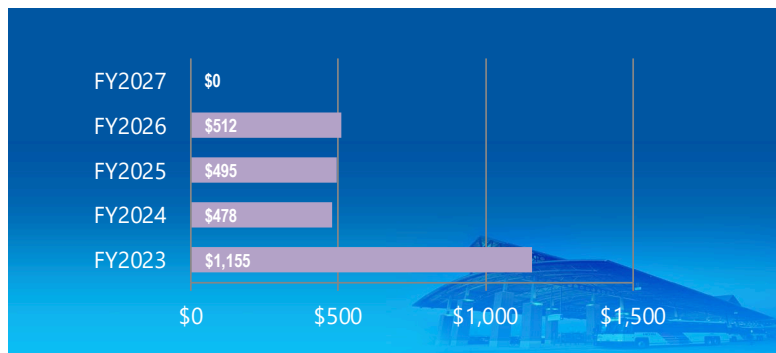
This Rail Safety Initiative titled **Capital/Rusk Dedicated Train/EMS Lanes** is located in the vicinity of the Capital and Rusk Streets, may install a series of delineated rail line separators from local traffic lanes in an effort to reduce the amount of incidents and accidents associated with Light Rail Vehicles sharing the same lane with automobile traffic entering the lane to turn left.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget with this capital investment incurring \$37.0K in additional operating costs per year, starting in FY2026.

Video Based Safety

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

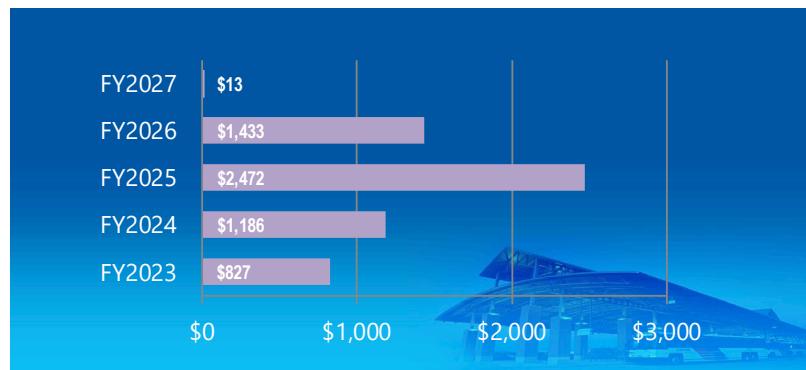
A video-based safety program is one of the several technological solutions that public transit agencies have adopted to enhance safety and operations. The implementation of a video-based safety program has yielded several benefits such as increased safe and compliant operator driving behavior, reduction in preventable collisions, reduced auto-liability claims and operator exoneration from false claims. The implementation of this system would aid METRO with the adoption of the FTA mandated Safety Management System (SMS). Video-based safety programs collect and analyze safety data for the proactive identification of risk and ongoing risk monitoring, improve safety reporting, and conduct risk identification and analysis - all of which are essential within an implemented SMS program.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget with this capital investment incurring \$99.9K in additional operating costs per year and ramping up to \$239.8K per year, starting in year FY2024.

Rail Interlocking Plants

Projected Expenditures FY23-FY27 (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 METRO rail emergency crossovers up to current signalling and safety standards.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget without this capital investment incurring any additional operating costs or impacts.

Rail Safety Initiative - TMC Dedicated Train/EMS Lanes

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

This Rail Safety Initiative titled **TMC Dedicated Train/EMS Lanes** is located in the vicinity of the Texas Medical Center (TMC), may install a series of delineated rail line separators from local traffic lanes in an effort to reduce the amount of incidents and accidents associated with Light Rail Vehicles sharing the same lane with automobile traffic entering the lane to turn left.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget, but for now are identified as Operating Impact costs. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget with this capital investment incurring \$43.2K in additional operating costs per year, starting in year FY2026.

Rail Safety Initiative - Auto Pedestrian Gate at Various Locations

Projected Expenditures FY23-FY27 (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. This Rail Safety Initiative titled **Auto Pedestrian Gate at Various Locations** involves **six** locations that have been identified where crossing gates, or other pedestrian channelization measures could be used to increase safety.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget without this capital investment incurring any additional operating costs or impacts. Planned capital rehabilitation efforts as part of the state of good repair program with costs of \$6.4K every other year (avg) start in FY2026

Taser & Police Body Camera System enhancements (Phase 1)

Projected Expenditures FY23-FY27 (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 **Taser & Police Body Camera System enhancements** project would be considered as a law enforcement best practice and would greatly improve the MPD response for public safety. This project funding for the FY2023 thru FY2024 timeframe involves the last 2 years of a multi-year effort.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with the annual cost of operating and maintaining primarily included in the base operating budget, with this effort considered as the final developmental phase of the capital investment currently managed by METRO with a minimal additional operating cost impact of \$12.1K per year starting in FY2025.

High Load Detector Tie-In

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

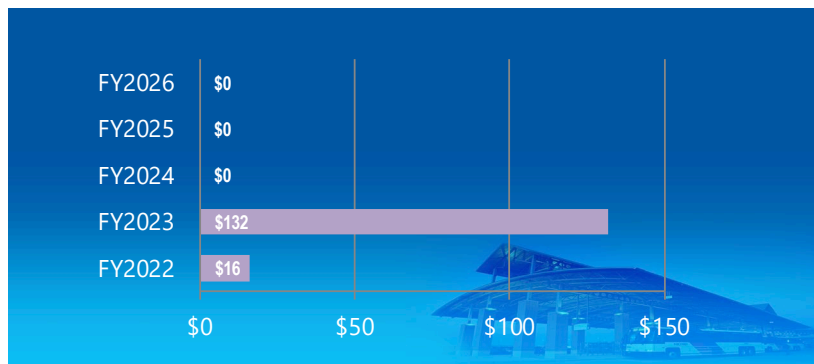
This **High Load Detector Tie-In project** involves the installation of Pan Tilt Zoom (PTZ) cameras that would show activity of tall vehicles approaching Metro's High-Low Detectors, viewed remotely from the Rail Operations Center or TranStar. The PTZ cameras would alert rail operations controllers of 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. This project funding for FY2023 involves the last year of a multi-year effort.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget without this capital investment incurring any additional operating costs or impacts. Planned capital rehabilitation efforts as part of the state of good repair program with costs of \$4.7K every other year (avg) start in FY2026.

Wayside Horns Pilot Program

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

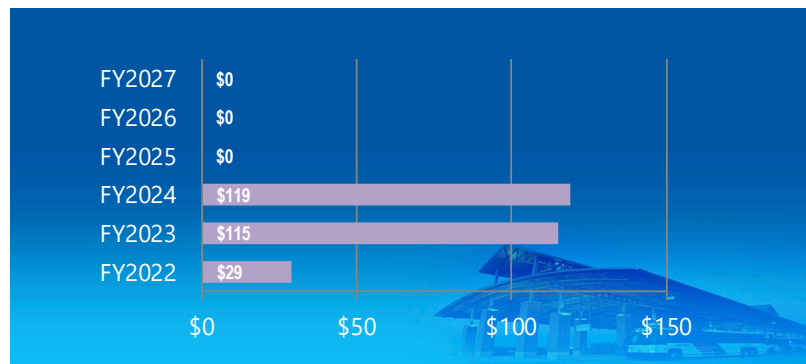
Based on incidents at several locations, METRO is attempting to reduce train and pedestrian interactions by using wayside horns to keep the trackway clear when a train is approaching. A pilot location has been selected at Fannin and I-610 to evaluate the effectiveness of this measure. This project funding for FY2023 involves the last year of a multi-year effort.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget without this capital investment incurring any additional operating costs or impacts.

Taser & Police Body Camera System enhancements (Phase 2)

Projected Expenditures FY23-FY27 (In Thousands)



Project Scope

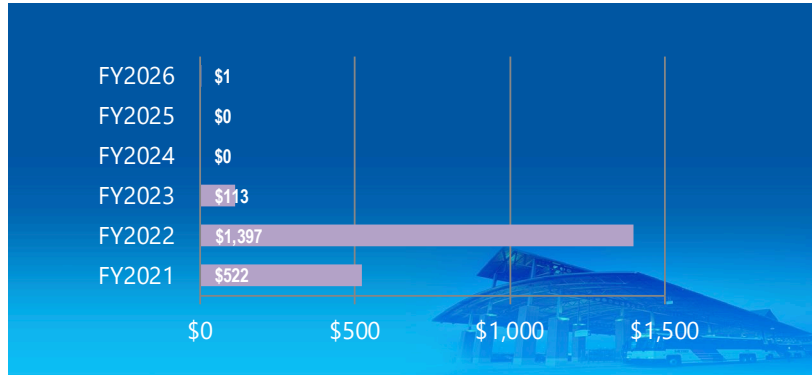
The MPD Taser project combines tasers, body cameras, and telematics in a coordinated system that coordinates communication with each component and transfers information uniformly. This **Taser & Police Body Camera System enhancements** project would be considered as the second phase of funding as a law enforcement best practice and would greatly improve the MPD response for public safety.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with the annual cost of operating and maintaining primarily included in the base operating budget, with this effort considered as the final developmental phase of the capital investment currently managed by METRO with a minimal additional operating cost impact of \$2.1K per year starting in FY2024.

Traffic Signal Arm at 12 locations

Projected Expenditures FY23- FY27 (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. This project extends traffic arms at numerous locations along Main Street to reduce the potential for LRV/Auto collisions and improve safety along the Red Line. This project funding for FY2023 involves the last year of a multi-year effort.

Operating Impact

This project is categorized as an **Expansion/Enhancement Capital Cost** with new annual costs of operating and maintaining the new asset that will eventually become part of the operating base budget. This new capital asset replaces an equivalent METRO asset that is already included in the base operating budget without this capital investment incurring any additional operating costs or impacts. Capital rehabilitation efforts as part of the state of good repair program with costs of \$1.2K per year (avg) start in FY2026.

Non-Obligated Capital Project Fund

Projected Expenditures FY23-FY27 (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

This capital allowance fund is categorized as a **Expansion/Enhancement Capital Cost** that does not directly incur any operating impacts, however any funded project budgets developed from this allowance fund will include a fully allocated annual operating cost for inclusion in the 5 year Capital Improvement Plan.

Debt Service Budget

Debt Service (in millions)						
Debt Service Category	Projected FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<u>Sales Tax Bonds & KO's</u>						
Principal	\$ 60.356	\$ 65.879	\$ 73.404	\$ 74.511	\$ 88.289	\$ 102.607
Interest	35.576	39.707	48.922	66.988	94.713	114.642
	\$ 95.932	\$ 105.585	\$ 122.327	\$ 141.499	\$ 183.002	\$ 217.249
<u>Farebox Revenue Bonds</u>						
Principal	\$ -	\$ -	\$ 1.507	\$ 2.386	\$ 4.171	\$ 6.074
Interest	-	-	5.082	8.160	15.977	25.139
	\$ -	\$ -	\$ 6.589	\$ 10.546	\$ 20.147	\$ 31.213
<u>Grant Anticipation Notes</u>						
Principal	\$ -	\$ 7.261	\$ 24.801	\$ -	\$ -	\$ -
Interest	-	1.209	4.749	-	(0.000)	(0.000)
	\$ -	\$ 8.470	\$ 29.550	\$ -	\$ (0.000)	\$ (0.000)
<u>Texas LoanSTAR Financing</u>						
Principal	\$ -	\$ -	\$ -	\$ 1.185	\$ 1.200	\$ 1.214
Interest	-	-	-	0.200	0.186	0.171
	\$ -	\$ -	\$ -	\$ 1.385	\$ 1.385	\$ 1.385
<u>Commercial Paper</u>						
Credit Facility Fees	\$ 0.728	\$ 0.750	\$ 0.825	\$ 0.825	\$ 0.825	\$ 0.825
CP Dealer Fees	0.383	0.442	0.391	0.180	0.120	0.081
Budgeted CP Interest	0.527	0.712	0.941	1.028	0.800	0.600
Add'l Budgeted CP Interest @ 1%	-	0.675	0.516	0.344	0.231	0.092
	\$ 1.638	\$ 2.579	\$ 2.673	\$ 2.377	\$ 1.976	\$ 1.597
<u>Commercial Paper Pay Down</u>						
Payments from GMP Increment	\$ 9.700	\$ 16.100	\$ 15.900	\$ 17.200	\$ 11.300	\$ 13.900
Payments from Interest Underrun	16.250	-	-	-	-	-
	\$ 25.950	\$ 16.100	\$ 15.900	\$ 17.200	\$ 11.300	\$ 13.900
Total Debt Service	\$ 123.519	\$ 132.735	\$ 170.450	\$ 161.076	\$ 196.278	\$ 232.746

Outstanding Debt Balances *

(in millions)

	Projected FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Sales Tax Bonds & KO's (non-METRONext)	904.555	748.805	669.985	817.896	840.667	884.339
METRONext Sales Tax Bonds	-	66.577	252.875	573.346	1,012.718	1,258.953
Farebox Revenue Bonds	-	-	108.493	159.106	293.935	432.861
Grant Anticipation Notes	-	36.306	124.005	-	-	-
Texas LoanSTAR	-	-	-	15.482	14.282	13.068
Commercial Paper	83.550	67.450	51.550	34.350	23.050	9.150
TOTAL Debt Outstanding	\$ 988.105	\$ 919.138	\$ 1,206.907	\$ 1,600.181	\$ 2,184.653	\$ 2,598.371

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

This year, METRO is budgeting debt service payments for senior lien obligations, including voter authorized sales tax bonds, contractual obligations, Grant Anticipation Notes (GANs), and its commercial paper program. The debt service budget includes the cash transfers to METRO's 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 FY2023 schedule of debt service payments as well as any other associated fees.

FY2023 PROPOSED DEBT SERVICE PAYMENTS

Series	Source	Principal	Interest	Fees	TOTAL
<u>Contractual Obligations (KOs)</u>					
2014A	Sales Tax	8,908,333	952,688		9,861,021
2015B	Sales Tax	5,507,500	1,553,167		7,060,667
2016B	Sales Tax Refunding	1,466,667	1,105,425		2,572,092
2016D	Sales Tax	4,445,000	1,351,771		5,796,771
2017B	Sales Tax/ Sales Tax Refunding	17,942,500	3,355,250		21,297,750
2017C	Sales Tax Refunding	513,750	527,758		1,041,508
2018A	Sales Tax	9,445,833	5,538,313		14,984,146
2019B	Sales Tax Refunding	-	470,493		470,493
2020A	Sales Tax	2,425,000	7,837,710		10,262,710
2021A	Sales Tax Refunding	894,583	605,453		1,500,036
2023 - Bus Purchases (new)	Sales Tax	-	3,732,642		3,732,642
<u>Voted Sales Tax</u>					
2016A	Sales Tax Refunding	384,583	5,638,479		6,023,063
2017A	Sales Tax Refunding	12,936,250	1,018,813		13,955,063
2019A	Sales Tax Refunding	-	3,206,000		3,206,000
2023 - METRONext (new)	Sales Tax	1,008,649	2,812,685		3,821,334
<u>Grant Anticipation Notes</u>					
2023 - Grant Anticipation (new)	Capital Investment Grant / Sales Tax	7,261,234	1,208,996		8,470,230
<u>Commercial Paper</u>					
Principal					
-Payments from GMP Increment		16,100,000			16,100,000
-Payments from Interest Underrun		-			-
Interest					
			1,386,930		1,386,930
<u>Fees</u>					
LOC Fees				750,000	750,000
Dealer Fees				292,425	292,425
Miscellaneous Fees				150,000	150,000
Total Debt Service		\$ 89,239,883	\$ 42,302,570	\$ 1,192,425	\$ 132,734,879

On METRO's senior lien debt which include voter authorized sales tax bonds and contractual obligations, the Authority 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 February 2021, 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. Additionally, debt Instruments may be used to fund non-capital related operating expenses as allowed under state and Federal laws.

A link to the full debt policy can be found [here](#).

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 by 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.

Terms of Voter Authorized Debt:

- Pledge of 75% of sales tax to a maximum of 2.0x of annual debt service coverage.
- Long-term, fixed rate bonds up to 40 years.
- Purpose: Any capital improvements specifically presented on the voter approved referendum.
- Authorization: \$640 million approved by voters in 2003 – fully exhausted.
- Authorization: \$3.5 billion approved by the voters in 2019 – none utilized before FY2023.

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, (ii) commercial paper notes, and (iii) Sales and Use Tax 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 to a maximum of 2.0x of annual debt service coverage.
- 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.

***** METRO's BUS REPLACEMENT PROGRAM *****

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.

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.

- Pledged against 75% of sales tax revenue to a maximum of 2.0x of annual debt service coverage as if paid under a 30-year debt structure.
- Short-term, variable rate notes.
- Purpose: Interim financing of any capital improvement project.

Farebox Revenue Bonds

Under current State law, the Authority may issue certain other Senior Lien Obligations against its farebox revenues without an election.

- No restriction on the use of its proceeds.
- No maximum amount outstanding.
- Pledged against 100% of the rolling 5-year average of annual farebox revenue to a maximum of 1.0x of annual debt service coverage as if paid under a 30-year debt structure.

Grant Anticipation Notes (GANs)

Under current State law, the Authority may issue Grant Anticipation Notes (GANs) without an election. These notes are expected to be double pledged: 1) against an awarded grant, and 2) against 75% of sales tax revenue to a maximum of 2.0x of annual debt service coverage as if paid under a 5-year debt structure.

- Notes are intended to serve as stop-gap funding to bridge the time between when a grant is awarded and when funds are received by METRO.
- Interest on these loans may be included in any grant submission for reimbursement.
- GANs are paid off immediately once grant funding has been made available.

5-Year or shorter Sales and Use Tax Notes

5-Year or shorter contractual obligations may be issued as Senior Lien Obligations on a parity with the Voted Sales Tax Bonds and may be issued to fund any activities. These notes are limited to 5 years with extensions of one additional 5-year period with Texas Attorney General approvals.

- No restriction on the use of its proceeds.
- Pledge of 75% of sales tax to a maximum of 2.0x of annual debt service coverage.

Texas LoanSTAR Program

In May 2022, the METRO Board approved a partnership with the Texas A&M Engineering Experimentation Station (TEES) to upgrade METRO's facilities with energy-related, cost-reduction retrofit projects, including upgrades to the central utility plant, LED lighting, HVAC equipment retrofits, water/wastewater improvements, etc.

A part of the program involves a financing mechanism with the Texas Comptroller of Public Accounts, known as the Texas LoanSTAR Program. The Texas LoanSTAR Program includes a low interest subsidized loan at 1% from the Texas Comptroller of Public Accounts in partnership with the State Energy Conservation Office (SECO).

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

FUTURE DEBT ISSUANCE

The table below presents METRO's plans to continue issuing debt through FY2027.

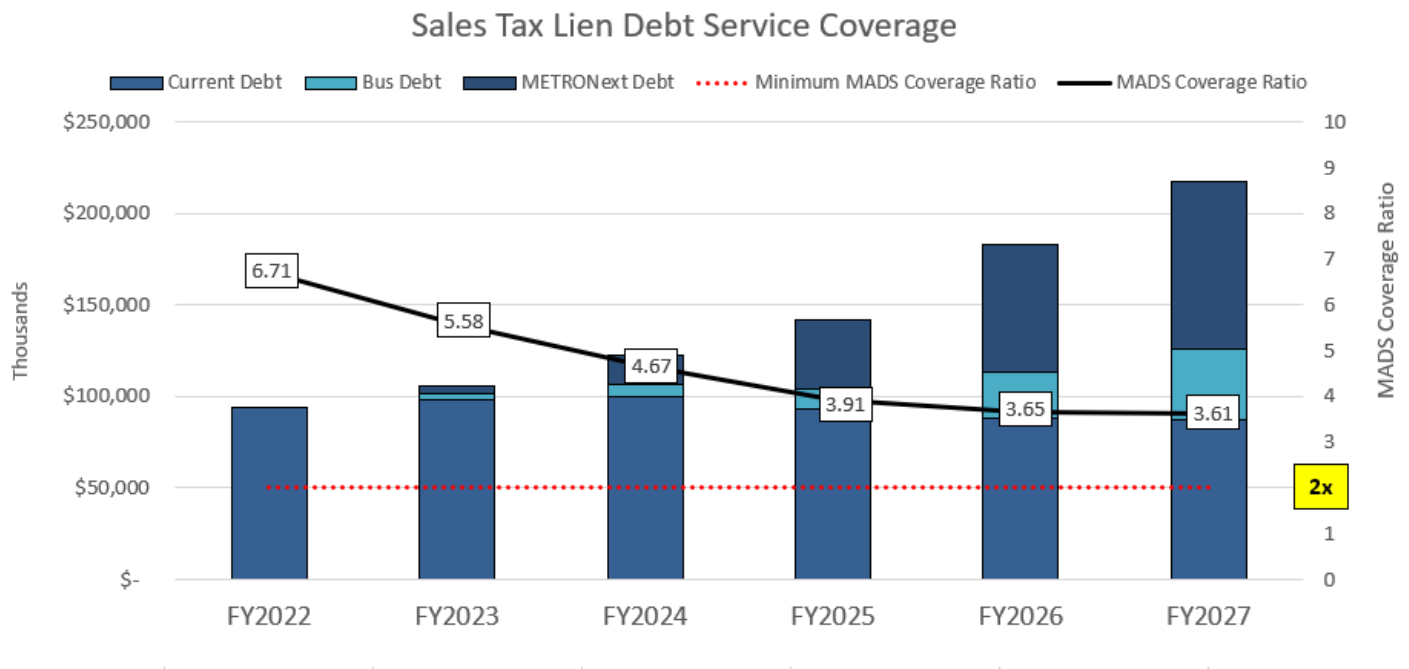
Fiscal Year	Bus Financing	Farebox Financing	Grant Anticipation Notes	Texas LoanSTAR Financing	METRONext Financing
2023	\$ 111.3 MM	-	\$36.3 MM	\$7.5 MM	\$67.6 MM
2024	\$78.5 MM	\$110.0 MM	\$87.7 MM	\$8.0 MM	\$190.0 MM
2025	\$90.1 MM	\$53.0 MM	-	-	\$328.8 MM
2026	\$87.0 MM	\$139.0 MM	-	-	\$453.7 MM
2027	\$116.9 MM	\$145.0 MM	-	-	\$264.6 MM

PROJECTED DEBT SERVICE LEVELS vs. LEGAL DEBT SERVICE COVERAGE LIMITS

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

For debt issued against METRO’s sales & use tax revenues, the maximum annual debt service (MADS) coverage ratio 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 3.5 in all years of the plan.

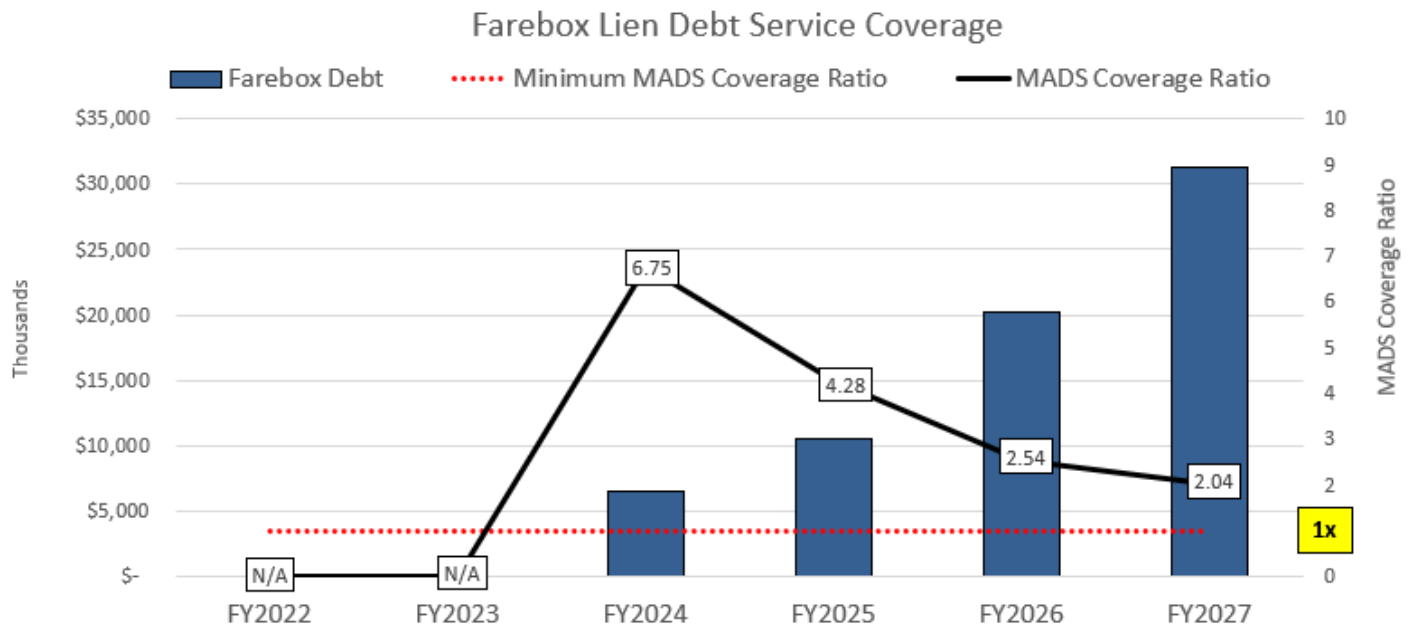
The chart below demonstrates that METRO’s MADS coverage far exceeds its minimum MADS requirement.



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.

For debt issued against METRO’s farebox revenues, the maximum annual debt service (MADS) coverage ratio is calculated as 100% of the rolling 5-year average of annual farebox revenue to a maximum of 1.0x of annual debt service coverage as if paid under a 30-year debt structure. In the proposed 5-year plan, MADS is projected to be over 2.0 in all years of the plan.

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



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

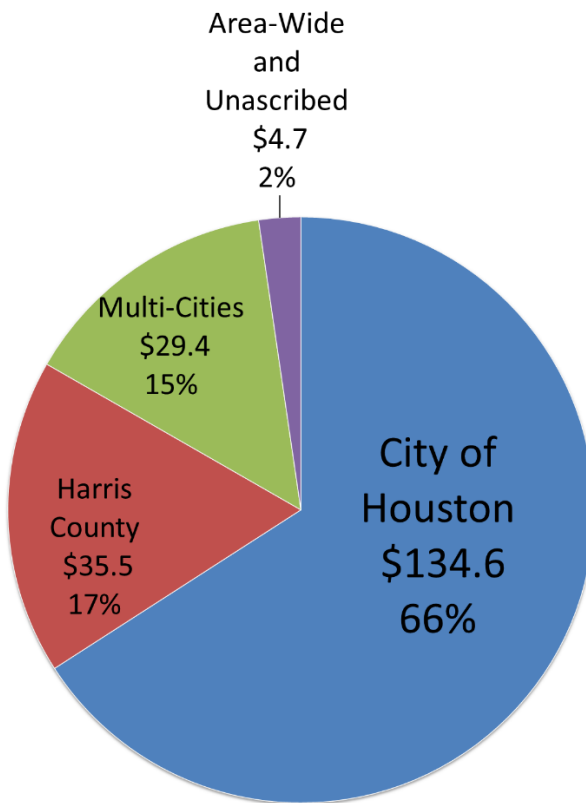
Debt Reporting

On a monthly basis, METRO reports outstanding debt balances to the Board. The July 2022 report can be found at: https://www.ridemetro.org/MetroPDFs/FinancialAuditInformation/MonthlyFinancialReports/2022/07_Reports/0722_Debt-Report.pdf.

General Mobility Program

FY2023 Projected Transfer to the
General Mobility Program

\$204.3 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.

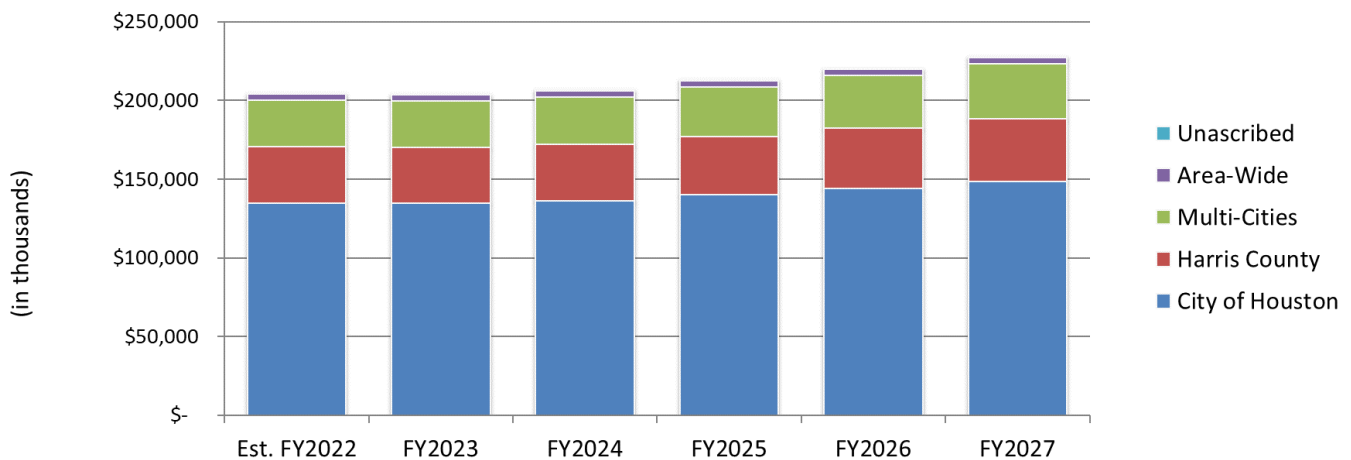
In FY2020, voters approved a referendum relating to the authorization of its regional transit plan — METRONext. This referendum further continues General Mobility funding to member jurisdictions based on sales tax revenues set at the end of September 2014, with any growth in sales tax above that mark split 50/50 with member jurisdictions through September 30, 2040.

Projected Funding

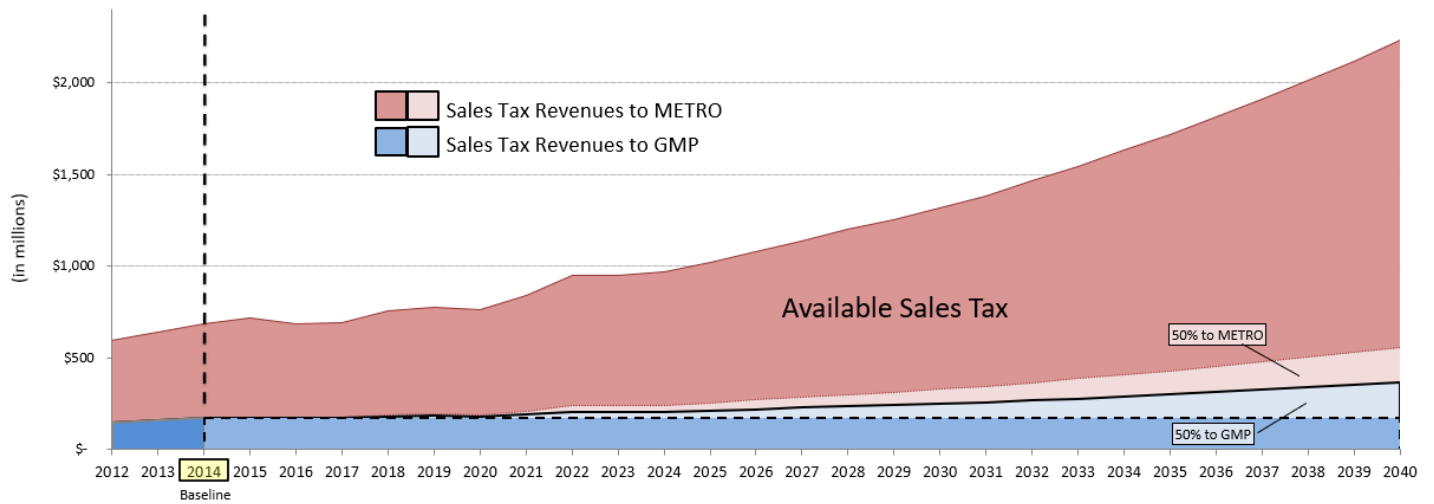
(in thousands)

	Est. FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Street Repair & Congestion Mitigation						
City of Houston	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Multi-Cities	29,512	29,427	30,034	31,607	33,368	35,198
Area-Wide	4,000	4,000	4,000	4,000	4,000	4,000
Subtotal	\$ 43,512	\$ 43,427	\$ 44,034	\$ 45,607	\$ 47,368	\$ 49,198
Future Designated Projects						
City of Houston	\$ 124,852	\$ 124,646	\$ 126,113	\$ 129,916	\$ 134,176	\$ 138,600
Harris County	35,584	35,526	35,944	37,028	38,242	39,503
Unascribed	725	724	733	755	779	805
Subtotal	\$ 161,161	\$ 160,895	\$ 162,790	\$ 167,698	\$ 173,197	\$ 178,907
Total Commitment						
City of Houston	\$ 134,852	\$ 134,646	\$ 136,113	\$ 139,916	\$ 144,176	\$ 148,600
Harris County	35,584	35,526	35,944	37,028	38,242	39,503
Multi-Cities	29,512	29,427	30,034	31,607	33,368	35,198
Area-Wide	4,000	4,000	4,000	4,000	4,000	4,000
Unascribed	725	724	733	755	779	805
Total General Mobility Funding	\$ 204,674	\$ 204,322	\$ 206,824	\$ 213,304	\$ 220,565	\$ 228,105

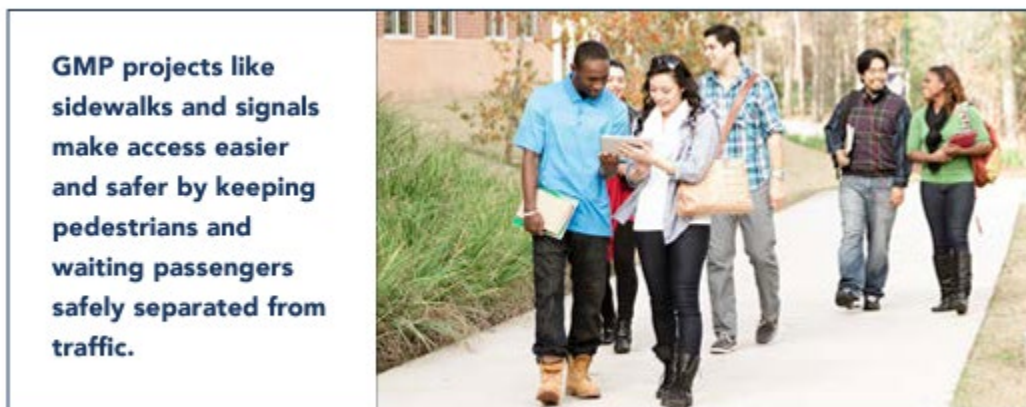
5-Year General Mobility Projected Funding



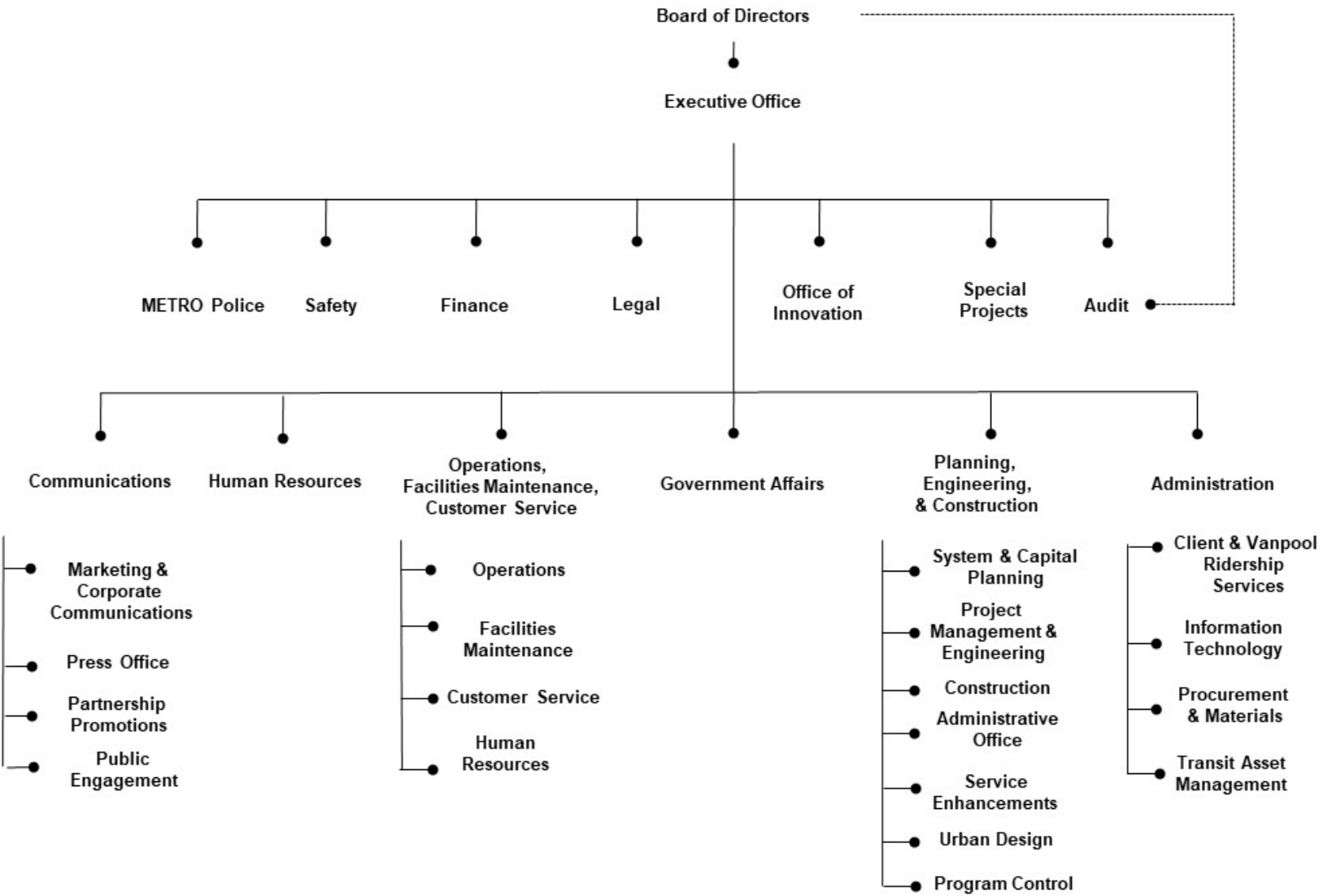
GMP Projections Based on the 2019 Referendum



The above graphic illustrates the projections for the voter mandated referendum on General Mobility held on November 5, 2019. 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 September 30, 2040.



Organization Chart



Department Summaries

This section provides a brief description of each METRO department, along with an organization chart and financial data showing the FY2023 budget along with the current year’s budget and year-end estimate.

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 multimodal mobility options for all service areas and users.

Maintain assets in a State of Good Repair.

Focus on implementing METRONext to expand and improve transportation system infrastructure, accelerating delivery whenever possible.

Increase public awareness, support, and collaboration/partnership opportunities for the regional transportation system.

Provide responsive, accountable, and trustworthy governance.

Continue implementing METRO's Climate Action Plan and prioritizing resiliency and sustainability.

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

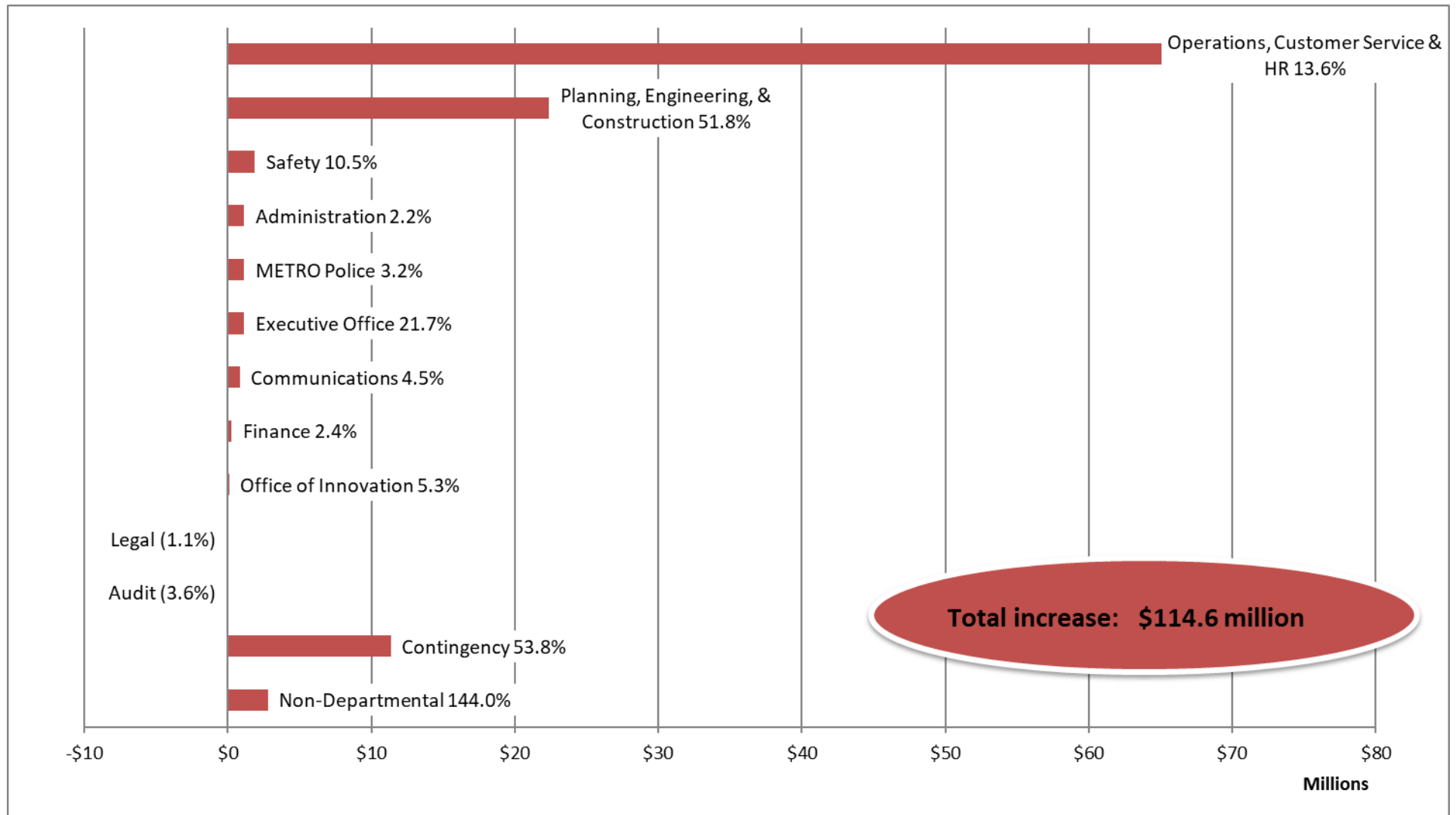
Through collaborative relations and innovative approaches, METRO will be an industry leader in delivering timely and efficient service that is transformative by providing multimodal interactions for communities to connect to everyday work and life opportunities.

Department Summaries

Budget by Department

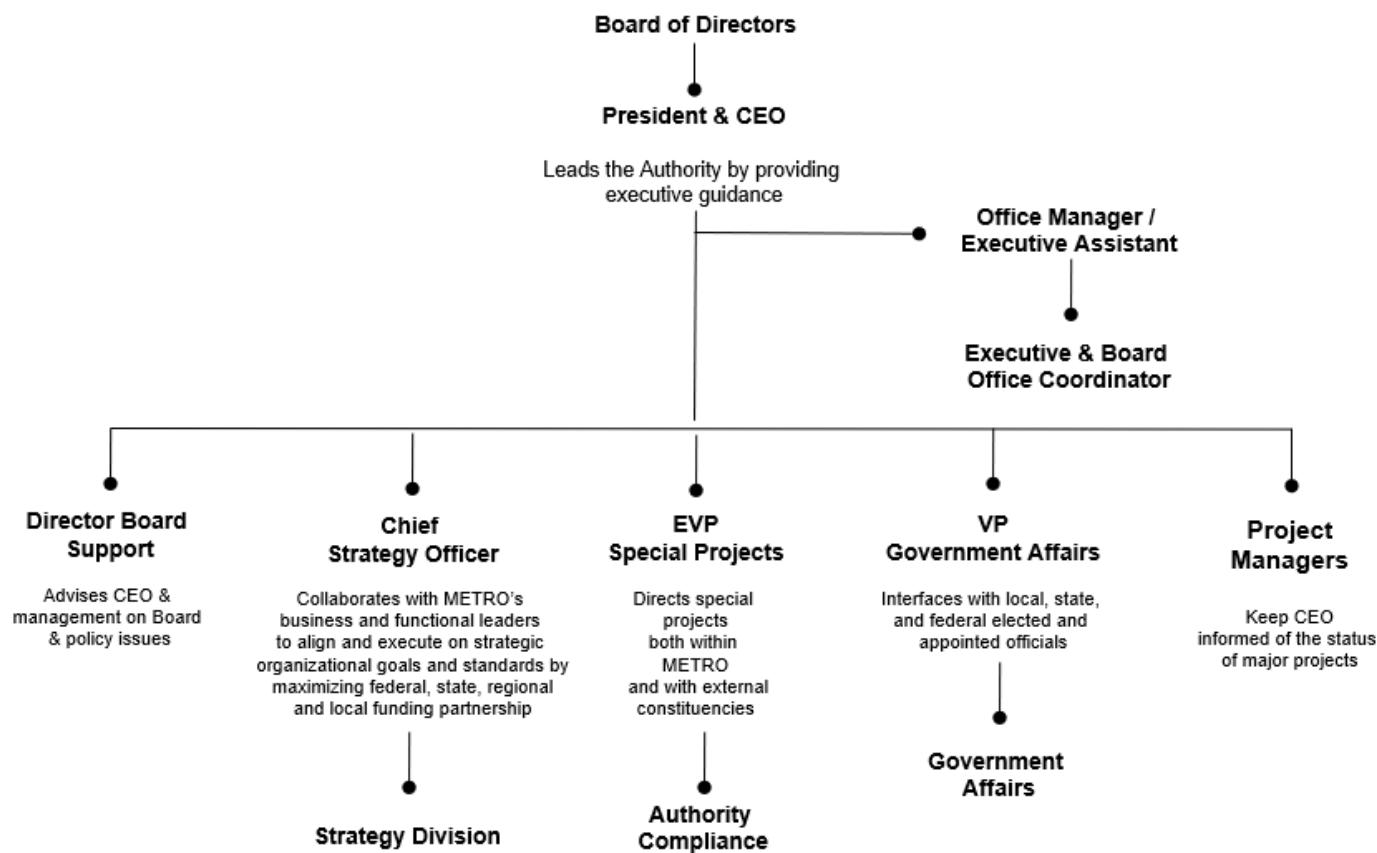
Departments	FY2022	FY2022	FY2023	Budget-to-Budget Variance	
	Budget	Estimate	Budget	\$	%
Operations, Customer Service & HR	\$ 527,012,733	\$ 522,290,601	\$ 598,769,737	\$ 71,757,004	13.6%
Planning, Engineering, & Construction	43,138,298	41,509,541	65,496,617	22,358,320	51.8%
Administration	51,980,900	50,455,169	53,116,037	1,135,137	2.2%
METRO Police	34,845,206	31,471,120	35,977,006	1,131,800	3.2%
Safety	17,798,896	16,049,530	19,673,558	1,874,662	10.5%
Communications	18,744,865	12,037,683	19,595,911	851,046	4.5%
Finance	11,034,934	10,733,904	11,301,623	266,689	2.4%
Executive Office	5,204,034	4,305,712	6,332,748	1,128,714	21.7%
Legal	4,531,140	4,302,824	4,482,882	(48,258)	(1.1%)
Office of Innovation	1,783,986	1,113,630	1,878,535	94,548	5.3%
Audit	1,437,663	1,221,657	1,386,378	(51,285)	(3.6%)
Contingency	21,090,743	-	32,433,640	11,342,897	53.8%
Non-Departmental	1,941,602	4,508,630	4,738,329	2,796,727	144.0%
TOTAL NET OPERATING	\$ 740,545,000	\$ 700,000,000	\$ 855,183,000	\$114,638,000	15.5%

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 Government Affairs division works with elected and appointed officials, the Board staff provide support for METRO’s Board of Directors, and the Strategy Division collaborates with METRO's business and functional leaders to align and execute on strategic organizational goals and standards by maximizing federal, state, regional and local funding partnerships.



Executive Office

	FY2022 Budget	FY2022 Estimate	FY2023 Budget	Budget-to-Budget Variance	
	\$	\$	\$	\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	3,855	551	4,555	700	18.2%
Subtotal Union Labor	\$ 3,855	\$ 551	\$ 4,555	\$ 700	18.2%
Salaries and Non-Union Wages	2,644,232	2,012,401	2,619,456	(24,776)	(0.9%)
Non-Union Fringe Benefits	949,083	774,574	928,279	(20,804)	(2.2%)
Subtotal Non-Union Labor	\$ 3,593,315	\$ 2,786,975	\$ 3,547,735	\$ (45,580)	(1.3%)
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 3,597,170	\$ 2,787,526	\$ 3,552,289	\$ (44,881)	(1.2%)
Services	1,188,105	1,120,286	2,190,746	1,002,641	84.4%
Materials and Supplies	10,494	18,878	10,644	150	1.4%
Fuel and Utilities	15,459	19,405	15,460	1	0.0%
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	392,806	359,617	563,608	170,802	43.5%
Subtotal Non-Labor	\$ 1,606,864	\$ 1,518,185	\$ 2,780,458	\$ 1,173,594	73.0%
Subtotal Labor and Non-Labor	\$ 5,204,034	\$ 4,305,712	\$ 6,332,748	\$ 1,128,714	21.7%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 5,204,034	\$ 4,305,712	\$ 6,332,748	\$ 1,128,714	21.7%

Executive Office

The Executive Office consists of four divisions: President & CEO/Board Office, Authority Compliance, Government Affairs, and Strategy.

Number of Employees: 19

President & CEO: leads the Authority by providing executive guidance. Board office advises CEO and management on board & policy issues.

FY 2023 Goals		METRO Budget Priorities						
Dept.	Initiative/Objective	Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
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 FY2023 business plan goals and Board priorities: Create outstanding trip experiences, provide high quality mobility options, maintain assets in a state of good repair, implement METRONext and improve 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.	✓	✓		✓		✓	

Authority Compliance: Oversees development and implementation of systems and strategies to ensure adherence to legal and regulatory requirements, board resolutions, internal policies, and guidelines. Directs special projects both within METRO and with external constituencies.

FY 2023 Goals		METRO Budget Priorities						
Dept.	Initiative/Objective							
		Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
Authority Compliance	Collaborate with another department to develop an informational or training video						✓	
	Complete authority-wide SWOT analysis						✓	
	Launch MS SharePoint Automated Document Review System						✓	

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.

FY 2023 Goals			METRO Budget Priorities						
Dept.	Initiative/Objective								
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
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 in the new appropriations bill, funding as well as regulatory policies that impact the agency.						✓	
	During the state 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 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 legislative year. Monitor all legislation and engage when necessary to best position the agency.						✓	
	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.	Coordinate meetings with elected officials for educational briefings on METRONext as well as short term projects. Manage City Council Engagements. Meet with all 14 Multi-City Mayors on a quarterly basis or as needed.						✓	

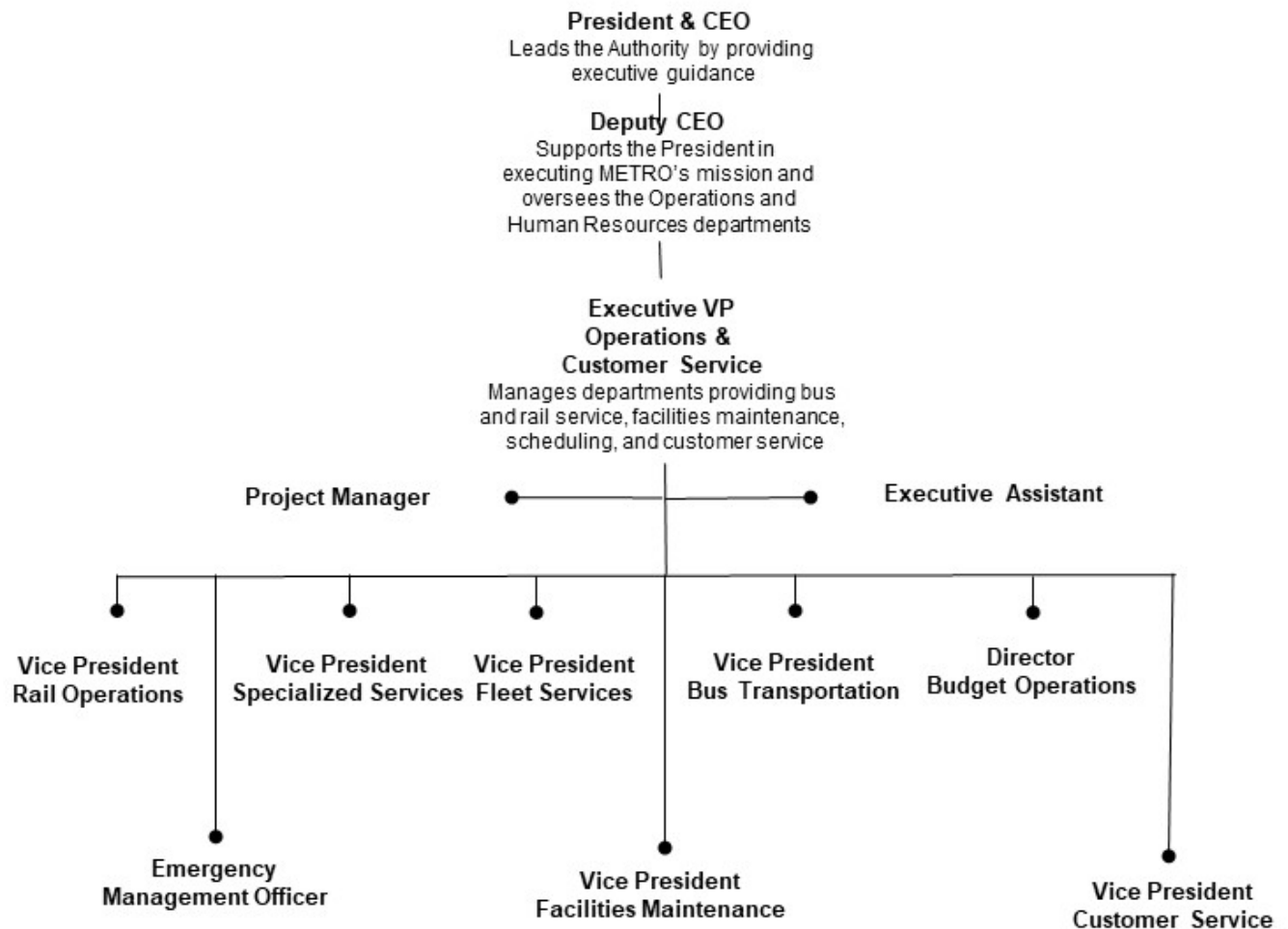
Strategy: Collaborates with METRO’s business and functional leaders to align and execute on strategic organizational goals and standards by maximizing federal, state, regional, and local funding partnerships.

FY 2023 Goals			METRO Budget Priorities						
Dept.	Initiative/Objective		Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
Strategy	Submit Annual NTD Report	Increase efficiency of reporting to meet NTD Annual Report due date of 01/31/2023	✓	✓	✓	✓	✓	✓	✓
	Identify and support application for a minimum of three discretionary grant funded partnerships with Public and/or private partners.	As part of federal, state or regional discretionary grant opportunities, support as lead or participating agency up to 3 partnership applications.	✓	✓	✓	✓	✓	✓	✓
	Complete FY '21, '22 and '23 Program of Projects for Houston Urbanized Area transit formula funds.	Complete split letters with participating transit agencies, complete competitive selection for any remaining Sec 5310 funds awards with eligible local governments or non-profit service providers. Submit Program of Projects to H-GAC/FTA.	✓	✓	✓	✓	✓	✓	✓
	Apply for a minimum of three (3) federal or state discretionary grants.	Strategy will continue to research grant opportunities and submit application as appropriate throughout Fiscal Year 2023	✓	✓	✓	✓	✓	✓	✓
	Submit a minimum of five regional (MPO) discretionary grants through the H-GA Call for Projects process.	Strategy will actively monitor development of the H-GAC Call for Projects Process and pursue grant funding for eligible projects supporting METRO Next, SOGR, IT, Operations and other METRO priorities.	✓	✓	✓	✓	✓	✓	✓
	Support METRO participation on the Transportation Policy Council, Transportation Advisory Committee, TIP Subcommittee, and other subcommittees and work groups as directed.	To insure adequate regional planning support for the implementation of METRO transit priorities including timely and accurate programming of METRO projects and activities which have or may receive federal funding, support METRO staff participation in these and other MPO committees and work groups.	✓	✓	✓	✓	✓	✓	✓
	Development of five and ten year strategic project plan to be supported with grant funding.	To maximize the timeliness and effectiveness of grant opportunities, the five and ten year strategic project plan will identify eligible METRO investments expected during these time frames and the grant opportunities which may support them. This work will be consistent with the agencies annual 5 year budget plan and its long range cash flow analysis.	✓	✓	✓	✓	✓	✓	✓
	Staff Development and Training	Continue the training and professional development of Strategy program staff through technical training, participation in job relevant professional organizations and required federal training or certifications.	✓	✓	✓	✓	✓	✓	✓

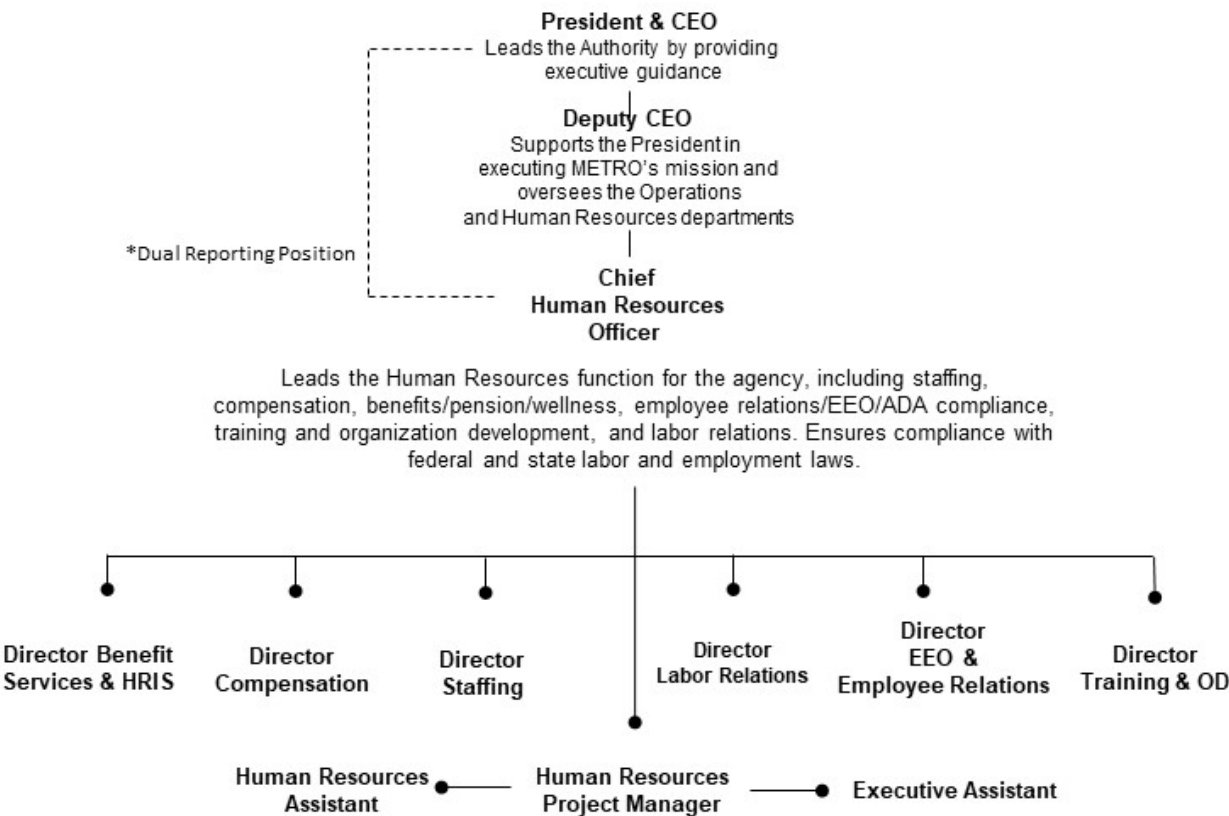
Operations & Customer Service and Human Resources Departments

Operations & 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. The Human Resources department is responsible for recruitment, employee training, and employee benefits.

OPERATIONS & CUSTOMER SERVICE



HUMAN RESOURCES



Operations, Customer Service, and Human Resources

	FY2022 Budget	FY2022 Estimate	FY2023 Budget	Budget-to-Budget Variance	
				\$	%
Wages	\$ 155,172,103	\$ 151,524,305	\$ 171,892,753	\$ 16,720,650	10.8%
Union Fringe Benefits	85,190,543	84,202,034	90,131,928	4,941,385	5.8%
Subtotal Union Labor	\$ 240,362,646	\$ 235,726,340	\$ 262,024,681	\$ 21,662,035	9.0%
Salaries and Non-Union Wages	52,608,248	54,504,128	58,151,894	5,543,646	10.5%
Non-Union Fringe Benefits	25,731,108	25,848,927	26,244,411	513,303	2.0%
Subtotal Non-Union Labor	\$ 78,339,356	\$ 80,353,055	\$ 84,396,305	\$ 6,056,949	7.7%
Allocation to Capital and GMP	(1,900,504)	(2,556,037)	(2,080,861)	(180,357)	9.5%
Subtotal Labor and Fringe Benefits	\$ 316,801,498	\$ 313,523,358	\$ 344,340,125	\$ 27,538,627	8.7%
Services	42,993,839	38,658,665	49,431,506	6,437,667	15.0%
Materials and Supplies	28,580,815	31,171,074	32,413,636	3,832,822	13.4%
Fuel and Utilities	34,483,364	35,684,862	52,242,053	17,758,689	51.5%
Casualty and Liability	2,356,313	2,449,950	2,683,758	327,445	13.9%
Purchased Transportation	99,737,007	98,503,946	115,348,418	15,611,411	15.7%
Leases, Rentals and Miscellaneous	2,998,777	2,851,183	3,123,106	124,329	4.1%
Subtotal Non-Labor	\$ 211,150,115	\$ 209,319,679	\$ 255,242,478	\$ 44,092,363	20.9%
Subtotal Labor and Non-Labor	\$ 527,951,613	\$ 522,843,037	\$ 599,582,603	\$ 71,630,990	13.6%
Allocation to Capital and GMP	(938,880)	(552,436)	(812,866)	126,014	(13.4%)
Total Operating Expenses	\$ 527,012,733	\$ 522,290,601	\$ 598,769,737	\$ 71,757,004	13.6%

	FY2022 Budget	FY2023 Budget	Budget-to-Budget Variance	
			\$	%
Total Operating Expenses				
Bus Transportation	\$ 154,909,936	\$ 168,760,309	\$ 13,850,373	8.9%
Contract & Paratransit SVC	120,371,948	143,060,397	22,688,449	18.8%
Fleet Services	110,216,589	130,517,976	20,301,386	18.4%
METRORail	47,568,308	52,232,602	4,664,294	9.8%
Facilities Maint Admin	44,405,492	50,925,854	6,520,362	14.7%
Human Resources	27,117,196	29,064,516	1,947,320	7.2%
Oper Mgt Support	9,581,655	12,352,119	2,770,465	28.9%
Customer Service	5,577,980	5,747,326	169,346	3.0%
EVP, Operations & Customer Svc	6,639,512	5,490,838	(1,148,674)	(17.3%)
Deputy CEO	624,117	617,799	(6,318)	(1.0%)

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.

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	
		Preventable BRT Number: <= 4 accidents per year	1				1			
	On-Time Performance for Local Bus	71% On-Time Performance for Local Bus	70%		71%		71%		72%	
	On-Time Performance for Park and Ride Bus	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)	MDBF goal for all Buses of 6,750	7,000		7,500		6,500		6,000	
	Bus Mean Distance Between Mechanical Failure (MDBF) BRT	MDBF goal for all Buses of 4,000	4,000		4,000		4,000		4,000	
	Customer Service	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 - FY2023

SAFETY & SECURITY	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	YTD Goal
Bus Accidents													
• Absolute Number	42	42	42	42	49	48	48	48	48	47	47	47	550
• 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	10	9	9	9	10	9	9	9	9	9	9	110
• Preventable Number	1	1	1	1	1	0	1	1	1	0	1	1	10
SERVICE & RELIABILITY	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	YTD Goal
On-Time Performance													
• Local - Bus	70%	70%	70%	70%	71%	71%	71%	71%	72%	72%	72%	72%	71%
• Park & Ride - Bus	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%
• Weighted Average - Bus	74%	74%	74%	75%	75%	75%	75%	75%	76%	76%	76%	76%	75%
• BRT	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
• 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-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	YTD Goal
Complaint Contacts													
< 22.00 per 100,000 boardings.	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	<22.0
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

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.

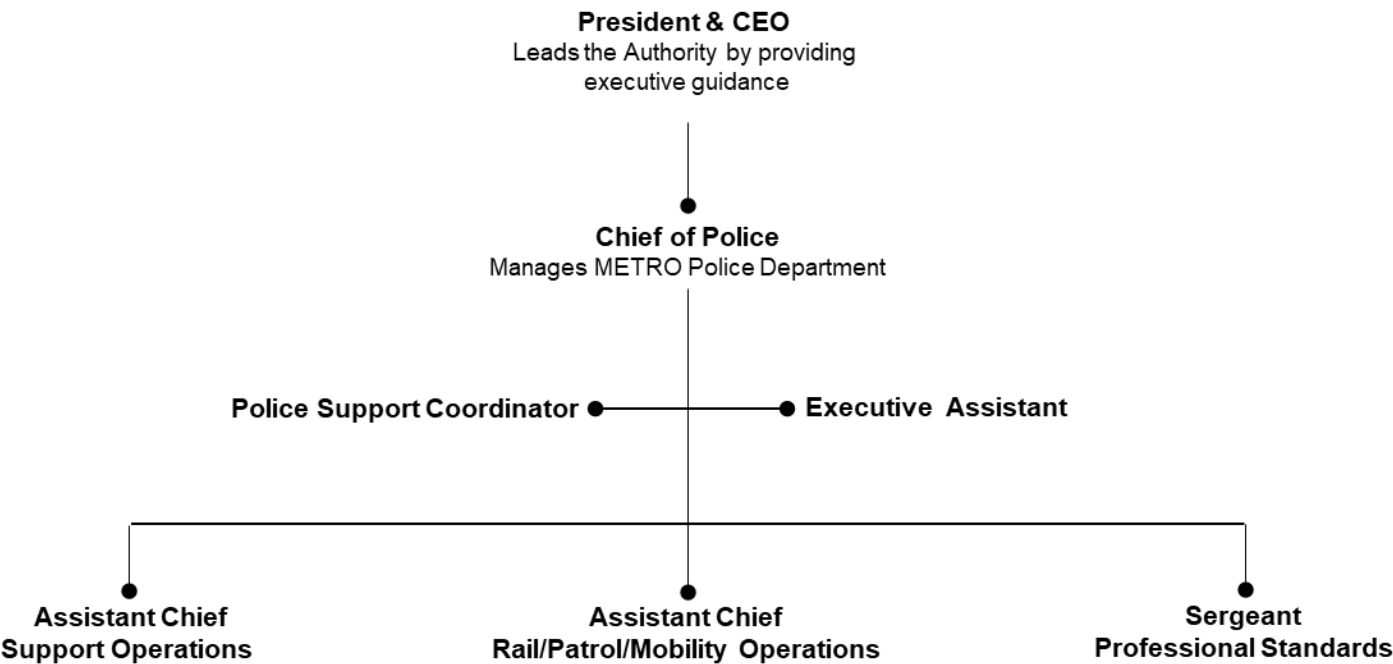
Operations, Customer Service & Human Resources FY2023 Goals									
Dept.	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	Implement METRONext	Regional Public Awareness & Support	Trustworthy Governance	Climate Action Plan
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"> • Fill Non-Union positions within a median 60 business days with active participation of hiring departments • 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 Wellness Warriors and benefits consultants to promote Wellness and provide well-rounded virtual platforms to employees during FY23 • Partner with all departments to expand and streamline COVID-19 resources, tools, communication 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 benefit/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.	<ul style="list-style-type: none"> • Develop and distribute a calendar of class offerings. Other services provided as requested throughout the year • Host interns and Hire Houston Youth program • Provide ongoing training, coaching, leadership development and OD programs 						✓	
	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 programs, customize programs, etc.	<ul style="list-style-type: none"> • Investigate and close EEO & ER compliant files within 60 days from receipt • Conduct monthly facility visits (ER/EEO) - may be virtual due to COVID restrictions • Conduct virtual EEO training for new supervisors within 90 days of hire/promotion • Conduct semi-annual contractor's meeting (Title VI) 						✓	
	Ensure jobs and salaries are compliant, competitive, equitable, and non-discriminatory.	<ul style="list-style-type: none"> • Review pay programs and performance programs • Review Success Factor recruiting and onboarding for job profile and salary offer processes • Continue market pricing, salary surveys and reporting: gender/diversity, salary averages, pay equity, etc. • Update compensation guidelines as needed 						✓	

METRO Police

The METRO Police Department is a full-time, full-service police agency made up of more than 266 sworn Texas Peace Officers and 123 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



METRO Police

	FY2022 Budget	FY2022 Estimate	FY2023 Budget	Budget-to-Budget Variance	
	\$	\$	\$	\$	%
Wages	\$ -	\$ 1,810	\$ -	\$ -	N/A
Union Fringe Benefits	915,205	466,157	925,864	10,658	1.2%
Subtotal Union Labor	\$ 915,205	\$ 467,967	\$ 925,864	\$ 10,658	1.2%
Salaries and Non-Union Wages	24,741,554	22,371,726	25,352,806	611,252	2.5%
Non-Union Fringe Benefits	11,021,384	10,705,789	11,419,805	398,421	3.6%
Subtotal Non-Union Labor	\$ 35,762,938	\$ 33,077,515	\$ 36,772,611	\$ 1,009,673	2.8%
Allocation to Capital and GMP	(2,665,894)	(2,707,351)	(2,689,384)	(23,490)	0.9%
Subtotal Labor and Fringe Benefits	\$ 34,012,249	\$ 30,838,131	\$ 35,009,091	\$ 996,842	2.9%
Services	200,190	123,851	267,445	67,255	33.6%
Materials and Supplies	528,144	299,147	582,387	54,243	10.3%
Fuel and Utilities	173,413	162,730	174,788	1,375	0.8%
Casualty and Liability	-	76,955	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	31,840	36,281	56,660	24,820	78.0%
Subtotal Non-Labor	\$ 933,587	\$ 698,964	\$ 1,081,280	\$ 147,693	15.8%
Subtotal Labor and Non-Labor	\$ 34,945,836	\$ 31,537,095	\$ 36,090,371	\$ 1,144,535	3.3%
Allocation to Capital and GMP	(100,630)	(65,974)	(113,365)	(12,735)	12.7%
Total Operating Expenses	\$ 34,845,206	\$ 31,471,120	\$ 35,977,006	\$ 1,131,800	3.2%

METRO Police

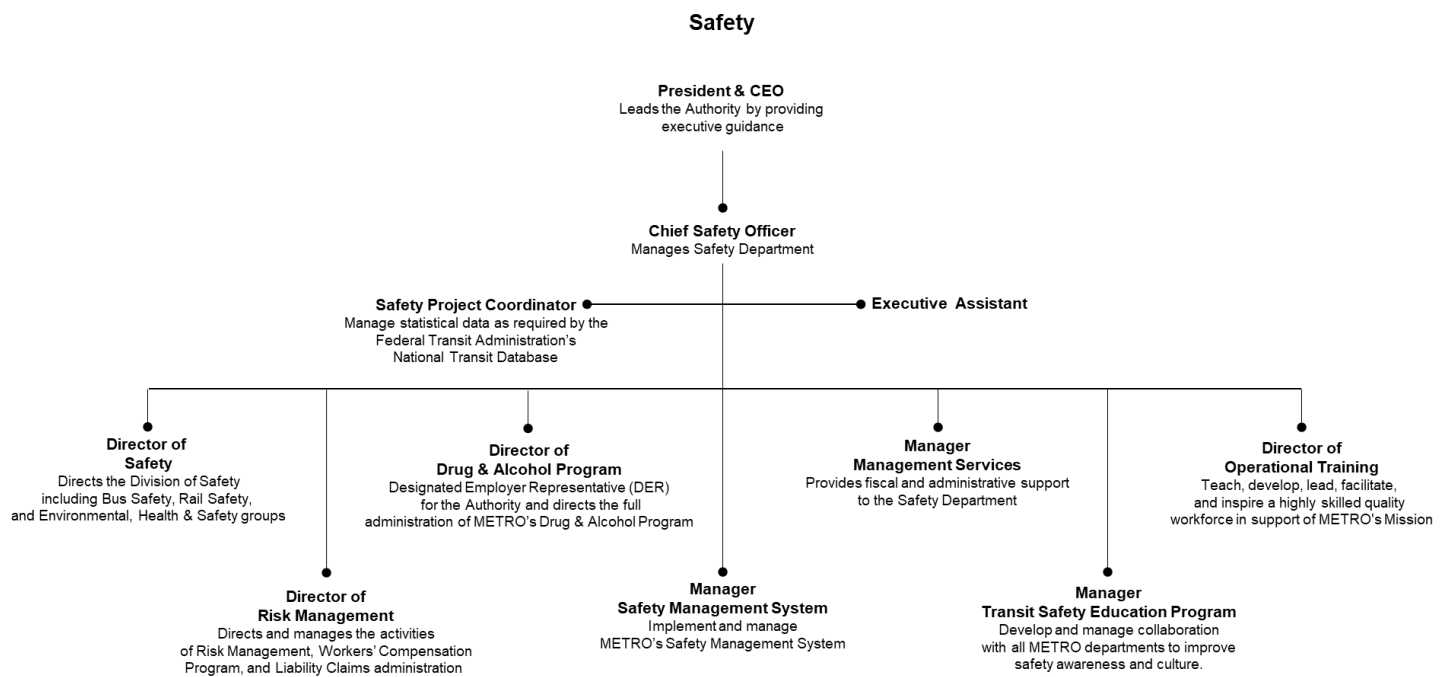
METRO Police Department is responsible for the safety and security of METRO employees, patrons and property. METRO Police Department is proactive in providing safety information, patrol service area and engaging communities surrounding the service area.

Number of Employees: 389

METRO Police FY2023 Goals									
Dept.	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	Implement METRONext	Regional Public Awareness & Support	Trustworthy Governance	Climate Action Plan
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	✓	✓			✓	✓	
	Increase Police Recruitment efforts	<ul style="list-style-type: none"> Recruit eligible candidates through print media Increase educational eligibility to 30 college hours 	✓				✓	✓	
Support Services	Hire 20% of vacancies	20% of vacancies filled	✓					✓	
	Train all certified police personnel in mandated Texas Commission on Law Enforcement courses	40 hour training in progress	✓					✓	
	Staff Homeless Outreach Unit	Number of contacts with homeless individuals on the METRO System (30 per Quarter)	✓					✓	

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

	FY2022	FY2022	FY2023	Budget-to-Budget Variance	
	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>	<u>\$</u>	<u>%</u>
Wages	\$ 422,479	\$ 341,125	\$ 467,793	\$ 45,314	10.7%
Union Fringe Benefits	343,190	204,900	369,011	25,821	7.5%
Subtotal Union Labor	\$ 765,669	\$ 546,025	\$ 836,804	\$ 71,135	9.3%
Salaries and Non-Union Wages	5,605,923	5,673,847	6,621,575	1,015,653	18.1%
Non-Union Fringe Benefits	2,282,697	2,321,824	2,429,318	146,621	6.4%
Subtotal Non-Union Labor	\$ 7,888,620	\$ 7,995,671	\$ 9,050,894	\$ 1,162,273	14.7%
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 8,654,290	\$ 8,541,696	\$ 9,887,698	\$ 1,233,408	14.3%
Services	2,889,996	1,952,386	3,236,470	346,474	12.0%
Materials and Supplies	235,881	89,411	343,424	107,543	45.6%
Fuel and Utilities	25,488	32,865	32,688	7,200	28.2%
Casualty and Liability	5,891,417	5,346,974	6,047,432	156,015	2.6%
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	101,824	86,198	125,846	24,022	23.6%
Subtotal Non-Labor	\$ 9,144,606	\$ 7,507,834	\$ 9,785,860	\$ 641,254	7.0%
Subtotal Labor and Non-Labor	\$ 17,798,896	\$ 16,049,530	\$ 19,673,558	\$ 1,874,662	10.5%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 17,798,896	\$ 16,049,530	\$ 19,673,558	\$ 1,874,662	10.5%

Safety

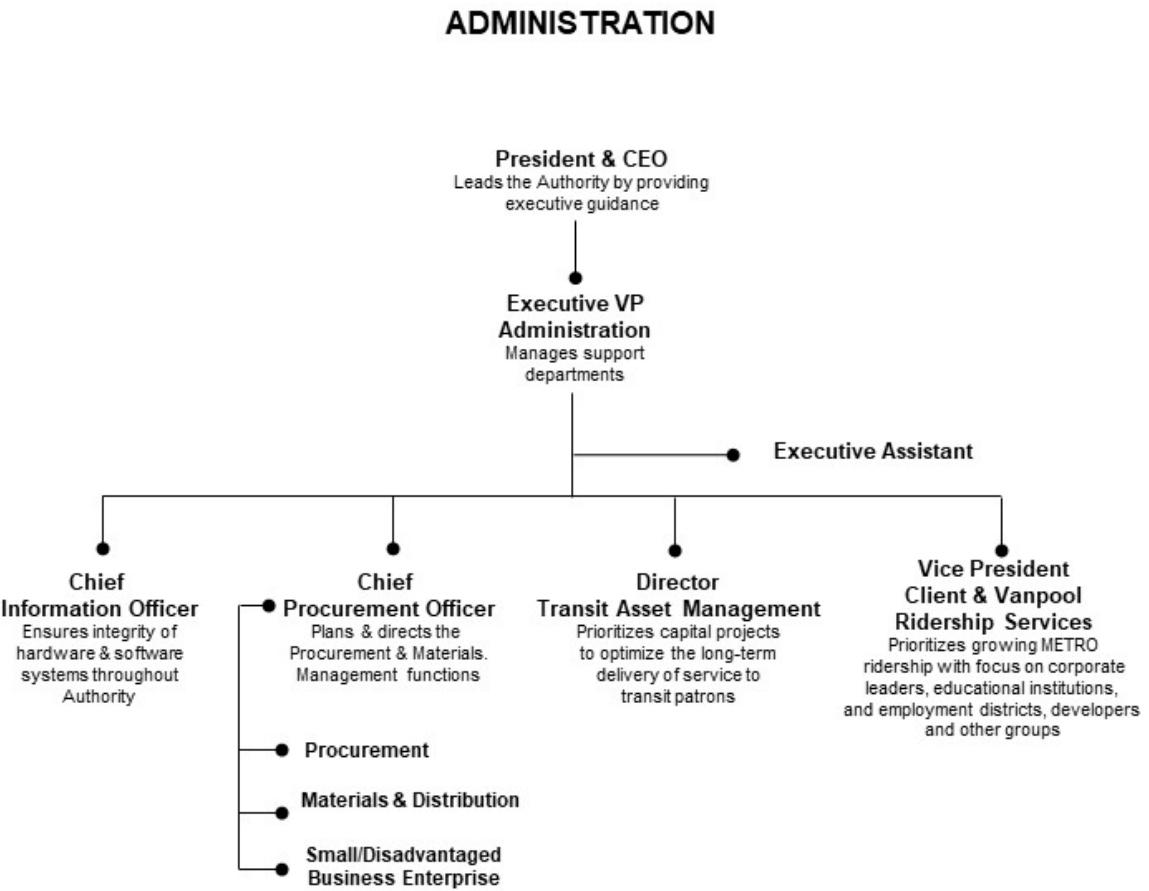
The Safety Department has the responsibility to assure that safety and environmental hazards are identified, controlled and/or eliminated. Safety is responsible for reviewing, monitoring and assessing the activities of any METRO department that have or may have safety and/or environmental concerns or impacts. These responsibilities are to ensure the highest degree of safety for METRO riders, employees and the public.

Number of Employees: 96

Safety FY2023 Goals									
Dept.	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	Implement METRONext	Regional Public Awareness & Support	Trustworthy Governance	Climate Action Plan
Safety Administration	Deliver Transit Safety Education messaging and Initiatives via various platforms	Conduct 16 safety awareness focused campaigns	✓					✓	
	Development of SMS Training for frontline staff	Q1 - Q2: Conduct SMS training using Absorb	✓					✓	
Safety Risk Management	Implement industry standards training for all claims adjusters in hopes of reducing the amount of time a claim remains open and to maintain regulatory compliance	Choose training providers for administration of external training of industry standards and compliance						✓	
		Q2: Training conducted by external Texas Department of Insurance and Division of Workers Comp compliance providers						✓	
		Q3: Training conducted internally on compliance with Metro claims and financial compliance standards						✓	
		Q4: Internal audit of compliance with regulatory compliance by review and comparison of random file audits completed Q1 - Q4						✓	
	Restore METRO's Owner Control Insurance Program (OCIP)	Q1: Procure Broker of Record to administer OCIP						✓	
		Q2: Work with Broker of Record to design, place, implement, and administer the OCIP						✓	
		Q3: Hire METRO staff to oversee OCIP program						✓	
		Q4: Work with METRO Planning, Engineering, and Construction group to monitor and schedule METRO Next projects to the OCIP						✓	
Customer Safety	Not exceed the Safety Performance Targets established in the PTASP	Number of bus accidents not to exceed target	✓						
		Number of rail accidents not to exceed target	✓						
	Safety Assurance related activities	Conduct monthly Safety Meetings at Bus and Rail Operating Facilities (Kashmere BOF not included)						✓	
		Conduct Safety Contacts on a quarterly basis						✓	
		Conduct quarterly inspections of shops and other applicable areas at select METRO facilities						✓	
		Conduct quarterly EHS Safety Blitzes at select METRO facilities						✓	
		Perform a safety assessment of all bus routes at least once annually	✓					✓	
		Perform random or post-accident ride checks. Ride checks may be either on-board, following or video	✓					✓	
		Perform quarterly radar/speed checks	✓					✓	
Safety 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	✓					✓	
	Increase Drug & Alcohol education and training efforts via presentation	<ul style="list-style-type: none"> Six (6) Safety Meetings: 1 in Q1, 2 in Q2, 2 in Q3, 1 in Q4 One (1) D&A Lunch and Learn w/ Safety Education: Q4 One (1) Reasonable Suspicion Mandatory Training for New Supervisors: Q2 One (1) Refresher Training: Q4 	✓					✓	
Safety Promotion	Reduce workplace injuries and illnesses through the implementation of a Workplace Safety and Health Training Program	Develop a Workplace Safety Training matrix						✓	
		Establish the appropriate workplace safety training in METRO's Learning Management System						✓	
Bus Training	Probationary bus operators receive at least 1 line ride within first 90 days. Combined goal with Safety Officers	Line rides documented in Track-it. Each Qtr., 50% of the probationary operators receive at least one line ride from Training	✓					✓	
	Implement electric bus operator training. Number based upon the assigned bus operators for the service (lines held plus spare board)	Q1, 2023 is expected start date	✓					✓	
	Implement a de-escalation assault training for all bus operators – Live or LMS delivery to get started on the 2nd quarter and to be finalized by September 30, 2023	All active bus operators trained over 3 quarters. New hires will receive in new hire training starting Q2 going forward						✓	
	Implementation of SMS awareness for all new hires effective October 1st, 2022. Safety will provide training with the finished product	All new hires will receive the training. 100% of new hires each quarter	✓					✓	
Bus Maintenance Training	Implement annual refresh training	50% of all active the bus operators receive two days of training in FY2023	✓					✓	
	Develop and facilitate Electric Bus Training Courses	Quarterly headcount - 50 student goal for FY2023						✓	
	Develop and facilitate HVAC Training Course for internal A and B mechanics. Course completion by mid Nov. FY2023	Quarterly headcount - 50 student goal for FY2023						✓	
	Engines, transmission, Battery, multiple plex system, doors, and fire suppression system training	Topics provided throughout the years, starting Q1						✓	
Facilities Maintenance Training	Develop Training Matrix of all bus maintenance personnel training over the past 5+ years	Five year matrix to be available by no later than end of FY2022, with additional years to be added quarterly in FY2023						✓	
	To create or facilitate at least 4 new trainings for FM according to their training matrix and priorities	One new training topic per quarter						✓	
Facilities Maintenance Training	Implement OSHA eLearning topics, building on the original 12 topics from 2022. Total will be an additional 14 (for a total of 26)	Seven in first half, 7 in second half of the FY2023						✓	

Administration

Includes Information Technology, Procurement, Transit Asset Management and Client & Vanpool Ridership Services, and is responsible for administering guidelines for internal procedures while also dealing with many outside customers and vendors.



Administration

	FY2022 Budget	FY2022 Estimate	FY2023 Budget	Budget-to-Budget Variance	
				\$	%
Wages	\$ 3,561,594	\$ 3,679,980	\$ 3,921,311	\$ 359,717	10.1%
Union Fringe Benefits	1,923,657	1,607,142	2,011,623	87,967	4.6%
Subtotal Union Labor	\$ 5,485,251	\$ 5,287,122	\$ 5,932,934	\$ 447,683	8.2%
Salaries and Non-Union Wages	16,378,465	16,452,437	17,404,224	1,025,759	6.3%
Non-Union Fringe Benefits	6,550,693	6,401,843	6,977,765	427,072	6.5%
Subtotal Non-Union Labor	\$ 22,929,157	\$ 22,854,280	\$ 24,381,988	\$ 1,452,831	6.3%
Allocation to Capital and GMP	(800,600)	(522,505)	(2,462,611)	(1,662,011)	207.6%
Subtotal Labor and Fringe Benefits	\$ 27,613,809	\$ 27,618,897	\$ 27,852,312	\$ 238,503	0.9%
Services	6,555,380	5,359,191	5,615,120	(940,260)	(14.3%)
Materials and Supplies	735,318	560,105	552,315	(183,003)	(24.9%)
Fuel and Utilities	1,940,263	2,193,161	1,992,073	51,809	2.7%
Casualty and Liability	1,500	2,848	1,600	100	6.7%
Purchased Transportation	4,792,101	3,919,433	4,934,977	142,876	3.0%
Leases, Rentals and Miscellaneous	10,342,529	10,801,534	12,167,641	1,825,112	17.6%
Subtotal Non-Labor	\$ 24,367,091	\$ 22,836,272	\$ 25,263,725	\$ 896,634	3.7%
Subtotal Labor and Non-Labor	\$ 51,980,900	\$ 50,455,169	\$ 53,116,037	\$ 1,135,137	2.2%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 51,980,900	\$ 50,455,169	\$ 53,116,037	\$ 1,135,137	2.2%

	FY2022 Budget	FY2023 Budget	Budget-to-Budget Variance	
			\$	%
Total Operating Expenses				
Information Technology	\$ 26,527,889	\$ 27,461,571	\$ 933,682	3.5%
Procurement and Materials	13,287,545	14,493,137	1,205,592	9.1%
Client & Vanpool Ridership	8,131,257	9,156,174	1,024,917	12.6%
Executive Vice President	3,077,718	1,026,026	(2,051,692)	(66.7%)
Transit Asset Management	956,491	979,129	22,639	2.4%

Administration

The Administration department consists of four divisions: Information Technology, Procurement & Materials, Transit Asset Management and Client & Vanpool Ridership.

Number of Employees: 248

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 FY2023 Goals									
Dept.	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	Implement METRONext	Regional Public Awareness & Support	Trustworthy Governance	Climate Action Plan
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 FY2023 Goals									
Dept.	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	Implement METRONext	Regional Public Awareness & Support	Trustworthy Governance	Climate Action Plan
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 FY2023 Goals									
Dept.	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	Implement METRONext	Regional Public Awareness & Support	Trustworthy Governance	Climate Action Plan
Transit Asset Management	Inventory of capital assets	Q1 - Q4. Itemized list of capital inventory detailed in the system of record (SAR) 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 carry out 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.			✓			✓	



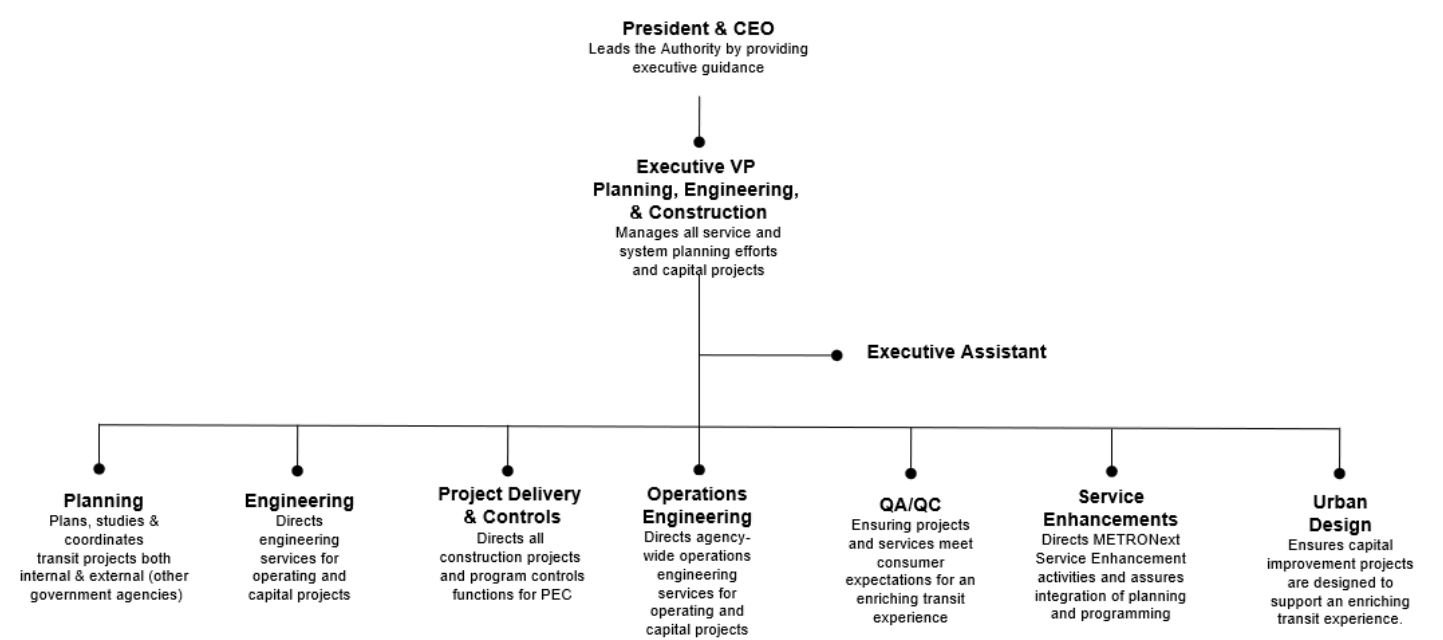
Client & Vanpool Ridership serves as a liaison for corporate, educational, and community partners working together to increase METRO’s ridership and revenue by educating and enhancing client/patron knowledge in METRO services and Q Card products through multiple touch points. Ridership & Client Services 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.

Administration FY2023 Goals									
Dept.	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	Implement METRONext	Regional Public Awareness & Support	Trustworthy Governance	Climate Action Plan
Client & Vanpool Ridership	Collaborate with 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 move commuters out of cars and onto METRO commuter & vanpool services.	This new initiative will be measured by interest and sign-up of employers and riders as we measure transit, VMT (vehicle miles traveled) and other measurements					✓		✓
	Maintain business continuity and communications for potential Park & Ride changes in FY23	15 new corporate accounts by end of FY2023	✓	✓			✓		
		40 new Rider Rewards accounts by end of FY2023	✓	✓			✓		
	Maximize ways to make our channels work for METRO by increasing usage of METRO Q fare cards	- Work with Houston First & GHVCB on FY23 Convention events - Continue "College/School Niche" strategic alignment as new procedures on on-campus and on-line studies impact ridership - Work with Uptown to develop ridership awareness & promotion for Silver line during peak holiday season - 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	✓	✓			✓		
	Increase employer partnerships, sustain current relationships and continue collaboration efforts for vanpool alternative transportation options	Increase active Regional Vanpool employer accounts by 75-80 during FY 2023. Collaborate with OMB, Planning, Marketing, H-GAC and others for vanpool alternatives in areas where Park & Rides have been reduced and where METRO commuter services is not provided	✓	✓			✓		

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

	FY2022 Budget	FY2022 Estimate	FY2023 Budget	Budget-to-Budget Variance	
	\$	\$	\$	\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	61,558	16,094	98,671	37,114	60.3%
Subtotal Union Labor	\$ 61,558	\$ 16,094	\$ 98,671	\$ 37,114	60.3%
Salaries and Non-Union Wages	8,437,031	6,581,608	9,435,586	998,555	11.8%
Non-Union Fringe Benefits	2,320,072	1,897,007	2,571,803	251,731	10.9%
Subtotal Non-Union Labor	\$ 10,757,103	\$ 8,478,615	\$ 12,007,389	\$ 1,250,286	11.6%
Allocation to Capital and GMP	(4,948,006)	(3,358,238)	(7,639,668)	(2,691,662)	54.4%
Subtotal Labor and Fringe Benefits	\$ 5,870,655	\$ 5,136,472	\$ 4,466,392	\$ (1,404,262)	(23.9%)
Services	37,112,984	36,151,297	60,564,854	23,451,870	63.2%
Materials and Supplies	31,450	86,113	242,250	210,800	670.3%
Fuel and Utilities	27,000	14,777	21,000	(6,000)	(22.2%)
Casualty and Liability	-	13,028	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	96,209	107,854	202,121	105,912	110.1%
Subtotal Non-Labor	\$ 37,267,643	\$ 36,373,069	\$ 61,030,225	\$ 23,762,582	63.8%
Subtotal Labor and Non-Labor	\$ 43,138,298	\$ 41,509,541	\$ 65,496,617	\$ 22,358,320	51.8%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 43,138,298	\$ 41,509,541	\$ 65,496,617	\$ 22,358,320	51.8%

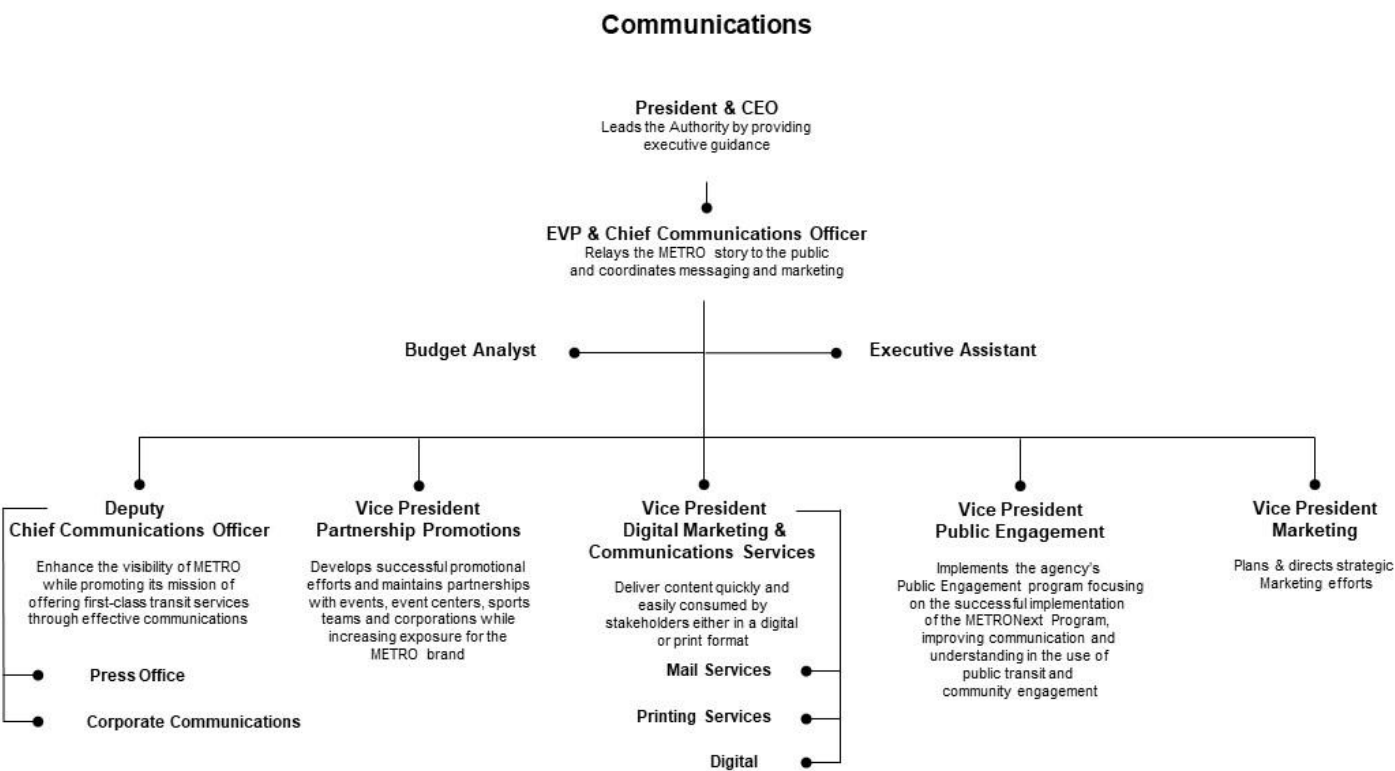
	FY2022 Budget	FY2023 Budget	Budget-to-Budget Variance	
	\$	\$	\$	%
Total Operating Expenses				
Project Delivery & Controls	\$ 35,235,096	\$ 56,680,588	\$ 21,445,493	60.9%
Planning	4,680,875	5,018,312	337,438	7.2%
Engineering	2,667,047	2,930,874	263,827	9.9%
Executive Vice President	555,280	866,842	311,562	56.1%

PEC Goals - FY2023		METRO FY2023 Business Plan Goals						
Initiative/Objective	Measurement	Outstanding Trip Experience	High Quality Mobility Options	Accessible Infrastructure Investment	METRNext: Expand & Improve Infrastructure & Delivery	Regional Public Awareness & Support	Trustworthy Governance	Climate Action Plan: Resiliency & Sustainability
Advance projects within FTA CIG process	Advance projects within FTA CIG process							
	University BRT Planning and Engineering Support - complete NEPA, public engagement, and request entry into engineering; start solicitation for final design	✓	✓	✓	✓			✓
	Inner Katy BRT Planning and Engineering Support - obtain CE and finalize conceptual design & MOU with TxDOT							
	Gulfton BRT Planning - substantially complete project development (including FTA coordination and NEPA class of action)							
	Initiate Preliminary Planning work on Green & Purple Line LRT							
Ensure transit is considered in third-party projects and METRO input is received and incorporated in all projects	NHHIP Coordination							
	NHHIP (North Houston Highway Improvement Program) 1. Confirm acceptable right of way (enough for Wheeler Station Reconfiguration) and sequence of Redline Reconstruction 2. Continue defining the impacts to METRO Operations as the project moves forward. 3. Coordinate with TxDOT and engage in design review of the Wheeler Transit Center Impacts					✓		
	Coordinate with Partner Agencies on Regional Projects							
	Technical Advisory Committee (TAC) / Transportation Policy Council (TPC)					✓	✓	
	Complete Third Party Negotiation with COH on Inner Katy, University, and Gulfton BRTs				✓			
	Coordinate and collaborate with HCTRA and Harris County on METRONext projects and Existing Bus Network				✓			
	Coordinate and collaborate with TSU, UH, and Rice on planning and design opportunities through METRONext				✓			
	Regional acceptance of the METRO Transit Design Guidelines and Urban 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 on their projects & Grant opportunities.							
	Participate and coordinate in the TxDOT corridor PEL studies							
Progress design and construction of FY2023 service expansion, safety and state of good repair projects	Cypress T-ramp AFA execution and coordination of design.							
	Safety Projects							
	Complete the high load detection, z-crossing, and wayside horns projects.				✓			
	State of Good Repair (SOGR):							
	Progress UST and PST replacements at BOFs (design, plan for construction procurement)						✓	✓
	Service Expansion / Enhancement							
	Maintenance of Way (FFGA) - Complete Re-Design & Plan for Procurement						✓	
	West Belfort Park & Ride - Issue Construction Contract and start construction (site			✓				
	Northline Transit Center & Parking - Complete Design & Acquire Property needed & Initiate Construction Procurement			✓				
	BOOST 54 Scott - Complete Segment 1 Construction	✓	✓	✓	✓			
	BOOST 56 Airline/Montrose - Complete Segment 2 Construction	✓	✓	✓	✓			
	BOOST 82 Westheimer - Start construction	✓	✓	✓	✓			
	Northwest Transit Center (Patron Enhancements): Add monument signage at patron parking lot. Add signage visible from I-10 to canopy face.	✓	✓					
	TSP: Complete pilot, begin TSP installation in final configuration on the BOOST corridors	✓	✓		✓			
	Uptown BRT: Initiate action to improve TSP along this corridor	Go to Table of Contents	✓					188

Implement METRO's Universal Accessibility's bus stop site improvement and accessibility	Bus Stop Accessibility Improvements							
	Complete Universal Accessibility designs and construction for 1,000 sites	✓	✓	✓				
	Shelters, receive & install 150 of standard shelters and 40 BOOST shelters including LED lighting							
Remain responsive to customer concerns regarding METRO bus stop infrastructure	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					✓	✓	
	Integrate METRO Urban Design Guidelines into project development process	✓	✓					
Progress METRO's Land Use Planning Effort	Joint Development and Land Use Planning							
	Complete Revision to METRO Policy on Joint Development and land use planning					✓	✓	
	Issue RFP on Joint Development / land use planning effort					✓	✓	

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 & Corporate Communications, Digital Marketing & Communications Services, Partnership Promotions, Public Engagement, and Marketing divisions accomplish the mission through collaboration, customer service and creativity.



Communications

	FY2022 Budget	FY2022 Estimate	FY2023 Budget	Budget-to-Budget Variance	
	\$	\$	\$	\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	7,015	1,198	7,952	937	13.4%
Subtotal Union Labor	\$ 7,015	\$ 1,198	\$ 7,952	\$ 937	13.4%
Salaries and Non-Union Wages	4,522,717	4,309,895	4,764,990	242,273	5.4%
Non-Union Fringe Benefits	1,721,711	1,579,407	1,733,472	11,761	0.7%
Subtotal Non-Union Labor	\$ 6,244,429	\$ 5,889,302	\$ 6,498,462	\$ 254,034	4.1%
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 6,251,443	\$ 5,890,500	\$ 6,506,414	\$ 254,971	4.1%
Services	11,289,240	5,532,641	11,788,556	499,316	4.4%
Materials and Supplies	1,059,700	546,825	1,135,600	75,900	7.2%
Fuel and Utilities	25,885	20,147	25,320	(565)	(2.2%)
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	118,597	47,570	140,021	21,424	18.1%
Subtotal Non-Labor	\$ 12,493,422	\$ 6,147,183	\$ 13,089,497	\$ 596,075	4.8%
Subtotal Labor and Non-Labor	\$ 18,744,865	\$ 12,037,683	\$ 19,595,911	\$ 851,046	4.5%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 18,744,865	\$ 12,037,683	\$ 19,595,911	\$ 851,046	4.5%

	FY2022 Budget	FY2023 Budget	Budget-to-Budget Variance	
	\$	\$	\$	%
Total Operating Expenses	\$ 14,709,543	\$ 15,089,860	\$ 380,316	2.6%
Marketing and Corporate Comm	1,723,164	1,935,644	212,480	12.3%
Public Engagement	1,234,076	1,282,135	48,059	3.9%
Partnership Promotions	494,616	761,678	267,062	54.0%
EVP, Communications	583,466	526,594	(56,872)	(9.7%)

Communications

The Communications department consists of five divisions: Press Office & Corporate Communications, Digital Marketing & Communications Services, Partnership Promotions, Public Engagement, and Marketing.

Number of Employees: 54

Press Office & Corporate Communications

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 FY2023 Goals									
	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
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.	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	✓	✓		✓	✓	✓	✓

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

Communications FY2023 Goals									
	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
Corporate Communications	Inside Track e-newsletter	Production and distribution of 12 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				✓	✓	✓	✓



Digital Marketing & Communications Services is further divided into three groups: Mail & Printing Services 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 FY2023 Goals									
	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
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 (METRO Rapid Inner Katy, METRO Rapid 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	✓			✓	✓		

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 FY2023 Goals									
	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
Digital	Maintain METRO websites	Manage ongoing updates to enterprise website, Careers website and METRO online RideStore.	✓				✓		
	Grow METRO customer databases	Leverage opportunities for riders and non-riders to subscribe for electronic communication (e.g., METRO Connections e-newsletter, METRO Feedback Loop, etc.)	✓				✓		
	Support web accessibility	Maintain accessibility of RideMETRO.org	✓				✓		
	Increase awareness of METRO initiatives through website	Collaborate with Marketing to identify opportunities to increase awareness and drive key conversions	✓				✓		
	Grow engagement with METRO smartphone apps	Identify opportunities to promote METRO's apps in various communication channels	✓				✓		

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 FY2023 Goals									
	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
Partnership Promotions	Develop Film & Photography guidelines for the Authority.	Implement approval process for the solicitation of filming and photography on Metro property. Create a tracking tool to monitor and manage requests.						✓	
	Develop guidelines for the coordination of special bus service requests with Operations and other key stakeholders	Implement a unified special service request process	✓	✓				✓	
	Lead the cross-agency collaborative workgroup (Agency Initiative Management) to informative dialogues, and promote thought leadership while monitoring ongoing issues	Facilitate weekly					✓		
	Develop partnerships with five (5) entities that meet the criteria to promote using METRO among their current customers while increasing visibility and image for both parties	Develop and implement five (5) partnerships by end of FY2023	✓	✓			✓		

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.

Communications FY2023 Goals									
	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
Public Engagement	Manage all public engagement and community outreach efforts relative to service and project implementation.	Develop and/or manage the public engagement plans associated with METRORapid project development, BOOST corridor planning, universal accessibility and other METRONext and capital 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 108 community engagement activities across multiple touchpoints every month that include virtual and digital engagement.	✓	✓			✓	✓	
	Direct and manage social network analysis to evaluate public reaction to METRO service, 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.	✓	✓			✓	✓	

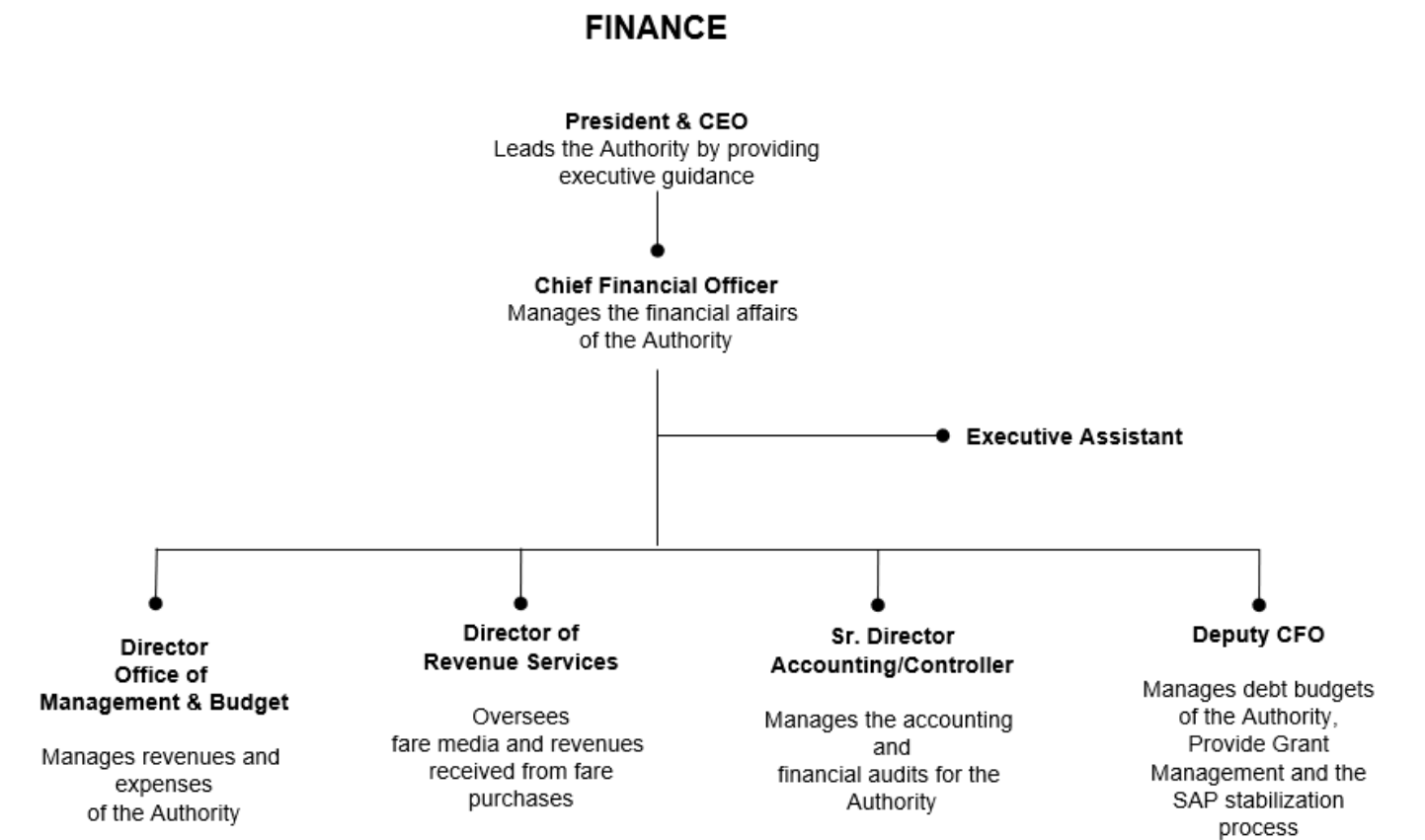


Marketing is a full-service, in-house agency providing advertising and marketing services for internal and external audiences.

Communications FY2023 Goals									
Marketing	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
	Promote 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	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	✓	✓	✓	✓	✓	✓	✓

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

	FY2022 <u>Budget</u>	FY2022 <u>Estimate</u>	FY2023 <u>Budget</u>	Budget-to-Budget Variance	
				\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	13,837	11,086	29,935	16,098	116.3%
Subtotal Union Labor	\$ 13,837	\$ 11,086	\$ 29,935	\$ 16,098	116.3%
Salaries and Non-Union Wages	6,091,934	6,322,311	6,118,606	26,671	0.4%
Non-Union Fringe Benefits	2,606,991	2,622,248	2,549,564	(57,427)	(2.2%)
Subtotal Non-Union Labor	\$ 8,698,925	\$ 8,944,559	\$ 8,668,169	\$ (30,756)	(0.4%)
Allocation to Capital and GMP	(21,506)	(34,290)	(21,596)	(90)	0.4%
Subtotal Labor and Fringe Benefits	\$ 8,691,256	\$ 8,921,355	\$ 8,676,508	\$ (14,748)	(0.2%)
Services	2,015,865	1,677,740	2,243,460	227,595	11.3%
Materials and Supplies	212,169	52,081	249,647	37,478	17.7%
Fuel and Utilities	20,396	10,546	23,388	2,992	14.7%
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	95,249	72,182	108,620	13,371	14.0%
Subtotal Non-Labor	\$ 2,343,679	\$ 1,812,549	\$ 2,625,115	\$ 281,436	12.0%
Subtotal Labor and Non-Labor	\$ 11,034,934	\$ 10,733,904	\$ 11,301,623	\$ 266,689	2.4%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 11,034,934	\$ 10,733,904	\$ 11,301,623	\$ 266,689	2.4%

	FY2022 <u>Budget</u>	FY2023 <u>Budget</u>	Budget-to-Budget Variance	
			\$	%
Total Operating Expenses				
Office of the Controller	\$ 4,504,389	\$ 4,577,377	\$ 72,988	1.6%
Revenue Services	2,373,362	2,576,380	203,018	8.6%
Office of Management and Budget	2,450,054	2,506,085	56,032	2.3%
Chief Financial Officer	699,030	477,675	(221,354)	(31.7%)
Deputy CFO	1,008,100	1,164,105	156,005	15.5%

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 five divisions: Chief Financial Officer (CFO), Deputy Chief Financial Officer (DCFO), Office of Management and Budget (OMB), Office of the Controller, and Revenue Services.

Number of Employees: 71

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 with the Union Health & Welfare Trust Fund, financial reporting of HOV/HOT lanes to TxDOT, SAP/FICO systems integration, and coordinates the collection of the Federal Emergency Management Agency (FEMA) data.

FY2023 Goals			METRO Budget Priorities						
Dept.	Initiative/Objective	Measurement	Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
CFO	Direct the financial affairs of the Authority	Prepare Monthly CFO Performance Report, which documents and explains the Authority financial position						✓	
	Continue to coordinate with the Union Health & Welfare Trust Fund	Work with investment advisor, actuary, investment managers and other consultants.						✓	

Deputy Chief Financial Officer (DCFO): Manages debt budgets of the Authority, provide grant management, oversight of subrecipient pass-through funds and the SAP stabilization process.

FY2023 Goals			METRO Budget Priorities						
Dept.	Initiative/Objective	Measurement	Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
Deputy CFO	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.						✓	
	Continue the SAP/FICO stabilization	Continue stabilization of SAP/FICO as updates are performed and new modules are implemented.						✓	
	Complete Annual Single Audit Report without Notes	Increase efficiency of audit along with increased effectiveness of subrecipient oversight before audit work commencement during Fall 2022						✓	

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.

FY2023 Goals			METRO Budget Priorities						
Dept.	Initiative/Objective	Measurement	Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
OMB	Ensure the Authority has sufficient funds to implement Business Plan priorities in FY23 and beyond.	Produce the Authority's annual Operating and capital Budgets.						✓	
	Conduct periodic financial analyses to ensure financial sustainability.	Assist in developing the Authority's 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.						✓	

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.

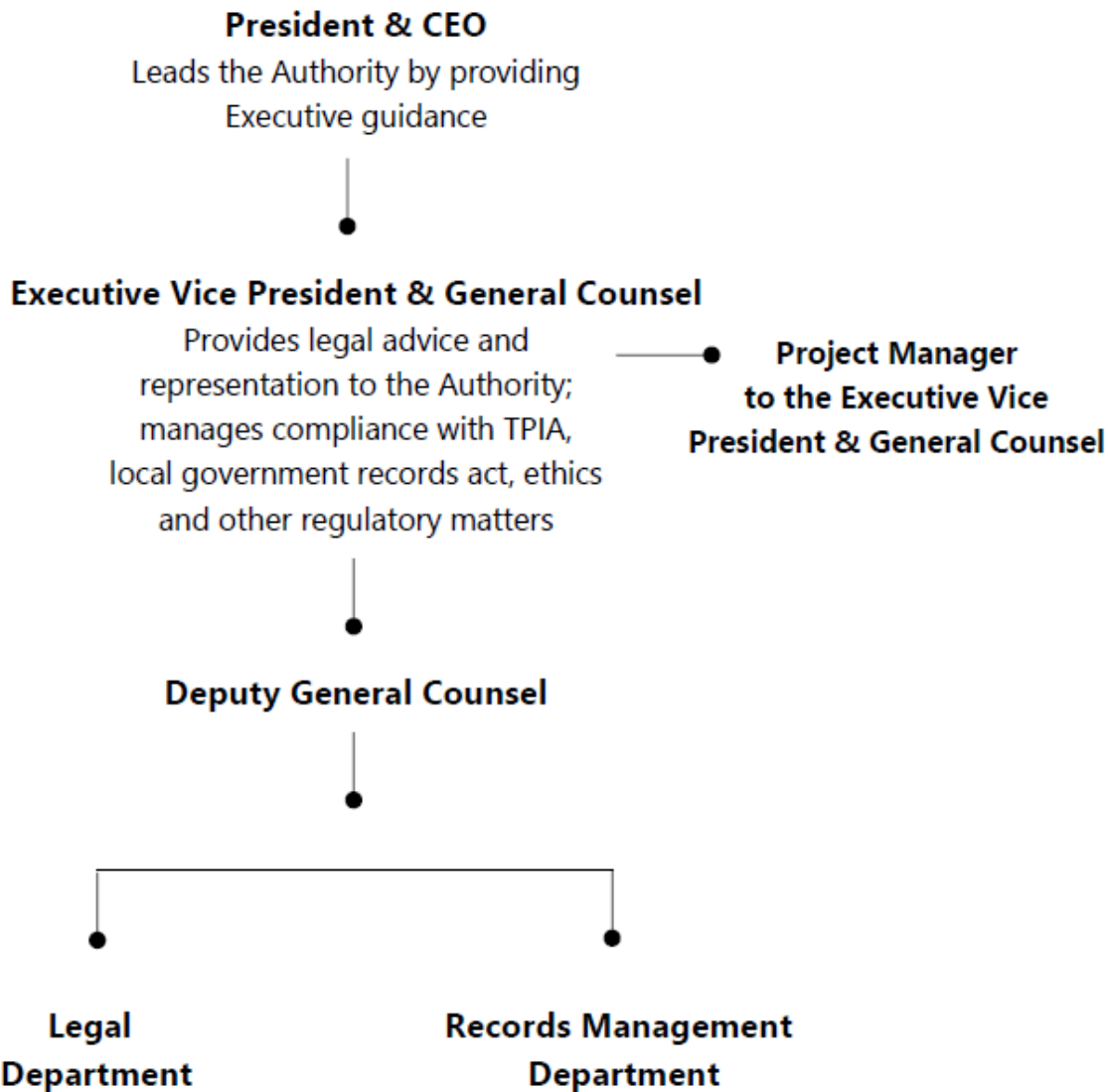
FY2023 Goals			METRO Budget Priorities						
	Initiative/Objective	Measurement	Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
Office of the Controller	Prepare external financial 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 external and internal customers.	Vendor invoices are processed timely and accurately while maintaining effective internal controls and compliance over the payment/recording process.						✓	
	Ensure the sales and used tax 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 employees.	Payment to employees are processed timely and accurately while maintaining effective internal controls and compliance over the payment/recording process.						✓	

Revenue Services Division: Responsible for cash collections and mobile ticketing system support, HOT lanes revenue accounting, focus on the backend financial business processes involving cash collection and vault room activities. Including the business practices and procedures required for the successful implementation of the new regional fare collection system.

FY2023 Goals			METRO Budget Priorities						
Dept.	Initiative/Objective	Measurement	Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	METRONext	Regional Public Awareness & Support	Trustworthy Governance	METRO's Climate Action Plan
Revenue Services	In-house repair of certain ticket vending machine (TVM) fare collection components	Reduce the outside repair and maintenance of equipment by conducting repairs in-house to extend the useful life of the existing equipment. Launch new initiative to be proactive by identifying faulty equipment in need of repair prior to customer complaints.	✓					✓	
	All day cash collections (bus & rail) are prepared for deposit the following morning	Consistent daily cash flow throughout FY2023, by efficiently collecting all cash from various METRO outlets and preparing accurate bank deposits daily.	✓					✓	
	Revenue Services will provide superior customer service while continuing to enhance mobile ticketing and design the regional fare collection system.	Revenue Services will continue to support other departments within METRO and enhance the current users mobile ticketing application experience. Coordinate with regional partners to develop and expand the use of the mobile ticketing application within the region in FY 2023.	✓					✓	

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.



Legal

	FY2022 <u>Budget</u>	FY2022 <u>Estimate</u>	FY2023 <u>Budget</u>	Budget-to-Budget \$	Variance %
Wages	\$ -	\$ -	-	\$ -	N/A
Union Fringe Benefits	3,245	551	3,884	638	19.7%
Subtotal Union Labor	\$ 3,245	\$ 551	\$ 3,884	\$ 638	19.7%
Salaries and Non-Union Wages	1,959,499	2,067,017	2,281,451	321,952	16.4%
Non-Union Fringe Benefits	584,520	536,788	609,839	25,319	4.3%
Subtotal Non-Union Labor	\$ 2,544,019	\$ 2,603,804	\$ 2,891,291	\$ 347,271	13.7%
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 2,547,265	\$ 2,604,355	\$ 2,895,174	\$ 347,910	13.7%
Services	1,894,800	1,615,438	1,489,875	(404,925)	(21.4%)
Materials and Supplies	6,500	3,064	6,500	-	0.0%
Fuel and Utilities	8,508	6,807	8,662	154	1.8%
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	74,067	73,159	82,671	8,604	11.6%
Subtotal Non-Labor	\$ 1,983,875	\$ 1,698,468	\$ 1,587,708	\$ (396,167)	(20.0%)
Subtotal Labor and Non-Labor	\$ 4,531,140	\$ 4,302,824	\$ 4,482,882	\$ (48,258)	(1.1%)
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 4,531,140	\$ 4,302,824	\$ 4,482,882	\$ (48,258)	(1.1%)

Legal

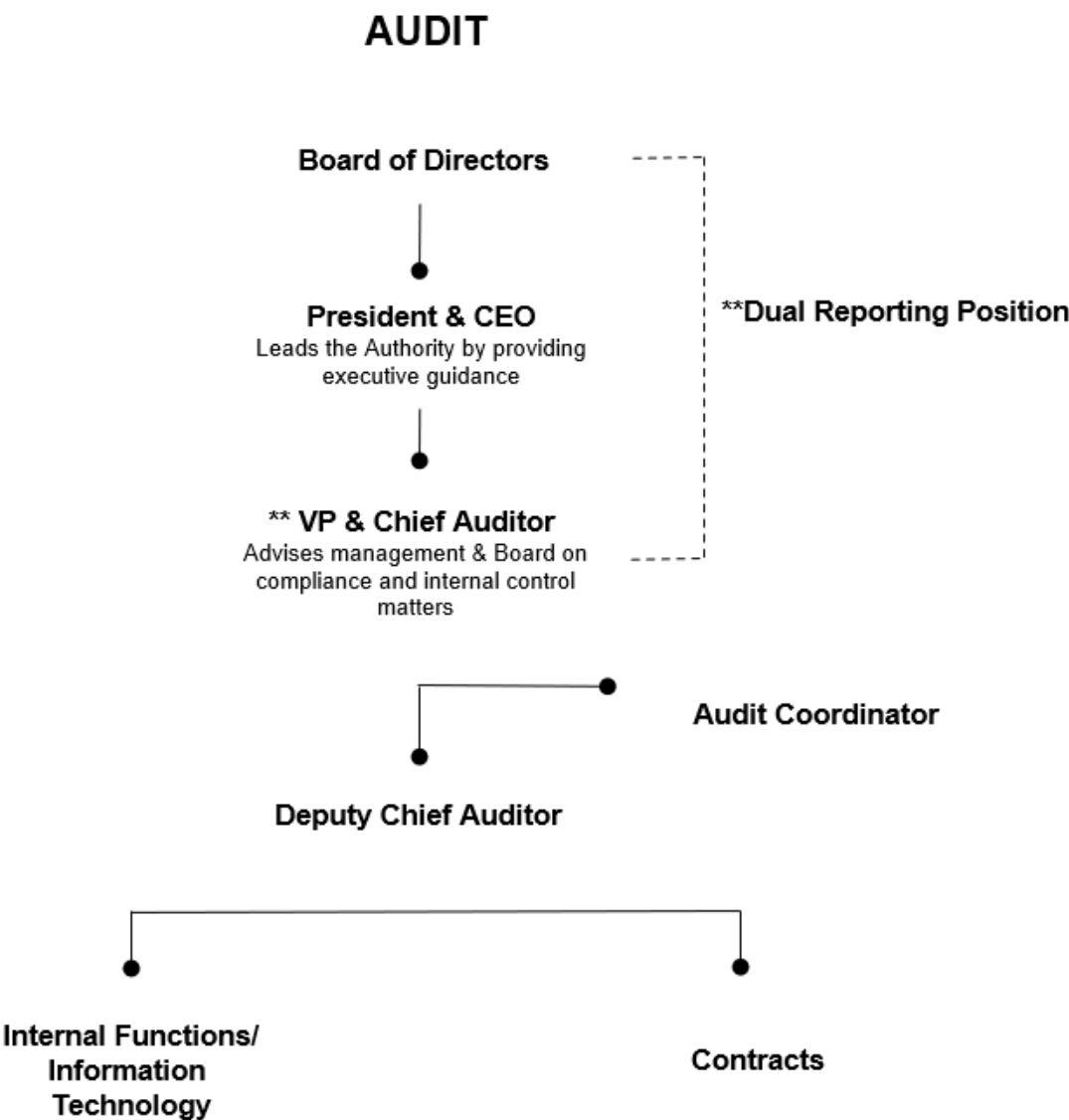
The Legal Department helps advance METRO’s mission by providing legal advice and services to the Board of Directors, management, and staff to foster sound decision-making in all areas of the Agency’s operations, services, and administration.

Number of Employees: 23

Legal FY2023 Goals									
Dept.	Initiative/Objective	Measurement	METRO Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	Implement METRONext	Regional Public Awareness & Support	Trustworthy Governance	Climate Action Plan
Legal	Vigorous 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

	FY2022 Budget	FY2022 Estimate	FY2023 Budget	Budget-to-Budget Variance	
				\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	1,449	248	1,429	(20)	(1.4%)
Subtotal Union Labor	\$ 1,449	\$ 248	\$ 1,429	\$ (20)	(1.4%)
Salaries and Non-Union Wages	897,453	868,889	856,624	(40,829)	(4.5%)
Non-Union Fringe Benefits	339,720	310,332	335,545	(4,174)	(1.2%)
Subtotal Non-Union Labor	\$ 1,237,173	\$ 1,179,221	\$ 1,192,170	\$ (45,003)	(3.6%)
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 1,238,621	\$ 1,179,469	\$ 1,193,598	\$ (45,023)	(3.6%)
Services	180,400	30,784	172,200	(8,200)	(4.5%)
Materials and Supplies	5,000	1,933	5,000	-	0.0%
Fuel and Utilities	300	50	400	100	33.3%
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	13,342	9,421	15,180	1,838	13.8%
Subtotal Non-Labor	\$ 199,042	\$ 42,188	\$ 192,780	\$ (6,262)	(3.1%)
Subtotal Labor and Non-Labor	\$ 1,437,663	\$ 1,221,657	\$ 1,386,378	\$ (51,285)	(3.6%)
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 1,437,663	\$ 1,221,657	\$ 1,386,378	\$ (51,285)	(3.6%)

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 by maintaining a dynamic, team-oriented environment.

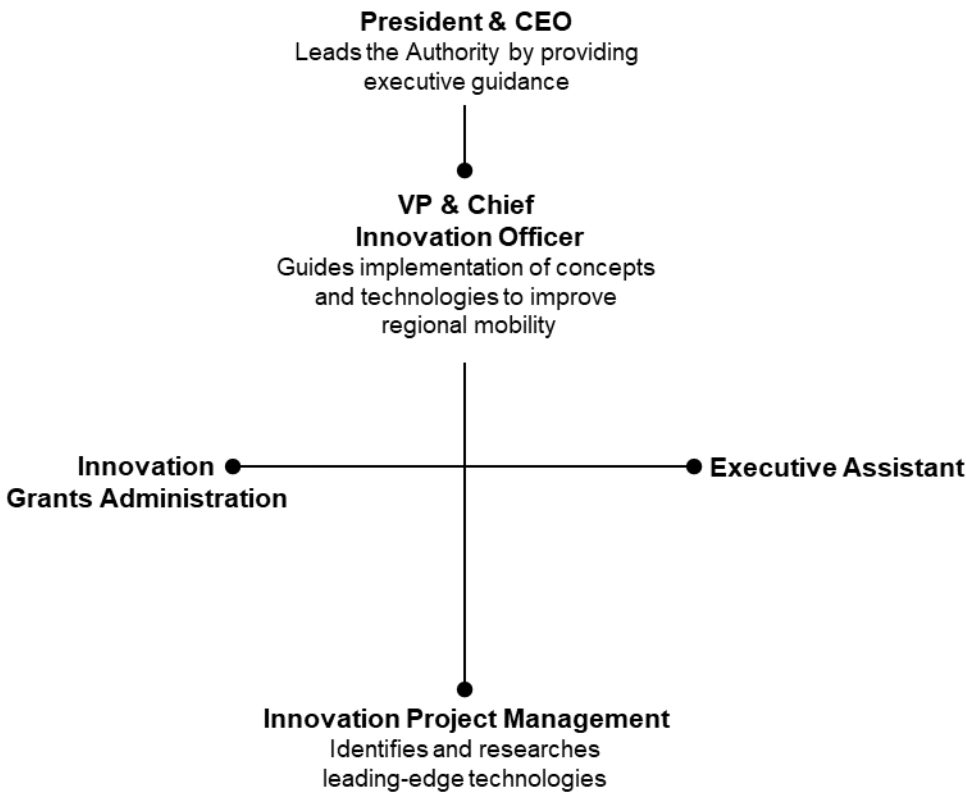
Number of Employees: 9

Audit FY2023 Goals									
Dept.	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	Implement METRONext	Regional Public Awareness & Support	Trustworthy Governance	Climate Action Plan
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.		✓				✓	
	Create a career path within Audit, allowing employees to develop leadership skills, setting up the opportunity for upward mobility within the department.	Providing employees opportunities to lead in various projects and become subject matter experts on areas that bring value to the department and Agency.	✓	✓				✓	
	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.	✓					✓	
	Continue to transition to new Audit Software by developing training manuals and training new Department Staff.	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

	FY2022 Budget	FY2022 Estimate	FY2023 Budget	Budget-to-Budget Variance	
	\$	\$	\$	\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	857	150	919	62	7.2%
Subtotal Union Labor	\$ 857	\$ 150	\$ 919	\$ 62	7.2%
Salaries and Non-Union Wages	504,089	536,767	528,715	24,627	4.9%
Non-Union Fringe Benefits	143,349	146,955	150,821	7,472	5.2%
Subtotal Non-Union Labor	\$ 647,438	\$ 683,722	\$ 679,536	\$ 32,098	5.0%
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 648,295	\$ 683,872	\$ 680,456	\$ 32,160	5.0%
Services	1,084,481	395,541	1,107,483	23,002	2.1%
Materials and Supplies	3,900	3,784	780	(3,120)	(80.0%)
Fuel and Utilities	3,400	2,124	2,000	(1,400)	(41.2%)
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	-	-	-	-	N/A
Leases, Rentals and Miscellaneous	43,910	28,309	87,816	43,906	100.0%
Subtotal Non-Labor	\$ 1,135,691	\$ 429,758	\$ 1,198,079	\$ 62,388	5.5%
Subtotal Labor and Non-Labor	\$ 1,783,986	\$ 1,113,630	\$ 1,878,535	\$ 94,548	5.3%
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 1,783,986	\$ 1,113,630	\$ 1,878,535	\$ 94,548	5.3%

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 FY2023 Goals									
Dept.	Initiative/Objective	Measurement	Budget Priorities						
			Outstanding Trip Experiences	High Quality Mobility Options	State of Good Repair	Implement METRONext	Regional Public Awareness & Support	Trustworthy Governance	Climate Action Plan
Office of Innovation	Develop in-house think tanks, track and monitor "Ideas Program" on intranet and host lunch and learns	Host a minimum of one (1) 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, and 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, implement best practices and for smart mobility projects	Stay current with and pursue potential public and private grant opportunities for mobility innovation	✓	✓	✓	✓	✓	✓	✓
	Coordinate/monitor/track and report on agency Climate Action Plan	Track and monitor goals and deliverables and report quarterly						✓	✓

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.

	FY2022 Budget	FY2022 Estimate	FY2023 Budget	Budget-to-Budget Variance	
	\$	\$	\$	\$	%
Wages	\$ -	\$ -	\$ -	\$ -	N/A
Union Fringe Benefits	292	-	806	514	176.3%
Subtotal Union Labor	\$ 292	\$ -	\$ 806	\$ 514	176.3%
Salaries and Non-Union Wages	55,991	-	13,964,289	13,908,298	24840.4%
Non-Union Fringe Benefits	55,471	(541,955)	1,174,117	1,118,646	2016.6%
Subtotal Non-Union Labor	\$ 111,462	\$ (541,955)	\$ 15,138,406	\$ 15,026,945	13481.7%
Allocation to Capital and GMP	-	-	-	-	N/A
Subtotal Labor and Fringe Benefits	\$ 111,753	\$ (541,955)	\$ 15,139,212	\$ 15,027,459	13447.0%
Services	3,980,170	5,050,585	1,250,000	(2,730,170)	(68.6%)
Materials and Supplies	-	-	-	-	N/A
Fuel and Utilities	-	-	-	-	N/A
Casualty and Liability	-	-	-	-	N/A
Purchased Transportation	1,790,514	-	7,000,000	5,209,486	290.9%
Leases, Rentals and Miscellaneous	9,610,751	-	6,282,757	(3,327,994)	(34.6%)
Subtotal Non-Labor	\$ 15,381,435	\$ 5,050,585	\$ 14,532,757	\$ (848,678)	(5.5%)
Subtotal Labor and Non-Labor	\$ 15,493,188	\$ 4,508,630	\$ 29,671,969	\$ 14,178,781	91.5%
Contingency	7,539,157	-	7,500,000	(39,157)	(0.5%)
Allocation to Capital and GMP	-	-	-	-	N/A
Total Operating Expenses	\$ 23,032,345	\$ 4,508,630	\$ 37,171,969	\$ 14,139,623	61.4%

Budget Item	FY2023 Budget
President and CEO Allowance for Salary Actions	\$ 15,139,212
President and CEO's Contingency	10,900,000
New Service Allowances	7,000,000
Strategic Initiatives and Innovation Pilots/Projects	3,132,757
Potential Real Estate Fund Expenditures	1,000,000

Appendices

Appendix A: Financial Parameters

(Presented at the May 19, 2022 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 FY2023.
- No fixed-route fare increases will be proposed for FY2023.
- 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 year-over-year growth of “baseline” operating expenses to the Gilmer estimate of Houston CPI provided in his June/July report +3% (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.
- Upon completion of Capital projects, future Operating costs will be included in the Business Plan and will be supported by a sustainable revenue source.
- Service improvements or improvements to service quality will require a cost/benefit analysis which will include changes to future operating costs. 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:

Up to \$250,000	Director of the Office of Management & Budget (OMB) or Chief Financial Officer (CFO)
\$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	Director of OMB, CFO, or the President & CEO

- All budget changes will be reported quarterly to the Finance & Audit Committee. 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: [Debt Policy](#)

Appendix C: Investment Policy

This document can be found at:

[Investment Policy](#)

Appendix D: Fuel Price Risk Management Policy

This document can be found at:

[Fuel Price Risk Management Policy](#)

Appendix E: Capitalization Guidelines

This document can be found at:

[Capitalization Guidelines](#)

Appendix F: Comparative Statistics

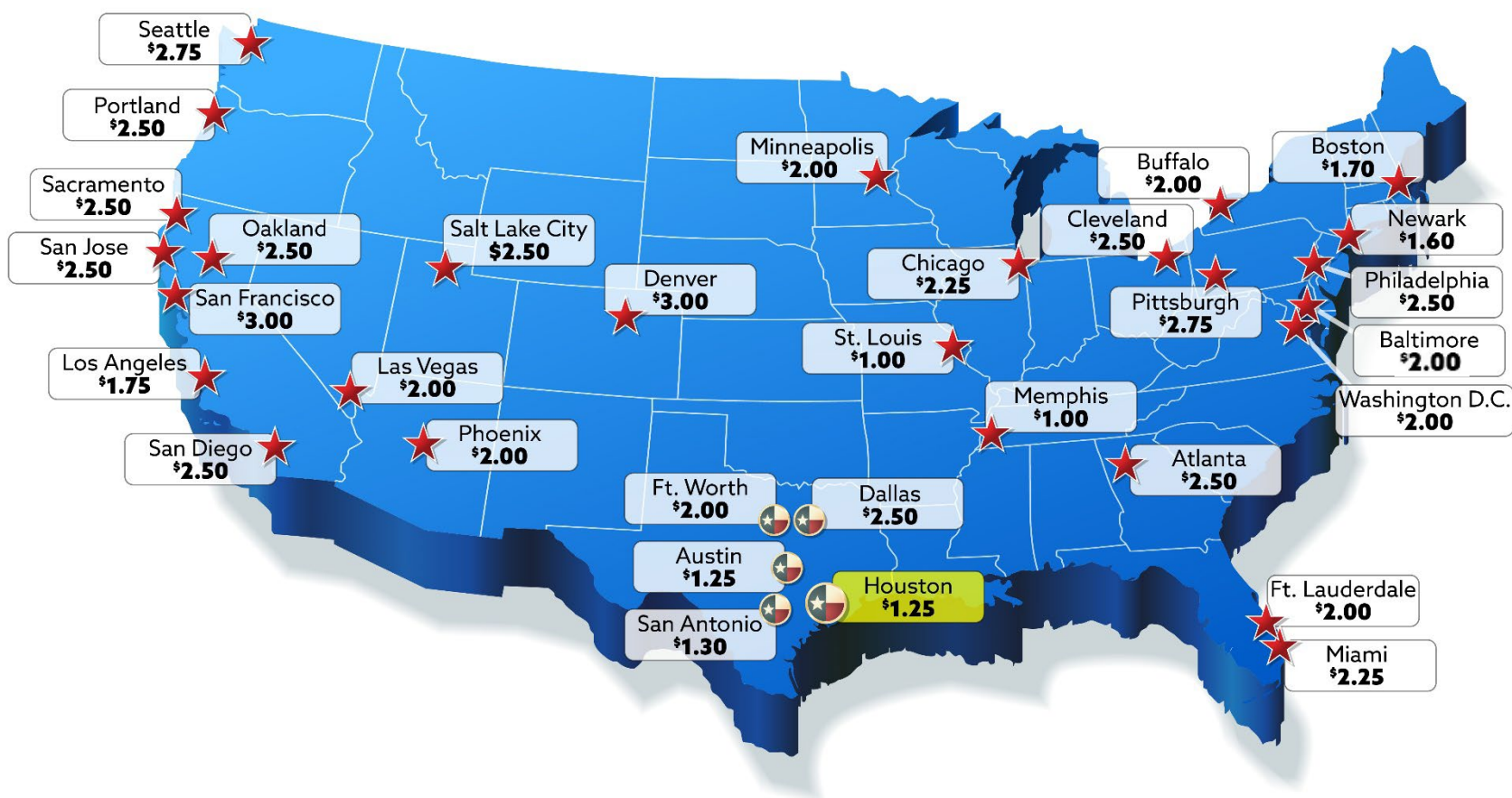
Texas Transit Agency Comparisons

METROPOLITAN TRANSIT AUTHORITIES (MTAs) & URBANIZED AREA PROGRAM UNLINKED PASSENGER TRIPS			
Fiscal Years 2020 and 2021			
MTAs	Urbanized Area	Unlinked Passenger Trips	
	Census 2010	2020	2021
Capital Metropolitan Transportation Authority	1,362,416	24,319,583	16,501,788
Corpus Christi Regional Transportation Authority (The B)	320,069	5,705,009	2,334,395
Dallas Area Rapid Transit (DART)	2,871,343	52,988,043	35,151,652
Denton County Transportation Authority	366,174	2,004,659	871,906
El Paso (Sun Metro)	772,374	8,367,398	3,833,777
Fort Worth Transit Authority (Trinity Metro)	1,040,837	4,719,114	3,410,261
Metropolitan Transit Authority of Harris County (METRO)	4,944,332	69,031,124	44,352,262
VIA Metropolitan Transit Authority - San Antonio	1,758,210	33,517,485	23,314,827
MTAs Total	13,435,755	200,652,415	129,770,868

METROPOLITAN TRANSIT AUTHORITIES (MTAs) & URBANIZED AREA PROGRAM SERVICE EFFECTIVENESS BY SYSTEM				
Fiscal Years 2020 and 2021				
MTAs	Unlinked Passenger Trips per Vehicle Revenue Mile		Unlinked Passenger Trips per Vehicle Revenue Hour	
	2020	2021	2020	2021
Capital Metropolitan Transportation Authority	1.02	0.71	13.19	8.85
Corpus Christi Regional Transportation Authority (The B)	1.11	0.54	16.56	8.41
Dallas Area Rapid Transit (DART)	1.03	0.84	17.12	12.44
Denton County Transportation Authority	0.57	0.29	12.26	6.19
El Paso (Sun Metro)	1.10	0.53	15.90	8.03
Fort Worth Transit Authority (Trinity Metro)	0.58	0.34	7.57	4.74
Metropolitan Transit Authority of Harris County (METRO)	1.16	0.87	16.46	11.87
VIA Metropolitan Transit Authority - San Antonio	1.09	0.84	15.98	12.40
Average for MTAs	0.96	0.62	14.38	9.12

Source: [2021 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	169.425	6.2	2,554,745
2005	5,299,567	175.950	5.7	2,604,383
2006	5,484,883	180.717	5.1	2,661,423
2007	5,597,674	184.132	4.3	2,705,296
2008	5,726,705	189.957	4.8	2,772,403
2009	5,867,489	190.704	7.6	2,839,444
2010	5,947,185	194.320	8.3	2,974,795
2011	6,056,008	200.746	8.1	3,040,222
2012	6,183,119	204.297	6.6	3,104,630
2013	6,327,622	207.880	6.1	3,176,138
2014	6,499,375	213.464	5.0	3,235,028
2015	6,670,803	213.129	4.6	3,259,346
2016	6,806,315	216.644	5.3	3,300,460
2017	6,898,912	220.959	5.1	3,309,345
2018	6,974,948	226.359	4.4	3,349,172
2019	7,063,400	228.935	3.8	3,386,843
2020	7,137,747	229.114	8.7	3,384,095
2021	7,206,841	239.805	6.4	3,424,496

* The Bureau of Economic Analysis has yet to release its time series data on the Consumer Price Index for 2022.

"Civilian Population" is defined as "persons 16 years of age or 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: FY2023 Budgeted Positions

This document can be found [here](#):

Appendix I. Historical and Projected Sales Tax Rates and Revenues

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

Fiscal Year	Historical/ Estimated Data	% Change
2018	759,064	9.9%
2019	775,393	2.2%
2020	764,680	-1.4%
2021	843,425	10.3%
2022	952,057	12.9%
2023	949,247	-0.3%
2024	969,260	2.1%
2025	1,021,102	5.3%
2026	1,079,188	5.7%
2027	1,139,510	5.6%

Estimates are based on the June 2022 forecast produced by Dr. Robert W. (Bill) Gilmer, head of the Institute for Regional Forecasting at the University of Houston. The forecast growth for FY2023 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.

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

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, and BBVA Compass Stadium.

METRORapid – See "Bus Rapid Transit"

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 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).

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 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		
BOF	Bus Operating Facility	KOs	Contractual Obligations
BRT	Bus Rapid Transit	LRT	Light Rail Transit
		LRV	Light Rail Vehicle
CAM	Cost Allocation Model	METRO	Metropolitan Transit Authority of Harris County, Texas
CBR	Capital Budget Review Committee	MDBF	Mean Distance between (Mechanical) Failures
CFO	Chief Financial Officer	MFRI	Major Facility Rehabilitation Initiative
CIP	Capital Improvement Program	MPD	METRO Police Department
CNG	Compressed Natural Gas	MRC	METRO Rail Completion
CP	Commercial Paper		
CRRSAA	Coronavirus Response and Relief Supplemental Appropriations Act of 2021	NTD	National Transit Database
EKOS	Manufacturer of slide rollers for light rail	NWTC	Northwest Transit Center
FFGA	Full Funding Grant Agreement	OEM	Original Equipment Manufacturer
FTA	Federal Transit Administration	OTP	On-Time Performance
GAAP	Generally Accepted Accounting Principles	P&R	Park & Ride
GASB	Government Accounting Standards Board	ROC	Rail Operations Center
GMP	General Mobility Program	S&I	Service & Inspection Facility
H1	First LRV order from Siemens; 100 series	SAP	Systems, Applications and Products (ERP). Allows METRO to manage databases for different processes from a single unified system.
H2	Second LRV order from Siemens; 200 series	SOGR	State of Good Repair
H3	LRV order from CAF USA; 300 series		
H4	400 series LRVs	TC	Transit Center
HCTRA	Harris County Toll Road Authority	TPIA	Texas Public Information Act
H-GAC	Houston-Galveston Area Council	TxDOT	Texas Department of Transportation
HOT	High-Occupancy Toll (Lanes)		
HOV	High-Occupancy Vehicle (Facility)	ULB	Useful Life Benchmark
HVAC	Heating, Ventilation & Air Conditioning		