

FY 2023 BUSINESS PLAN

DALLAS AREA RAPID TRANSIT



Including FY 2023 Annual Budget
and Twenty-Year Financial Plan

DART *let's go*

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Executive Summary

Strategic Priorities

On February 25, 2020, the DART Board adopted a set of strategic priorities to guide the agency, and to address factors that we expect will have an impact on DART over the next 20 years:

1. Enhance the safety and service experience through customer-focused initiatives;
2. Provide stewardship of the transit system, agency assets, and financial obligations;
3. Innovate to enhance mobility options, business processes, and funding;
4. Pursue excellence through employee engagement, diversity, development, and well-being; and,
5. Enhance DART's role as a recognized local, regional, and national transportation leader.

These priorities are the foundation for the Proposed FY 2023 Annual Budget and Twenty-Year Financial Plan.

Committed to A Safe, Clean, and Reliable Rider Experience

Throughout the COVID-19 pandemic, travel patterns changed. While those patterns influenced the service we now provide, we are incredibly proud that DART maintained service throughout the pandemic, ensuring that all who rely on the system, especially those who needed us most, had access to reliable, quality transit. Two and a half years later, DART ridership has grown to 66.8 percent of pre-pandemic levels. Though we still have a long way to go to grow beyond pre-COVID ridership numbers, DART provides quality transit options to support the service area, and we project that our efforts to improve the rider experience will help us to reach this milestone.

This budget, largely supported by improved sales tax projections, funds numerous improvements for riders. Our focus is on key areas of safety and security, cleanliness, reliability, and maintaining our state of good repair programs. Also included in this year's plan is our commitment to run a pilot program to address homelessness on our system, implement a compensation study to attract and retain valuable employees, and continue with service improvements including improved service hours on GoLink. At the same time, we continue to maintain our focus on long-term fiscal stability by pursuing funding opportunities and expense efficiencies.

The Proposed FY 2023 Operating Budget includes funding to equalize operating days and hours for GoLink service to match current local bus service standards, starting in early 2023. All 30 GoLink zones will operate from 5:00 a.m. to midnight seven days per week. DART will also expand the GoLink zone-to-zone pilot program, which allows customers to travel between different GoLink zones in certain situations and locations.

The Annual Budget Section describes several DART customer-facing initiatives grouped under each DART strategic priority.



Making Equitable Enhancements to Security, Cleanliness, and Reliability

Ridership Improvement (Security, Cleanliness, and Reliability)

Established in FY 2021, the Mobility Assistance and Innovation Fund (MAIF) had a balance of \$110.3 million as of December 31, 2021. The Board directed staff to allocate the funds in the Fiscal Year 2023 budget & Twenty-Year Financial Plan for the purpose of providing on an equitable basis enhanced security, cleanliness, and reliability of the DART System.

Committed to a State-of-Good-Repair

DART's capital program includes sufficient funds dedicated to maintaining and replacing our assets, i.e., keeping our entire transportation system in a state-of-good-repair.

DART plans to invest at least \$9.7 billion in capital and non-operating projects over the next 20 years. On the light rail side, around 95 light rail trains will reach the end of their 30-year lifespan between 2025 and 2028 and are programmed to be replaced. The Agency plans to bolster passenger amenities across the system; raise 23 platforms, update rail facilities to maintain the new low-floor vehicles expected in the next three to five years, update and maintain buildings such as its administrative headquarters, and invest in its technology and communication systems. Also included in the capital budget are investments to improve bus corridors and study potential improvements to keep the light rail system operational during inclement weather.

Major Capital Expansion Initiatives

The Agency will continue to drive the major initiatives:

- D2 Subway – In February 2022, after a 6-month agency collaboration effort with the City of Dallas, North Central Texas Council of Governments (NCTCOG), and Texas Department of Transportation (TxDOT), the Dallas City Council and DART Board approved a revised alignment that incorporates modifications to the east end of the project corridor. In 2023, DART will initiate design and environmental clearance on the new east segment while completing due diligence activities to determine project timing. The FY 2023 Twenty-Year Financial Plan assumes an opening date of 2035 pending additional study. Corridor preservation discussions are underway for the revised alignment.
- The City of Dallas is working with DART as their technical advisory and other downtown stakeholders to outline an approach to advance the Dallas Streetcar Central Link. In 2022, discussions focused on sustainable Operations & Maintenance (O&M) funding and review of governance models to position the project for more detailed project development as a Small Starts project in the Federal Transit Administration (FTA) Capital Investments Grant (CIG) program.



- DART and the City of Irving have discussed a future infill station along the operating Orange Line to serve future development at the former Texas Stadium site near Loop 12 in Irving. The City of Irving has coordinated with TxDOT and other parties to complete a bridge over SH 114 that incorporates site access improvements. DART's planning and design activities for the station will be initiated after an interlocal agreement (ILA) with the City of Irving is executed.
- In addition, construction to provide commuter rail service along the Cotton Belt corridor in the northern part of the DART Service Area is underway. This line, now called the Silver Line, runs from Plano through Richardson, North Dallas, Addison, Carrollton and into DFW International Airport. It has been designed to link up with TEXRail, operated by Trinity Metro (formerly known as the Fort Worth Transportation Authority), at DFW Airport. TEXRail has been in operation from downtown Fort Worth to DFW Airport since January 2019. In the long term, this will allow for a single-seat ride from Plano all the way to Fort Worth. Service along the Silver Line is scheduled to begin in 2024. Initially, headways will be 30 minutes in the peak periods and 60 minutes in the off-peak periods. The line will receive funding over the next 20 years from a variety of sources, some of which will help fund construction and others that will be used to pay for annual operating and/or debt service costs.

Distributions to the Service Area Cities

During the COVID pandemic, DART received federal relief operating funds which the agency used according to federal guidelines for COVID-related supplies and cleaning, as well as regular operating expenses, and to replace fare revenue. As a result of these federal funds, DART did not utilize all sales tax collections. These offset sales tax revenues, previously unallocated, will now be distributed to DART Service Area cities to be used for the public transportation system or complementary transportation system purposes which include:

- Special transportation services for a person who is elderly or has a disability,
- Medical transportation services,
- Assistance in street modifications as necessary to accommodate the public transportation system,
- Any other service that complements the public transportation system, including providing parking garages.

Fiscal Outlook

The Agency has an optimistic outlook for the next 20 years. The biggest revenue impact to the plan over FY 2022 is the reforecast of our sales tax receipts. The agency uses two economists to forecast our short- and long-term sales tax. The results of the sales tax projections for FY 2022 have outperformed expectations in the first nine months of FY 2022, allowing the Agency to invest in current service and other strategic investments.



DART's Proposed FY 2023 Twenty-Year Financial Plan illustrates the affordability of its capital and operating plans, containing \$5.76 billion over the next 20 years devoted to the state of good repair for capital asset maintenance and replacement and strong debt service coverage ratios.

FY 2022 Highlights

DART completed or continues to advance several key projects including:

2045 Transit System Plan – In January 2022, the DART Board approved the 2045 Transit System Plan. The Transit System Plan focuses on opportunities under five themes: Rider Experience, Mobility and Innovation, Service and Expansion, Land Use and Economic Development, and Collaboration. Each theme includes a series of goals and actions with timeframes and responsibilities. Although we were able to fund some of the 2045 Plan, there remains projects such as LRT modernization/Unified Signalization estimated at \$1.0 billion that are not funded in the Proposed Plan. Several near-term action items are underway or will be initiated in FY 2023 including:

- Bus Shelter re-design collaboration with the University of Texas at Arlington (UTA) School of Architecture and AIA Dallas (American Institute of Architects)
- Bus Corridor Improvement Program to define investments that will improve the speed and reliability of our frequent bus network
- Mobility Hub guidelines to identify key elements and features to transform and modernize our transit facilities to meet the needs of today's customers and improve overall mobility within the communities we serve
- Bus Fleet transition plan to outline the Agency's strategy for future technology

Improved Bus Service – DART implemented a New Bus Network in January 2022, including ridership-oriented features like frequency improvements, wider service spans, and more weekend service, along with coverage-oriented features like GoLink expansion. We now plan to build upon that effort through development of a comprehensive Bus Improvement Program that will guide service-related operating and capital improvements over the near- and long-term.

The Bus Improvement Program is intended to continue DART's focus on improving customer experience. The goal will be to enhance bus service, operations, and facilities, position DART for external funding opportunities, and align DART with City plans and goals to enhance transit within the communities we serve. DART will be working on all six efforts simultaneously during FY 2023.

Six key program elements have been identified so far, including:

1. **Service Expansion:** Phase 2 of the bus network redesign effort.
2. **Bus Corridor Investments:** Defining capital investments in key bus corridors to enhance speed, reliability, and accessibility.
3. **Passenger Amenities & Facilities:** Actively deploy new passenger amenities and complete a design competition for the bus shelter of the future.



4. Fleet Transition Plan: Address bus fleet needs for future procurements, including technology options.
5. Operating Facilities Master Plan: Identify improvements and changes to existing DART operating support facilities.
6. Comprehensive Fare Study: Evaluate potential changes to DART's fare policy and structure.

Red and Blue Line Platform Extensions – Construction to modify 28 stations was completed in April 2022 under an FTA CIG program Full Funding Grant Agreement (FFGA). All four LRT lines can now operate 3-car trains, enhancing the passenger capacity of the entire system. Five of the 28 platforms were fully raised to support all low-floor boarding with our future fleet replacements.

Board Approvals

The approval of the Annual Budget requires a simple majority vote of the DART Board of Directors. Approval of the Twenty-Year Financial Plan requires an affirmative vote of two-thirds of the appointed and qualified members of the Board. Approval to spend monies from the Mobility Assistance and Innovation Fund requires an affirmative vote of two-thirds of the appointed and qualified members of the Board.

The DART Board of Directors is scheduled to approve these items on September 27, 2022.



FY 2023 Proposed Twenty-Year Financial Plan

DART's Twenty-Year Financial Plan (the "Plan") represents a robust long-term projection of DART revenues, operating expenses, capital expenditures, and other financial information. The Plan validates the affordability of system expansion and maintenance commitments, operating requirements, and debt repayment. An updated Plan is approved each year and amended during the year, if necessary.

The Proposed FY 2023 Twenty-Year Financial Plan demonstrates that DART has the financial capacity to meet commitments to our major programs and to provide the programmed levels of bus, rail, and other transportation services based on current information and assumptions.

Financial Plan Format

Each category in the FY 2023 Twenty-Year Financial Plan is described in detail in this section of the document:

- 1) Sources of Funds
 - a) Sales Taxes
 - b) Operating Revenues
 - c) Interest Income
 - d) Federal Funding
 - e) Debt Issuance
 - f) Other Sources
- 2) Uses of Funds
 - a) Operating Expenses
 - b) Capital and Non-Operating Expenditures
 - c) Debt Program
- 3) Supplemental Financial Information

The following pages also outline the major assumptions that we used to develop the FY 2023 Financial Plan, discuss changes from prior plans, and illustrate some potential financial risks and opportunities over the life of the Plan.

Please Note: Budget schedules are presented and rounded to millions or thousands (as indicated) but are based on actual raw numbers. Consequently, due to rounding, certain schedules may not tie exactly or add properly. In some cases, prior years' numbers have been restated to conform to the current year's format. All schedules are in fiscal years unless otherwise stated.



Exhibit 1
Proposed FY 2023 20-Year Financial Plan (\$ (in Millions - Inflated Dollars))

Line	Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
SOURCES OF FUNDS											
1	Sales Tax Revenues	\$818.9	\$859.9	\$894.3	\$921.1	\$921.1	\$958.0	\$1,005.8	\$1,066.2	\$1,119.5	\$1,164.3
2	Operating Revenues	49.6	58.1	65.6	67.6	73.7	74.7	75.7	82.1	82.8	83.6
3	Interest Income	24.5	35.3	33.1	29.6	26.1	25.1	29.2	32.5	34.2	34.0
4	Formula Federal Funding	89.7	87.2	87.2	87.2	88.0	89.5	89.5	89.5	89.5	89.5
5	Discretionary Federal Funding	15.8	34.8	37.8	70.2	59.1	35.9	521.7	247.4	219.7	187.6
6	Long-term Debt Issuances	360.8	733.2	280.0	196.1	360.0	360.0	200.0	300.0	200.0	215.7
7	Commercial Paper Issuances	0.0	0.0	100.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0
8	Other Operating Contributions	17.5	18.6	21.4	23.0	22.0	22.6	23.3	23.9	24.6	25.3
9	Other Capital Contributions	10.3	26.9	24.5	41.3	33.2	27.2	14.4	17.5	10.4	9.0
10	Total Sources of Funds	\$1,387.2	\$1,853.9	\$1,543.9	\$1,536.1	\$1,683.2	\$1,692.9	\$1,959.6	\$1,859.1	\$1,780.7	\$1,809.0
USES OF FUNDS											
Operating Expenses:											
11	Bus	\$333.7	\$341.5	\$349.5	\$356.3	\$367.6	\$377.8	\$392.9	\$402.1	\$411.7	\$421.1
12	Light Rail Transit	203.2	207.9	212.5	216.0	222.3	226.4	232.1	238.0	243.7	249.2
13	Streetcar	1.9	1.9	2.0	4.8	5.8	5.9	6.1	6.2	6.3	6.5
14	Commuter Rail/RR Management	45.2	47.6	69.3	76.6	78.8	81.0	83.3	85.6	88.1	90.5
15	Paratransit	43.4	45.5	47.4	49.6	52.5	54.2	55.9	57.6	60.3	63.0
16	GoLink	10.5	11.9	12.2	12.4	12.7	13.0	13.3	13.6	13.9	14.3
17	Total Operating Expenses	\$637.9	\$656.4	\$692.9	\$715.8	\$739.8	\$758.3	\$783.5	\$803.2	\$824.0	\$844.5
	<i>Operating+P&D+Start Up</i>	<i>\$653.8</i>	<i>\$683.2</i>	<i>\$711.1</i>	<i>\$733.4</i>	<i>\$757.3</i>	<i>\$776.3</i>	<i>\$801.9</i>	<i>\$822.0</i>	<i>\$843.3</i>	<i>\$864.2</i>
Capital Projects and Non-Operating:											
18	Agency-Wide	\$34.5	\$41.7	\$44.4	\$34.8	\$25.1	\$23.4	\$16.7	\$13.6	\$14.7	\$20.2
19	Bus	10.2	29.6	120.2	152.2	129.0	89.2	35.9	29.3	16.1	65.2
20	Light Rail Transit	73.0	125.9	332.2	214.3	396.4	442.5	447.4	454.9	426.6	356.1
21	Streetcar	4.3	12.1	31.7	37.0	18.4	0.0	0.0	0.1	0.3	0.0
22	Commuter Rail/RR Management	382.0	370.5	285.5	183.0	132.0	102.6	50.5	36.4	27.2	17.3
23	Paratransit	0.3	0.5	0.0	0.0	0.0	0.5	0.0	0.8	0.0	0.3
24	General Mobility - Road Impr./TTS	4.4	6.5	8.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0
25	Non-Operating	4.9	10.9	1.3	3.4	0.2	3.8	0.2	4.9	0.2	4.0
26	Capital P & D, Start-Up	16.0	26.8	18.2	17.6	17.5	18.0	18.4	18.8	19.3	19.7
27	New Programs (Distribution to Service Area Cities)	214.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
28	Ridership Improvement	110.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Total Capital and Non-Operating	\$854.1	\$624.4	\$841.5	\$643.4	\$718.8	\$680.1	\$569.0	\$558.9	\$504.4	\$482.8
Debt Service											
30	Principal Payments - Long-term Debt	\$78.0	\$76.0	\$79.1	\$82.2	\$84.1	\$86.8	\$93.9	\$103.7	\$112.3	\$129.5
31	Long-term Debt Interest Expense	145.2	146.5	154.9	166.1	176.3	193.5	207.7	215.8	224.9	230.9
32	Commercial Paper Interest Expense	0.0	0.0	1.8	5.3	8.8	12.3	14.0	12.3	8.8	5.3
33	Debt-Related Fees	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7
34	Total Debt Service Costs	\$223.7	\$223.1	\$236.3	\$254.1	\$269.8	\$293.2	\$316.3	\$332.4	\$346.6	\$366.3
35	Commercial Paper Debt Repayment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0
36	Total Uses of Funds	\$1,715.7	\$1,503.9	\$1,770.7	\$1,613.2	\$1,728.4	\$1,731.6	\$1,668.8	\$1,794.5	\$1,775.0	\$1,793.7
37	Net Inc (Dec) in cash	(\$328.5)	\$350.0	(\$226.8)	(\$77.2)	(\$45.2)	(\$38.7)	\$290.8	\$64.6	\$5.7	\$15.3
38	Change in Balance Sheet Accts	60.1	1.4	50.2	(39.7)	12.0	(7.6)	(79.9)	12.5	(16.5)	(9.4)
39	Cash, End of Period	724.0	1,075.3	898.7	781.8	748.7	702.3	913.3	990.4	979.6	985.4
40	Less: Cash Reserves & Restricted Funds	(81.8)	(81.7)	(81.7)	(81.7)	(81.7)	(81.6)	(81.5)	(81.4)	(81.3)	(81.1)
41	Less: Working Cash Requirement	(159.5)	(164.1)	(173.2)	(178.9)	(185.0)	(189.6)	(195.9)	(200.8)	(206.0)	(211.1)
42	Less: Mobility Assistance and Innovation Fund	(108.8)	(113.2)	(117.2)	(121.3)	(125.5)	(129.9)	(134.4)	(139.1)	(144.0)	(149.1)
43	Unrestricted Cash (Net Available Cash)	\$373.9	\$716.3	\$526.6	\$399.9	\$356.5	\$301.2	\$501.4	\$569.0	\$548.3	\$544.1
44	External Coverage Ratio	3.67	3.86	3.82	3.71	3.54	3.42	3.33	3.34	3.32	3.23
45	Internal Coverage Ratio	1.61	1.80	1.74	1.66	1.50	1.47	1.46	1.54	1.56	1.53
46	Total CP O/S End-of-Year	\$0.0	\$0.0	\$100.0	\$200.0	\$300.0	\$400.0	\$400.0	\$300.0	\$200.0	\$100.0
47	Total Long-Term Debt O/S End-of-Year	\$3,870.6	\$4,527.7	\$4,728.6	\$4,842.6	\$5,118.4	\$5,391.6	\$5,497.7	\$5,694.0	\$5,781.7	\$5,867.9



Exhibit 1(cont.)
Proposed FY 2023 20-Year Financial Plan (\$ (in Millions - Inflated Dollars))

Line	Description	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
SOURCES OF FUNDS											
1	Sales Tax Revenues	\$1,199.2	\$1,199.2	\$1,247.2	\$1,309.5	\$1,388.1	\$1,457.5	\$1,515.8	\$1,561.3	\$1,561.3	\$1,623.8
2	Operating Revenues	90.0	90.8	91.6	98.6	99.5	100.4	108.1	109.1	110.1	118.5
3	Interest Income	31.8	29.1	30.0	32.4	33.0	33.5	32.5	28.8	24.7	31.6
4	Formula Federal Funding	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5	89.5
5	Discretionary Federal Funding	116.1	72.2	79.3	0.0	0.0	17.7	18.3	9.0	6.6	0.0
6	Long-term Debt Issuances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	300.0
7	Commercial Paper Issuances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Other Operating Contributions	26.0	26.8	27.5	28.3	29.2	30.0	30.9	31.8	32.7	33.7
9	Other Capital Contributions	6.9	15.7	12.4	10.6	7.2	15.9	8.4	9.4	9.1	4.8
10	Total Sources of Funds	\$1,559.5	\$1,523.2	\$1,577.6	\$1,569.0	\$1,646.5	\$1,744.5	\$1,803.5	\$1,838.8	\$1,833.9	\$2,201.9
USES OF FUNDS											
Operating Expenses:											
11	Bus	\$430.9	\$440.7	\$451.2	\$460.7	\$471.1	\$480.1	\$491.4	\$502.9	\$514.7	\$526.4
12	Light Rail Transit	255.1	260.7	266.9	287.4	298.9	305.5	312.6	318.3	325.1	\$332.6
13	Streetcar	6.6	6.8	6.9	7.1	7.3	7.4	7.6	7.8	7.9	\$8.1
14	Commuter Rail/RR Management	93.1	95.7	98.5	101.1	103.9	106.8	109.9	112.9	115.3	\$118.4
15	Paratransit	65.8	68.7	71.9	75.0	78.4	81.8	85.6	89.4	93.4	\$97.5
16	GoLink	14.6	14.9	15.3	15.6	15.9	16.3	16.7	17.0	17.4	\$17.8
17	Total Operating Expenses	\$866.2	\$887.5	\$910.7	\$946.9	\$975.5	\$997.8	\$1,023.7	\$1,048.3	\$1,073.9	\$1,100.9
	<i>Operating+P&D+Start Up</i>	<i>\$886.3</i>	<i>\$908.1</i>	<i>\$939.9</i>	<i>\$971.2</i>	<i>\$997.6</i>	<i>\$1,020.4</i>	<i>\$1,046.8</i>	<i>\$1,071.9</i>	<i>\$1,098.1</i>	<i>\$1,125.6</i>
Capital Projects and Non-Operating:											
18	Agency-Wide	\$33.5	\$29.7	\$37.9	\$25.7	\$84.4	\$56.0	\$28.7	\$33.0	\$18.3	\$25.7
19	Bus	33.0	27.3	11.2	5.9	126.4	170.4	135.1	95.4	38.9	77.4
20	Light Rail Transit	229.1	121.1	104.6	46.7	47.9	40.4	219.9	368.4	344.5	140.3
21	Streetcar	0.1	0.0	0.0	0.3	0.0	0.0	0.0	0.2	0.4	0.0
22	Commuter Rail/RR Management	19.5	28.4	21.9	16.4	13.9	20.6	18.2	26.6	22.5	14.2
23	Paratransit	0.1	0.1	0.0	0.0	0.0	1.2	0.2	0.3	0.0	0.1
24	General Mobility - Road Impr./ITS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25	Non-Operating	3.2	4.3	1.6	4.5	0.3	5.1	0.3	6.7	0.3	5.4
26	Capital P & D, Start-Up	20.2	20.6	29.2	24.3	22.1	22.6	23.1	23.6	24.2	24.7
27	New Programs (Distribution to Service Area Cities)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
28	Ridership Improvement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Total Capital and Non-Operating	\$338.6	\$231.4	\$206.4	\$123.9	\$295.0	\$316.3	\$425.6	\$554.2	\$449.1	\$287.8
Debt Service											
30	Principal Payments - Long-term Debt	\$142.0	\$151.1	\$162.9	\$180.1	\$199.2	\$218.6	\$226.9	\$237.7	\$247.1	\$256.8
31	Long-term Debt Interest Expense	234.2	228.5	222.4	215.9	208.8	200.8	192.2	183.4	174.2	166.5
32	Commercial Paper Interest Expense	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.5
33	Debt-Related Fees	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.9
34	Total Debt Service Costs	\$378.6	\$380.3	\$386.1	\$396.8	\$408.7	\$420.2	\$419.9	\$421.9	\$422.1	\$430.7
35	Commercial Paper Debt Repayment	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
36	Total Uses of Funds	\$1,683.4	\$1,499.2	\$1,503.2	\$1,467.6	\$1,679.2	\$1,734.3	\$1,869.2	\$2,024.4	\$1,945.2	\$1,819.4
37	Net Inc (Dec) in cash	(\$123.9)	\$24.0	\$74.4	\$101.4	(\$32.7)	\$10.2	(\$65.8)	(\$185.5)	(\$111.3)	\$382.4
38	Change in Balance Sheet Accts	(29.0)	(22.5)	(16.7)	(17.1)	24.5	(0.1)	17.7	28.4	(15.1)	(46.7)
39	Cash, End of Period	832.6	834.0	891.6	975.9	967.8	977.9	929.8	772.7	646.3	982.1
40	Less: Cash Reserves & Restricted Funds	(80.9)	(80.7)	(80.4)	(80.1)	(79.7)	(79.3)	(78.8)	(78.3)	(77.2)	(76.0)
41	Less: Working Cash Requirement	(216.5)	(221.9)	(227.7)	(236.7)	(243.9)	(249.5)	(255.9)	(262.1)	(268.5)	(275.2)
42	Less: Mobility Assistance and Innovation Fund	(154.3)	(159.7)	(165.3)	(171.0)	(177.0)	(183.2)	(189.6)	(196.3)	(203.1)	(211.0)
43	Unrestricted Cash (Net Available Cash)	\$380.8	\$371.8	\$418.3	\$488.1	\$467.1	\$465.9	\$405.4	\$236.0	\$97.5	\$419.9
44	External Coverage Ratio	3.19	3.16	3.24	3.31	3.40	3.48	3.62	3.71	3.71	3.84
45	Internal Coverage Ratio	1.52	1.44	1.49	1.54	1.63	1.70	1.80	1.83	1.77	1.88
46	Total CP O/S End-of-Year	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
47	Total Long-Term Debt O/S End-of-Year	\$5,725.9	\$5,574.8	\$5,411.9	\$5,231.7	\$5,032.6	\$4,814.0	\$4,587.1	\$4,349.4	\$4,102.3	\$4,145.5



Structural Balance of the Budget and Financial Plan

DART maintains a structural balance to its budget. This means that current period revenue inflows available for operating and debt service costs equal or exceed the ongoing cash requirements for the same costs. While DART does not have a policy that requires a balanced budget on an annual basis, the structural balance of the budget and the internal coverage ratio perform a related control function. Annual sources of funds are sufficient to pay for all ongoing obligations (operating and debt service) in every year of the Proposed FY 2023 Financial Plan. This can be seen on line 18 (highlighted in green) in Exhibit 1, noting that no cash needs to be used from reserves or debt to be issued in order to pay for operating expenses during any year of the Plan. For example, FY 2023 operating expenses are \$637.9 million. These ongoing obligations are funded by annual sources of funds, including operating revenues (\$49.6 million), interest income (\$25.3 million), federal formula funds for preventive maintenance (\$82.7 million), local funding contributions for TRE (from Trinity Metro) and Streetcar (from the City of Dallas) operations, other sources (\$17.5 million), and sales taxes (\$462.6 million). Exhibit 2, on the following page, illustrates how DART's sources of funds will be applied to uses of funds over the next 20 years.



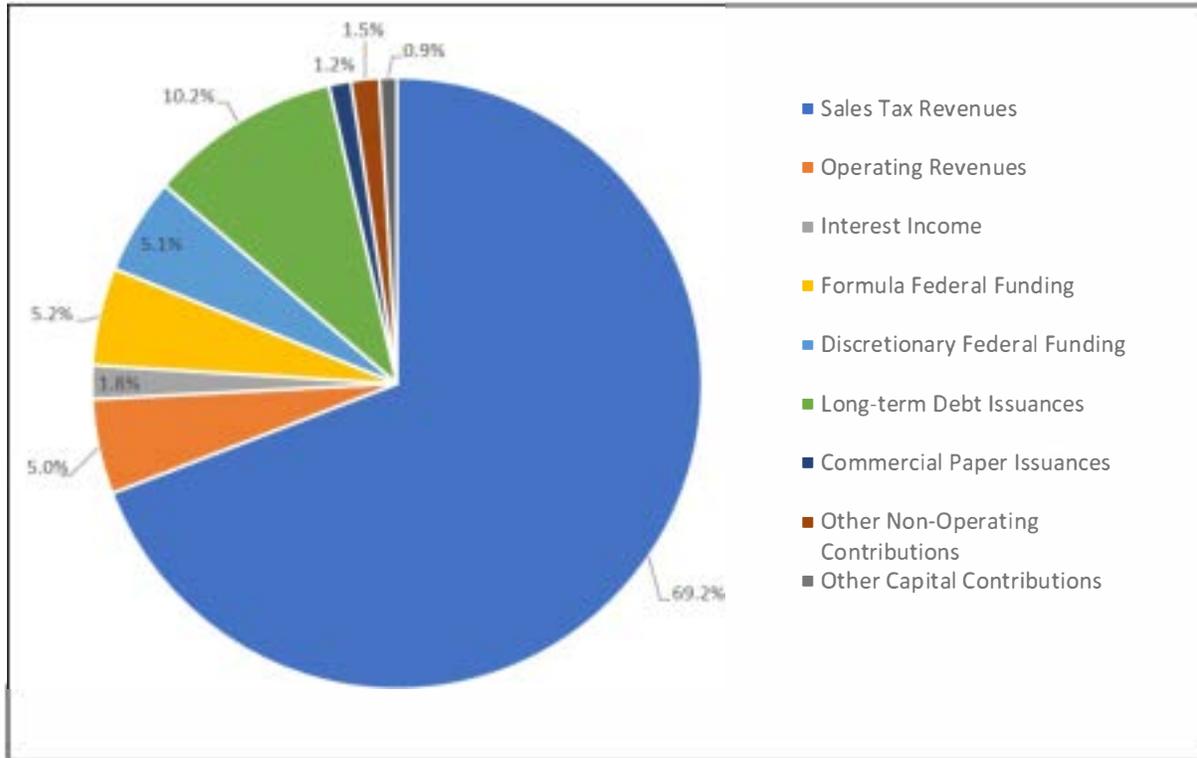
Exhibit 2
Proposed FY 2023 – FY 2042 Structural Budget Balance (\$ in Millions)

	Category	2023	2024	2025	2026	2027	Near Term	Long Term (2028-2042)	20 Years 2023 2042
1	Total Sources of Funds	\$1,387.2	\$1,853.9	\$1,543.9	\$1,536.1	\$1,683.2	\$8,004.4	\$26,399.6	\$34,403.9
2	Sales Tax Revenues	\$818.9	\$859.9	\$894.3	\$921.1	\$921.1	\$4,415.3	\$19,376.8	\$23,792.1
3	Operating Revenues	49.6	58.1	65.6	67.6	73.7	314.7	1,415.7	1,730.4
4	Interest Income	24.5	35.3	33.1	29.6	26.1	148.5	462.2	610.7
5	Formula Federal Funding	89.7	87.2	87.2	87.2	88.0	439.3	1,342.2	1,781.6
6	Discretionary Federal Funding	15.8	34.8	37.8	70.2	59.1	217.6	1,531.5	1,749.1
7	Long-term Debt Issuances	360.8	733.2	280.0	196.1	360.0	1,930.1	1,575.7	3,505.8
8	Commercial Paper Issuances	0.0	0.0	100.0	100.0	100.0	300.0	100.0	400.0
9	Other Operating Contributions	17.5	18.6	21.4	23.0	22.0	102.6	416.7	519.3
10	Other Capital Contributions	10.3	26.9	24.5	41.3	33.2	136.2	166.0	302.2
11	Operating Expenses	\$637.9	\$656.4	\$692.9	\$715.8	\$739.8	\$3,442.8	\$13,845.0	\$17,287.7
	Funding Sources:								
12	Operating Revenues	\$49.6	\$58.1	\$65.6	\$67.6	\$73.7	\$314.7	\$1,415.7	\$1,730.4
13	Interest Income	24.5	35.3	33.1	29.6	26.1	148.5	462.2	610.7
14	Formula Funds	82.7	82.7	82.7	82.7	83.5	414.5	1,275.2	1,689.7
15	FWTA TRE Ops / Dallas Streetcar Contributions	15.1	16.0	18.4	19.9	20.7	90.1	394.0	484.2
16	Other Non-Operating Sources	2.4	2.6	3.0	3.1	1.3	12.5	22.7	35.1
17	Sales Taxes allocated to Operations	463.5	461.6	490.1	512.8	534.4	2,462.4	10,275.2	12,737.6
18	General Operating Fund (existing cash)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	Total Funding Sources	\$637.9	\$656.4	\$692.9	\$715.8	\$739.8	\$3,442.8	\$13,845.0	\$17,287.7
20	Capital/Non Operating Expenditures	\$854.1	\$624.4	\$841.5	\$643.4	\$718.8	\$3,682.1	\$6,023.5	\$9,705.7
	Funding Sources:								
21	Formula Funds	\$6.9	\$4.5	\$4.5	\$4.5	\$4.5	\$24.8	\$67.1	\$91.9
22	Discretionary Grant Funds	15.8	34.8	37.8	70.2	59.1	217.6	1,531.5	1,749.1
23	Current Debt Issuances	294.7	558.3	380.0	296.1	195.4	1,724.5	1,337.3	3,061.8
23	Other Capital Sources	10.3	26.9	24.5	41.3	33.2	136.2	166.0	302.2
24	Sales Taxes Allocated to Capital	131.8	0.0	167.9	154.2	116.9	570.7	2,316.0	2,886.8
25	General Operating Fund/Prior Debt Issues	394.6	0.0	226.8	77.2	0.0	698.5	605.7	1,304.2
25	Existing cash/prior year Excess Sales Tax	214.3	0.0	0.0	0.0	0.0	214.3	0.0	214.3
26	Ridership Improvement	110.3	0.0	0.0	0.0	0.0	110.3	0.0	110.3
26	Total Funding Sources	\$854.1	\$624.4	\$841.5	\$643.4	\$409.0	\$3,372.3	\$6,023.5	\$9,395.9
32	Debt Service Costs (incl CP repayment)	\$223.7	\$223.1	\$236.3	\$254.1	\$269.8	\$1,207.0	\$6,120.1	\$7,327.1
	Funding Sources:								
33	Sales Taxes Allocated to Debt Service	\$223.7	\$223.1	\$236.3	\$254.1	\$269.8	\$1,207.0	\$5,720.1	\$6,927.1
34	CP Retirement (existing cash/prior year sales taxes)	0.0	0.0	0.0	0.0	0.0	0.0	400.0	400.0
35	Total Uses of Funds	\$1,715.7	\$1,503.9	\$1,770.7	\$1,613.2	\$1,728.4	\$8,331.9	\$25,988.6	\$34,320.5
36	Net Differential Between Sources and Uses	(\$328.5)	\$350.0	(\$226.8)	(\$77.2)	(\$45.2)	(\$327.5)	\$411.0	\$83.5

Sources of Funds

Total sources of funds for the period FY 2023 through FY 2042 are projected to increase \$3.38 billion (10.9%) from the same period in the FY 2022 Plan. This reflects the net effect of several items. The details of the changes by category are shown in Exhibit 2 above. Exhibit 3 illustrates the distribution of DART’s sources of funds for the period FY 2023 – FY 2042. Each source of funding is detailed below.

**Exhibit 3
Proposed FY 2023 – FY 2042 Distribution of Sources of Funds**



Sales Tax Revenues (line 1 of the Financial Plan)

Sales tax revenues comprise 69.2% of DART’s total projected sources of funds through FY 2042 (78.0% of total sources excluding debt issuances). This is greater than the percentage as contained in the FY 2022 Financial Plan for the same 20-year period.

The method for estimating sales tax revenue for financial planning purposes is discussed in Financial Standard B-1, which states:

Sales tax revenue forecasts shall be based on a sales tax model developed specifically for the DART Service Area by an independent economist. To ensure a conservative sales tax estimate, the model’s projections may be reduced from the forecasted levels, but not increased for years 2-20 of the Twenty-Year Financial Plan. The most current year may be based on management’s best estimate. All such modifications shall be approved by the Board during the financial planning process.

DART traditionally bases its long-range sales tax growth and inflation factors on a forecast developed by an independent economic analysis firm (The Perryman Group), headed by M. Ray Perryman, Ph.D. DART has used Dr. Perryman’s models for many years. Even though sales tax receipts were below forecast during the COVID-19 pandemic during 2019 & 2020 financial years;



in general sales taxes have trended above forecast for the last three years (2019-2021), with year-over-year difference averaging 4.73%

As the impact of COVID-19 began to be felt initial estimates assumed a loss of 50% of sales taxes for March – September 2020 and a 25% reduction in total for FY 2021. This represented a loss of over \$340 million between FY 2020 – FY 2021, and \$1.3 billion between 2020 and 2039. There were significant uncertainties during the early stages of the pandemic around the impact on sales tax revenue. The actual experience has turned out to be not as dire as feared. Actual FY 2019 and FY 2020 collections were 0.6% and 2.0% below the projected amounts respectively. FY 2021 sales tax revenues did not decline as DART had expected, plus a retroactive adjustment was made leaving the Agency with an increase of 16.7% and 11.7% from the FY 2021 approved budget and from the FY 2021 amended budget respectively. FY 2022 sales tax receipts year-to-date through June receipts show an increase of 16.3% from the same period of FY 2021.

Beyond 2024, DART still bases its sales tax projections from The Perryman Group, with conservative principles applied to them.

DART has taken a different approach from previous years regarding incorporating sales taxes into the Financial Plan beginning in FY 2016. Instead of using the straight-line approach to sales tax growth which has been generated by the regression model provided by the Perryman Group, the 2016 Plan incorporated periodic mild recessions in seven-year cycles as an attempt to better match economic reality. As such, the Plan calls for zero-growth year every seven years with the thought that this methodology should enable the Financial Plan to better weather the inevitable economic flat spots in the road. Each zero-growth year is followed by a cyclical rebound for several years after that. With this approach, however, there are certain years in which the Financial Plan assumes higher rates of increase than the Perryman projections. Still, the overall growth rate over the 20-year life of the Plan is significantly lower and results in total sales tax revenues of \$3.18 billion (13.4%) less than if we had strictly used Perryman's projected growth rates for the next 20 years.

A comparison of projected sales tax growth rates from the FY 2022 Plan, the FY 2023 draft Plan, and the Perryman projections is shown in Exhibit 4.1 on the following page.

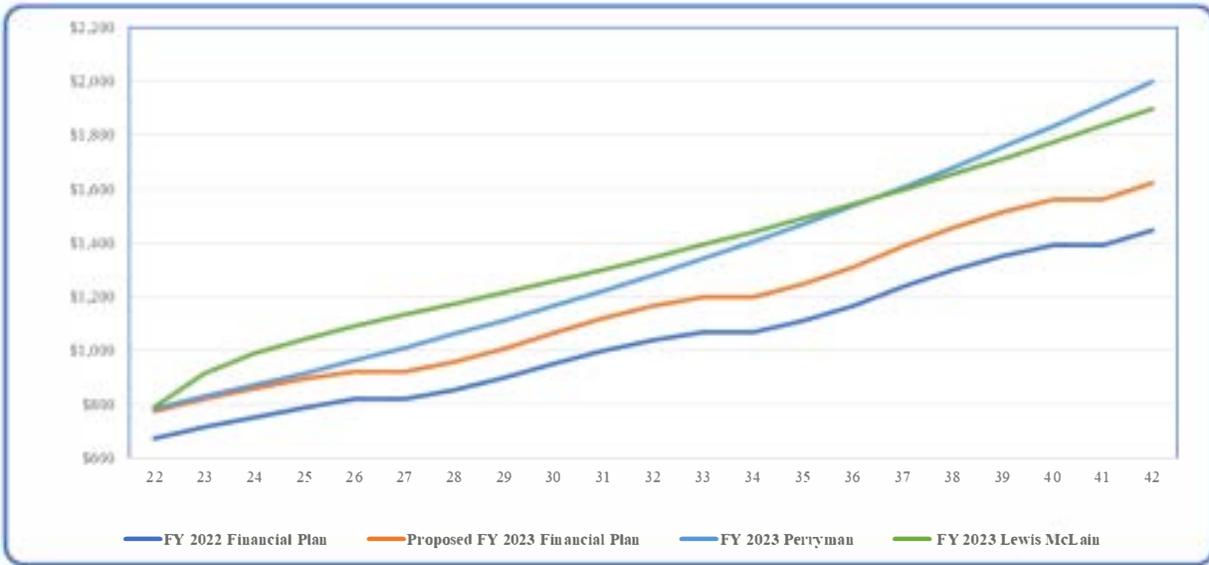


**Exhibit 4.1
20-Year Sales Tax Projection FY 2023 – FY 2042 (\$ in Millions)**

Year	FY 2022 Financial Plan		FY 2023 Draft Financial Plan		FY 2023 Perryman	
	%	\$	%	\$	%	\$
2022	0%	\$673.2	0%	\$772.6	0%	\$785.0
2023	6.0%	715.0	6.0%	818.9	5.3%	828.7
2024	5.0%	751.2	5.0%	859.9	4.9%	871.3
2025	5.0%	788.8	4.0%	894.3	4.8%	915.7
2026	4.0%	820.4	3.0%	921.1	4.8%	961.8
2027	0.0%	820.9	0.0%	921.1	4.8%	1,009.9
2028	4.0%	854.0	4.0%	958.0	4.7%	1,059.9
2029	5.0%	896.7	5.0%	1,005.8	4.7%	1,111.9
2030	6.0%	950.5	6.0%	1,066.2	4.6%	1,165.9
3031	5.0%	998.1	5.0%	1,119.5	4.6%	1,222.1
2032	4.0%	1,038.0	4.0%	1,164.3	4.6%	1,280.4
2033	3.0%	1,069.1	3.0%	1,199.2	4.5%	1,341.0
2034	0.0%	1,069.1	0.0%	1,199.2	4.5%	1,403.9
2035	4.0%	1,111.9	4.0%	1,247.2	4.4%	1,469.2
2036	5.0%	1,167.5	5.0%	1,309.5	4.4%	1,536.9
2037	6.0%	1,237.5	6.0%	1,388.1	4.4%	1,607.2
2038	5.0%	1,299.4	5.0%	1,457.5	4.3%	1,680.0
2039	4.0%	1,351.4	4.0%	1,515.8	4.3%	1,755.4
2040	3.0%	1,391.9	3.0%	1,561.3	4.3%	1,833.5
2041	0.0%	1,391.9	0.0%	1,561.3	4.2%	1,914.7
2042	4.0%	1,447.6	4.0%	1,623.8	4.2%	1,999.0
20-Year Total		\$21,171.0		\$23,792.1		\$26,968.4



Exhibit 4.2
20-Year Sales Tax Projection FY 2023 – FY 2042 (\$ in Millions)



Sales Tax Repayment – The Texas State Comptroller’s Office periodically conducts audits of entities responsible for the payment of state and local sales taxes. DART received overpayments of sales taxes of approximately \$13.2 million in 2006, \$3.6 million in 2008, and \$4.1 million in 2019. In an effort to mitigate the effects of this repayment on DART, the Comptroller agreed to a 16-year interest-free repayment schedule (\$824,000 per year through 2022) for the 2006 overpayment. The State Comptroller’s Office agreed to extend the \$824,000 repay for the 2008 overpayment, then in 2019 it was determined that DART was overpaid in the amount of \$4.1 million and was scheduled to be paid back between 2020 and 2023. These repayment obligations had been incorporated into the Plan, and all reported sales tax revenues in the Plan (and discussed in this document) were net of these repayments.

As of August 12, 2022, DART has repaid all outstanding overpayment amounts owed to the Texas Comptroller of Public Accounts, ahead of schedule.

**Operating Revenues** (line 2 of the Financial Plan)

Operating revenues are projected to contribute \$1.7 billion (5.0%) of DART's sources of funds through FY 2042. Exhibit 5 details projected operating revenues for the next 20 years.

Exhibit 5
Operating Revenues (\$ in Millions)

Operating Revenues	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fixed Route Passenger Revenues	\$34.6	\$42.1	\$48.8	\$50.3	\$55.7	\$56.3	\$56.9	\$62.5	\$62.8	\$63.1
Other Passenger Fares	2.1	2.7	3.0	3.1	3.5	3.5	3.5	3.9	4.0	4.1
Total Passenger Revenues	\$36.7	\$44.8	\$51.9	\$53.4	\$59.1	\$59.8	\$60.4	\$66.4	\$66.8	\$67.1
Leases & Rentals	\$7.5	\$7.7	\$7.9	\$8.1	\$8.3	\$8.5	\$8.7	\$9.0	\$9.2	\$9.4
Advertising	4.7	4.8	5.1	5.3	5.5	5.6	5.7	5.9	6.0	6.2
DCTA Access & Impact Fees	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Operating Revenues	\$49.6	\$58.1	\$65.6	\$67.6	\$73.7	\$74.7	\$75.7	\$82.1	\$82.8	\$83.6

Exhibit 5 (cont.)
Operating Revenues (\$ in Millions, continued)

Operating Revenues	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	20-Year Total
Fixed Route Passenger Revenues	\$68.7	\$69.0	\$69.3	\$75.4	\$75.7	\$76.1	\$82.8	\$83.2	\$83.5	\$90.9	\$1,307.5
Other Passenger Fares	4.4	4.5	4.7	5.1	5.2	5.3	5.8	5.9	6.1	6.7	\$7.1
Total Passenger Revenues	\$73.1	\$73.5	\$73.9	\$80.5	\$80.9	\$81.4	\$88.6	\$89.1	\$89.6	\$97.6	\$1,394.6
Leases & Rentals	\$9.7	\$9.9	\$10.2	\$10.4	\$10.7	\$11.0	\$11.2	\$11.5	\$11.8	\$12.1	\$192.7
Advertising	6.4	6.5	6.7	6.9	7.1	7.2	7.4	7.6	7.8	7.6	126.0
DCTA Access & Impact Fees	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	14.4
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	2.4
Total Operating Revenues	\$90.0	\$90.8	\$91.6	\$98.6	\$99.5	\$100.4	\$108.1	\$109.1	\$110.1	\$118.1	\$1,730.0

Passenger revenues are the primary component of operating revenues, representing approximately \$1.39 billion, or 80.6% of operating revenues. Passenger revenues continue to struggle. Because of the recent decline in average fare and delaying the scheduled fare increase from FY 2023 to FY 2024, this represents approximately a \$475.5 million reduction from the same 20-year period in the FY 2022 Financial Plan. Ridership & passenger revenue reflects the recent bus network redesign but has been revised downward. The proposed FY 2023 Financial Plan reflects more modest growth in ridership.

Actions to improve passenger revenue:

- DARTzoom service improvements and promotion



- EMV (Europay, MasterCard, and Visa)
- Introduction of new programs on the Fare Policy such as the flexible corporate program and loyalty program
- Continuous Station fare reinforcement activities and other actions to reinforce platform tapping
- Review of validator placements on platforms to make it easier to pay / remind customers to tap or activate
- Improvement in, and expansion of GoLink service.

Business Planning Parameter FS-B2 states, "the Board will consider fare modifications from time to time to achieve Service Plan, ridership, and subsidy per passenger targets and to maintain DART's financial viability." The Financial Plan assumes fare increases will occur every three years, with each resulting in an increase of approximately 9% to the average fare.

In the FY 2022 Plan, the next fare increase was scheduled to occur in FY 2023 but with the effect of Covid-19 on ridership continuing, the financial plan defers this increase by one year, to FY 2024. All subsequent increases were also deferred by one year to maintain the three-year schedule.

The reduction in ridership due to COVID-19 has also impacted average fare. Even though a slight ridership rebound was observed during FY 2021 and FY 2022, the increase was on the reduced fare customers. As we continue to recover from the pandemic, ridership may continue to increase but long-term travel patterns remain unclear. This change in average fare may be due to changes in the base fare, changes in pass pricing, discount eligibility, or changes in behavior or pass product use by passengers. As ridership recovers, average fare is also expected to rise, even without a fare increase. This is presented in Exhibit 6, which details the projected fixed-route average fares by mode over the life of the Plan.



**Exhibit 6
Projected Fixed-Route Average Fare**

Year	Bus	LRT	CR	Silver Line	Streetcar	Fixed Route
FY23	\$0.56	\$0.81	\$1.76	\$0.00	\$0.37	\$0.76
FY24 - FY26	\$0.61	\$0.88	\$1.92	\$0.88	\$0.37	\$0.82
FY27 - FY29	\$0.67	\$0.97	\$2.10	\$0.97	\$0.37	\$0.89
FY30 - FY32	\$0.73	\$1.06	\$2.30	\$1.06	\$0.37	\$0.97
FY33 - FY35	\$0.80	\$1.15	\$2.51	\$1.15	\$0.37	\$1.06
FY36 - FY38	\$0.87	\$1.26	\$2.74	\$1.26	\$0.37	\$1.15
FY39 - FY41	\$0.96	\$1.38	\$3.00	\$1.38	\$0.37	\$1.26
FY42	\$1.04	\$1.51	\$3.28	\$1.51	\$0.37	\$1.38

Operating revenues other than fare revenues include items such as advertising revenue, lease & rental income, contract service revenues from cities outside the service area, and shuttle service agreement revenue from UT-Dallas, Parkland Hospital, and Dallas County DART Rides.

Interest Income (line 3 of the Financial Plan)

Interest income is projected to contribute \$610.7 million (1.8%) of total sources of funds for the next 20 years. This is a \$71.4 million (3.1%) increase from the amount contained in the FY 2022 Plan, primarily reflecting upwardly revised interest rates and higher invested (cash) balances.

Interest income rates are estimated to average 3.0% throughout 2023, increasing up to nearly 4% by 2024 before sliding slightly to 3.5% from 2024 onwards. Long-term interest rates have been low from a historical perspective and are expected to increase slowly over the next few years. As rates rise, a positive spread is expected to develop (supported by historical data) between interest income and interest expense rates.

Federal Funding

Federal funds are included in two-line items: Formula Federal Funding and Discretionary Federal Funding.

Formula funds include the following: Urbanized Area Formula program (UAFP), State of Good Repair (§ 5337), Bus and Bus Facilities Formula Grants (§ 5339), and High-Density States and Growing States (§ 5340). For 2022, they also include ARP Act funding.



Discretionary funds are authorized under 49 U.S.C. § 5309 (New Starts/Core Capacity/Small Starts) and other programs such as Congestion Mitigation and Air Quality Improvement program (CMAQ) and the State of Texas Mobility Fund (TMF).

In the Surface Transportation Bill enacted in December 2015, known as the Fixing America's Surface Transportation Act, or "FAST Act," Congress provided funding for highways and transit through federal fiscal year 2020. The FAST Act was extended by one year in 2020. The FAST Act extension includes \$13.6 billion to maintain the Highway Trust Fund's solvency at current funding levels (\$47.1 billion for highway programs and \$12.3 billion for transit programs) through fiscal year 2021. This extension will provide much-needed funding certainty to state and local governments navigating significant revenue shortfalls due to the COVID-19 pandemic. The bill provides slight increases in the near-term over prior funding levels and affords DART an opportunity to develop and finance multi-year projects. Because Congress has chosen not to raise the federal gas tax, this federal transportation program can no longer be called a user-financed program. Instead, Congress transferred approximately \$70 billion from non-transportation sources to the Highway Trust Fund to ensure its solvency. This imbalance will grow during each year of the FAST Act, making the fiscal cliff much steeper and harder to address. The Congressional Budget Office in 2018 estimated that the Highway Trust Fund will need a transfer of \$161 billion by 2028, just to maintain the existing level of transportation spending. Pressure will build on the President and Congress to develop options that are politically viable to ensure the federal government can remain an effective partner in building and maintaining the nation's transportation infrastructure.

Formula Federal Funding (line 4 of the Financial Plan)

In response to the coronavirus pandemic, the federal government passed multiple relief laws designed to mitigate the negative economic impact of the pandemic. In 2022 DART received \$300 million in ARP Act funding. These funds are considered to be formula funds by nature, as they are not awarded on the basis of any particular capital project and may be used to fund operating and maintenance costs.

Formula funds are \$1.78 billion (5.2 % of total sources of funds) through FY 2042.

According to the Board-approved Financial Standard B10 "Formula funding for future years shall be forecast at the current year's funding level in order to ensure a conservative forecast." There may be some variances from year to year early in the Plan as some funds not spent in current and prior years may be rolled forward into future years. These levels are adjusted each year based on the most current information available. An exception to that would be for new rail segments. When service begins on the Silver Line in 2024, it will generate additional formula funds beginning in 2026. An estimate of \$2.3 million has been made for these additional funds annually, based on current federal apportionment values.



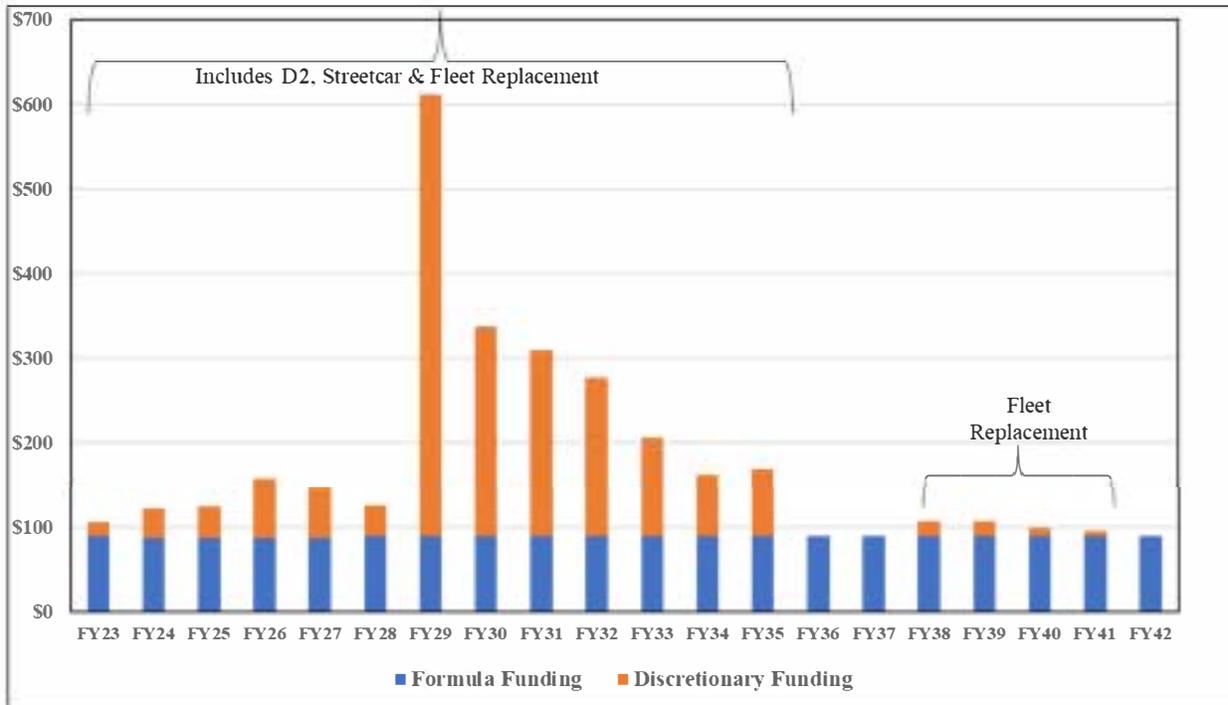
Discretionary Federal Funding (line 5 of the Financial Plan)

Discretionary federal funding comprises \$1.75 billion (5.1% of total sources) through FY 2042. This is a \$547.1 million (5.7%) increase over the FY 2022 Plan. The increase is primarily due to a larger grant value assumption for the second rail corridor through downtown Dallas (D2). The FY 2023 Plan assumed a \$1.434 billion grant for the D2 subway. If the grant is awarded the money will be expected to be received between 2029 and 2035.

DART has been very conservative regarding programming new discretionary federal funding into the Plan. Some of the other major projects with awarded or expected discretionary funding over the life of the plan include \$216 million mainly for core capacity and streetcar system expansion and various projects (2023 – 2027), \$97 million between 2028 and 2042 for replacement of the bus and commuter rail vehicle fleets.

Exhibit 7 details the anticipated receipt of both discretionary and formula Federal Funds over the life of the Plan. Formula funding is shown in blue and discretionary funding is shown in orange. It is easy to see the spikes in discretionary funding in the early years of the Plan for the programs described above.

Exhibit 7
Anticipated Capital Grant Funding (FY 2023 – FY 2042) (\$ in Millions)



**Long-Term Debt Issuance** (line 6 of the Financial Plan)

DART plans to issue approximately \$3.5 billion in new long-term debt over the next 20 years. The issuances include \$1.4 billion during FY 2026 - FY 2032 for D2 & Streetcar Line mentioned above, \$1 billion for light rail vehicle rehab and replacement, and \$186 million for the Silver Line project.

The long-term debt issuance also includes \$148 million for TRE vehicle replacement and other infrastructure projects. DART has been approved for a \$908 million loan from the Federal Railroad Administration's Railroad Rehabilitation & Improvement Financing (RRIF) program for construction of the Silver Line. Approximately \$50,000 of which has been received to date.

Commercial Paper Issuances (line 7 of the Financial Plan)

DART will issue \$400 million through 2028 as initial funding for the replacement of the bus fleet. Under a bank-backed Commercial Paper (CP) Program, and an Extendible CP Program, DART will use the initial funding mechanisms to support DART's capital programs up to a maximum authorized amount of \$125 million per program. DART has a bank-backed CP program with a maximum authorization of \$125 million. The bank-backed CP program is a program that has a third-party bank that promises to provide the funds if the seller cannot repay them. The third-party bank provides a revolving credit facility or letter of credit dedicated to commercial paper note repayments. The Extendible CP enables high credit quality issuers to place commercial paper without a bank-backed credit facility. Unlike bank-backed CP, in the event of a failed remarketing and assuming DART does not desire to redeem the Extendible CP with cash, the security is extended up to 180 days after the original 90-day term. And lastly, DART can issue long-term debt to replace the outstanding CP or retire it with cash.

DART has established a \$125 million maximum authorization Commercial Paper Self-Liquidity (CPSL) Program. Under the CPSL an investor that purchases a commercial paper note from DART has an expectation that when the note matures DART will return the par value of the note plus interest. DART maintains a reserve balance of at least two-time the CPSL debt service outstanding to repay CP notes. The ability to meet DART's CPSL debt service obligation is monitored by rating agencies and is reflected in the DART's short-term debt rating.

Other Operating & Capital Contributions (lines 8 & 9 of the Financial Plan)

These line items are predominantly composed of non-grant contributions from other public entities, such as: Trinity Metro's contribution toward its share of the operating and capital costs for the Trinity Railway Express (TRE), City of Dallas contributions toward Streetcar Operating expenses, City of Irving contribution for the construction of the Rail stations capital cost & certain non-operating leases, service area city and other funding partner contributions for specific capital projects, and other miscellaneous contributions.

Other Operating sources of funds total \$519.3 million between FY 2023 and FY 2042 and represent 1.5% of total sources of funds for that same period. This category of funds increased \$5.0 million (1.7%) compared to the same period in the FY 2022 Plan, primarily due to the City of Dallas's related contribution to operating costs.



Uses of Funds

Operating Expenses (lines 11 – 17 of the Financial Plan)

DART implemented a complete Bus Network Redesign effective January 2022 consistent with the FY 2022 Budget and 20-year financial plan. Looking a little further down the road, the Plan includes even more service enhancements; a new infill station along the Orange Line in Irving (Loop 12), Commuter Rail service along the Silver Line corridor from Plano to DFW Airport in 2024, an expanded Streetcar Rail network in 2028, and the second light rail alignment through downtown Dallas (D2) currently anticipated to begin service in 2028.

Total operating expenses for FY 2023 through FY 2042 are projected to be approximately \$17.3 billion, an increase of \$1.9 billion (12.6%) from the amount in the FY 2022 Plan over the same period of time, primarily due to service changes of DARTzoom and the compensation study implementation.

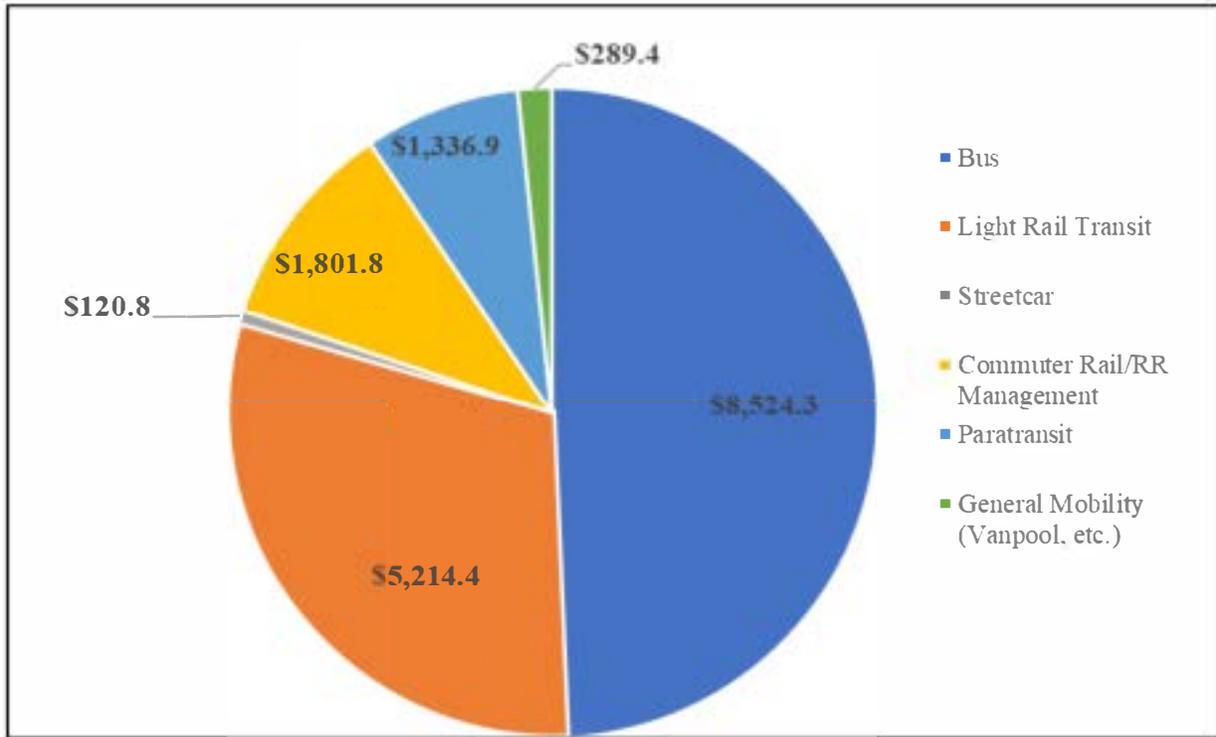
DART's FY 2023 Operating Budget is \$637.9 million, which is \$57.5 million greater than the FY 2022 operating budget of \$580.4 million.

Growth in operating expenses that are built into the Financial Plan for future years are controlled from a policy perspective by Financial Standards B-3, B-4, and B-5. Standards B-3 and B-4 relate to fixed-route service, which accounts for approximately 92% of projected operating costs over the next five years. The primary cost drivers for the variable expenses of fixed-route service are the number of miles, hours, and vehicles in service, contract rates for purchased transportation (TRE), fuel/electricity prices, security, technology, and health care.



Exhibit 8 shows the modal distribution of total operating expenses.

Exhibit 8
Operating Expenses by Mode FY 2023 – FY 2042 (\$ in Millions)





Modal Expenses (lines 11 – 17 of the Financial Plan)

Exhibit 9 compares the projected 20-year modal operating expenses (2023 - 2042) based on the Proposed FY 2023 Financial Plan.

Exhibit 9
20-Year Modal Expense Comparison FY 2023 – F Y 2042 (\$ in Millions)

	FY22 FP	Proposed FY23 FP	\$ Variance FY22 to FY23	% Variance FY22 to FY23
Bus	\$7,598.1	\$8,524.3	\$926.2	12.2%
Light Rail Transit	4,697.0	5,214.4	517.5	11.0%
Streetcar	138.3	\$120.8	(17.4)	(12.6%)
Commuter Rail/RR Management	1,541.7	\$1,801.8	260.1	16.9%
Paratransit	1,323.0	\$1,336.9	13.9	1.0%
General Mobility - TDM/GoLink*	55.4	\$289.4	234.1	422.8%
Total Operating Expenses	\$15,353.4	\$17,287.7	\$1,934.3	12.6%

* The General Mobility -TDM is replaced by GoLink in FY 2023. The Vanpool service was suspended during FY 2022.

The following details relate to the modal expense line items:

Each year, DART management reviews costs allocated to the various modes of service. During this review, estimates are made regarding how much of each functional division’s time and resources will be spent in support of each mode, how much will be spent on general and administrative responsibilities, and how much effort will be spent in support of DART’s capital programs. This can lead to some minor fluctuations in cost distribution among the modes from year-to-year as estimates may vary.

Bus expenses represent the largest modal portion of DART’s operating costs (49.3%) over the next twenty years. Twenty-year bus modal costs have increased by \$926.2 million (12.2%) from the FY 2022 Financial Plan as a result of service changes (DARTzoom and the impact of the cost per mile and hour (fuel and labor)).



Light rail operating costs have continued to represent an increasing percentage of DART's budget. FY 2023 Light rail operating costs have increased by 30.2% from the FY 2022 budget, mainly due to the impact of cost per mile and hour and the service impact of DARTZoom.

TRE Commuter Rail services are provided by Herzog Transit Services, Inc. The current contract began in FY 2016 and expires at the end of FY 2025. The contract includes service costs for TRE and Trinity Metro's TEXRail, which began service in January 2019. DART will exercise an option in the contract for Silver Line operations, dispatching and maintenance-of-way through the end of the contract. Fleet maintenance will be provided by Stadler Rail, the vehicle manufacturer.

Mobility Management Services (Paratransit) is operating under a contract with MV Transportation to provide passenger services.

The Proposed FY 2023 Operating Budget includes funding to equalize operating days and hours for GoLink service starting in early 2023; all 30 GoLink zones would operate 5am-Midnight seven days per week, matching current local bus service standards. DART will also expand the GoLink zone-to-zone pilot program, which allows customers to travel between different GoLink zones in certain situations and locations.

Capital and Non-Operating Expenditures (lines 18 – 29 of the Financial Plan)

Exhibit 10, below, compares capital expenditures by mode for the 20-year period 2023 – 2042 from the FY 2023 Plan to the FY 2022 Plan. The agency-wide category refers to capital projects that benefit more than one mode (e.g., renovations to the DART headquarters building, ERP system purchase/implementation costs, etc.).



Exhibit 10
Comparison of 21-Year Capital Expenditures (2023 – 2042) (\$ in Millions)

Description	FY22 FP	Proposed FY23 FP	\$ Variance FY22 to FY23	% Variance FY22 to FY23
Agency-Wide	\$517.5	\$641.8	\$124.3	24.0%
Bus	1,228.6	1,397.9	169.3	13.8%
Light Rail Transit	4,046.2	4,932.2	886.0	21.9%
Streetcar	104.8	104.8	0.0	0.0%
Commuter Rail/RR Management	1,212.9	1,789.3	576.4	47.5%
Paratransit	5.1	4.6	(0.4)	(8.8%)
General Mobility - Road Impr./ITS	20.0	20.0	0.0	0.0%
Non-Operating	22.4	65.6	43.2	192.7%
Capital P & D, Start-Up	376.3	424.9	48.6	12.9%
New Programs (Distribution to Service Area Cities)	15.0	214.3	199.3	1,328.5%
Ridership Improvement	0.0	110.3	110.3	n/a
Total Capital Expenditures	\$7,548.7	\$9,705.7	\$2,156.9	28.6%

Capital and Non-Operating expenditures are budgeted at \$854.1 million for FY 2023 and \$9.7 billion for the 20 years through FY 2042. This is 28.6% more than the FY 2022 Plan over the same period. This reflects the revised cash flows.

The list of major Capital and Non-Operating projects (including all new projects) is shown as Exhibit 12, on page 34.

General Mobility, Road Improvement, and Intelligent Transportation Systems (ITS) Programs (line 24 of the Financial Plan)

Financial Standard B-7 limits General Mobility Road Improvement Programs to funding allowed under the terms of the approved Interlocal Agreements (ILA). Road improvement programs include the Principal Arterial Street System (PASS), Transportation System Management (TSM), Transit Related Improvement Programs (TRIP), and ITS projects. These programs total \$20.0 million over the next 20 years.

**Non-Operating Costs** (line 25 of the Financial Plan)

Non-operating costs relate to projects/programs that do not meet capitalization criteria for accounting purposes, are not operating costs, and are not capitalized as a DART asset. Examples of non-operating costs include consulting costs for the Transit System Plan revision, the Transit-Oriented Development study, and the Regional On-Board Survey. These costs total \$4.9 million in FY 2023 and \$65.6 million through 2042.

Capital Planning & Development and Start-up Costs (line 26 of the Financial Plan)

Capital Planning & Development (Capital P&D) and Start-up costs are predominantly internal staff and consulting costs associated with planning, designing, managing, constructing, and opening new capital projects such as the light rail system. Financial Standard B-8 limits capital planning costs to no more than 7% of the total operating budget and start-up costs to no more than 60% of the first year's operating costs.

Capital P&D & Start-up costs are budgeted at \$16.0 million for FY 2023 (1.7% of the operating budget), and \$424.9 million over the 20-year period of the Plan.

There are no Start-up expenses programmed for 2023. Start-up costs over the life of the plan total \$23.3 million, including costs for the Silver Line, D2 and the Dallas Streetcar expansion.

New Programs (Distribution to Service Area Cities) (line #27 of the Financial Plan)

This year, the budget and financial plan includes a \$214.3M budget from the excess Sales Tax Revenue Funds in the Fiscal Year 2023 Budget and Fiscal Year 2023 Twenty-Year Financial Plan for Board Consideration for Allocation of Funds to Service Area Cities for the public transportation system or for complementary transportation system purposes consistent with Chapter 452 of the Texas Transportation Code.

During the COVID pandemic, DART received federal relief operating funds which the agency used according to federal guidelines for COVID-related supplies and cleaning, as well as regular operating expenses, and to replace fare revenue. As a result of these federal funds, DART did not utilize all sales tax collections. These offset sales tax revenues, previously unallocated, will now be distributed to the cities to be used for the public transportation system or complementary transportation system purposes which include:

- Special transportation services for a person who is elderly or has a disability,
- Medical transportation services,
- Assistance in street modifications as necessary to accommodate the public transportation system,
- Any other service that complements the public transportation system, including providing parking garages

**Ridership Improvement (Security, Cleanness and Reliability)** (line #28 of the Financial Plan)

The Mobility Assistance and Innovation Funds (MAIF) established in FY 2021 has a balance of \$110.3M as of December 31, 2021. The Board has directed staff to allocate the funds in the Fiscal Year 2023 budget & Twenty-Year Financial Plan for the purpose of providing on an equitable basis enhanced security, cleanliness, and reliability of the DART System.

State-of-Good Repair (SGR) Reserves

A variety of reserves exist within the capital program. These reserves represent placeholders within the Financial Plan that are either for known capital asset maintenance and replacement cycles, or for funds that are set aside for projects of a specific type, for which the exact nature, timing, and amount is unknown at the present time. When a project that is to be funded from a specific reserve is requested and approved, the new project is given its own specific line in the capital program, and the balance of the reserve is reduced by the budgeted cost of the new project. Reserve balances are reviewed on an annual basis to ensure they are adequate to cover future needs for each respective mode and expenditure type.

The FY 2023 Financial Plan includes \$5.76 billion in capital reserves and amounts dedicated to “State-of-Good-Repair” (SGR) over the next 20 years. These reserves ensure that DART will be able to maintain assets to provide safe and efficient transportation services and provide for timely replacement of assets. These reserves constitute over 59.4% of the total 20-year capital project expenditures.



Capital Projects Summary

The capital projects for FY 2023 and the 20-year totals in the Plan have been summarized by categories. The category totals are provided for each transportation mode (bus, commuter rail, and agency-wide, etc.)

The following project categories were used:

- Guideway
- Passenger stations
- Administrative buildings
- Maintenance buildings
- Revenue vehicles
- Service vehicles (non-revenue)
- Fare revenue collection equipment
- Communications and information systems
- Other

Capital projects include equipment and furniture integral to buildings and structures.

Guideways

This includes the costs for design and engineering, land acquisition and relocation, demolition, and purchase or construction of guideway. It also includes the buildings and structures dedicated for transit operations such as:

- Elevated and subway structures tunnels and bridges
- Track and power systems for rail modes
- Paved highway lanes dedicated to fixed-route modes

Guideway does not include passenger stations and transfer facilities, but pull-ins, or Communication systems.

Passenger Stations

Capital expenses for passenger stations include the costs for design and engineering, land acquisition and relocation, demolition, and purchase or construction of stations. Passenger stations include park-and-ride facilities.

Administrative Buildings

Capital projects for administrative buildings include the costs for design and engineering, land acquisition and relocation, demolition, and purchase or construction.

Administrative buildings are the general administrative offices owned by the Agency.



Maintenance Buildings

Capital expenses for maintenance buildings include the costs for design and engineering, land acquisition and relocation, demolition, and purchase or construction of the maintenance buildings.

Maintenance buildings include garages, shops, operations centers, and equipment that enhance maintenance, such as diagnostic equipment.

Revenue Vehicles

Capital expenses for revenue vehicles include acquisition and major rehabilitation of the vehicles. The cost of the vehicle includes both the vehicle and all fixtures and appliances inside or attached to the vehicle. When equipment such as a farebox, radio, Automatic Vehicle Locator (AVL), or spare engine is included as part of the vehicle purchase, these items are part of the vehicle cost.

Capital funds for revenue vehicles include the following:

- Replacing a fleet — the replacement of revenue vehicles having reached the end of their service lives
- Rebuilding a fleet — the installation of new or rebuilt major components (e.g., engines, transmissions, body parts) and/or structural restoration of revenue vehicles to extend service life
- Overhauling a rail fleet — the one-time rebuild or replacement of major subsystems on revenue producing rail cars and locomotives, commonly referred to as midlife overhaul
- Expanding a fleet — the acquisition of revenue vehicles for expansion of transit Service

Service Vehicles

Capital expenses for the acquisition or rebuilding of service vehicles. Service vehicles include supervisor vans, tow trucks, mobile repair trucks, transit police cars, and staff cars. The cost of the vehicle includes both the vehicle and all fixtures and appliances inside or attached to the vehicle.

Fare Revenue Collection Equipment

Capital expenses for the acquisition or rebuilding of fare revenue collection equipment. Fare revenue collection equipment includes validators and automated fareboxes and related software, and ticket vending machines.

Communications and Information Systems

Capital for systems includes systems that process information, and communication systems that relay information between locations. A system is a group of devices or objects that form a network for distributing something or serving a common purpose (e.g., telephone, data processing systems). Communication systems include two-way radio systems between dispatchers and vehicle



operators, cab signaling, and train control equipment in rail systems, AVL systems, automated dispatching systems, vehicle guidance systems, telephones, facsimile machines, and public-address systems.

Information systems include computers, monitors, printers, scanners, data storage devices, and associated software that support transit operations. Associated software may include general office, accounting, scheduling, planning, vehicle maintenance, nonvehicle maintenance, and customer service programs.

Other

This group includes the capital expenses for other capital projects, including:

- Planning
- Studies

DART further categorizes expenditures as Maintenance (SGR) and Expansion (expansion of services, capacity, or function). The 20-Year FY 2023 Financial Plan includes \$3.5 billion for expansion (the Silver Line, D2 and Streetcar Expansion), and \$5.76 billion for maintenance/SGR.

Exhibit 18, on the following page, provides the groups of summaries of all capital projects in the FY 2023 Plan.



**Exhibit 11
Capital Projects Summary (\$ in thousands)**

Maintenance, Replacement, and Improvement				
Category	FY 2023	20-year Total	External Funds	Operating Expense (Saving)
Agency-Wide				
Administrative Building	\$3,575	\$81,262	\$0	\$0
Communication/ Information Systems	22,513	447,148	0	0
Fare Revenue Collection Equipment	905	1,852	0	0
Maintenance Building	4,464	27,685	0	0
Passenger Stations	325,897	327,534	0	0
Service Vehicles (non-revenue)	1,702	80,930	0	0
Total Agency-Wide	\$359,055	\$966,411	\$0	\$0
Bus				
Administrative Building	\$0	\$1,065	\$0	\$0
Communication/ Information Systems	415	118,218	0	5,509
Fare Revenue Collection Equipment	0	34,946	0	0
Guideway	0	37,138	0	0
Maintenance Building	3,851	99,844	0	46
Passenger Stations	1,716	71,857	0	1,867
Revenue Vehicles	4,231	1,034,783	\$94,773	1,087
Total Bus	\$10,212	\$1,397,850	\$94,773	\$8,509
Commuter Rail				
Communication/ Information Systems	\$0	\$51,782	\$26,002	\$0
Guideway	2,837	252,073	134,973	0
Maintenance Building	710	64,979	7,603	0
Passenger Stations	0	38,417	0	0
Revenue Vehicles	5,163	338,590	162,979	0
Total Commuter Rail	\$8,710	\$745,842	\$331,556	\$0



**Exhibit 11
Capital Projects Summary (\$ (in thousands) (cont.))**

Category	FY 2023	20-year Total	External Funds	Operating Expense (Saving)
LRT				
Administrative Building	\$5,957	\$24,886	\$0	\$0
Communication/ Information Systems	6,703	117,578	1,387	330
Fare Revenue Collection Equipment	0	46,147	0	0
Guideway	3,965	124,416	0	0
Maintenance Building	12,410	183,647	0	0
Passenger Stations	10,764	293,183	14,471	0
Revenue Vehicles	476	1,819,345	0	0
Service Vehicles (non-revenue)	569	17,791	0	0
Total LRT	\$40,845	\$2,626,993	\$15,858	\$330
Paratransit				
Maintenance Building	\$340	\$4,614	\$1,242	
Total Paratransit	\$340	\$4,614	\$1,242	\$0
Streetcar				
Revenue Vehicles	\$0	\$1,593	\$1,593	\$0
Total Streetcar	\$0	\$1,593	\$1,593	\$0
Road Improvement				
Total Guideway Road Improvement	\$4,363	\$19,977	\$0	\$0
Total Maintenance, Replacement and Improvement	\$423,526	\$5,763,280	\$445,022	\$8,839
Non-Operating				
Total Other	\$4,888	\$65,602	\$0	\$0



**Exhibit 11
Capital Projects Summary (\$ in thousands) (cont.)**

Expansion				
Category	FY 2023	20-year Total	External Funds	Expense (Saving)
LRT				
D2	\$32,175	\$2,305,256	\$1,434,403	\$18,119
	\$32,175	\$2,305,256	\$1,434,403	\$4,893
Commuter Rail				
Silver Line	\$373,301	\$1,043,441	\$39,996	\$23,807
	\$373,301	\$1,043,441	\$39,996	\$23,807
Streetcar				
Streetcar Link & Northern Extension	\$4,266	\$103,194	\$55,097	\$3,296
	\$4,266	\$103,194	\$55,097	\$3,296
Total Expansion	\$409,742	\$3,451,891	\$1,529,496	\$31,996
Additional Capital-Related Costs				
Total Capital P&D, Start-up Costs	\$15,959	\$424,900	\$0	\$0
Grand Total	\$854,115	\$9,705,672	\$1,974,519	\$40,835



FY 2023 Major Capital Project List

Exhibit 12 contains a listing of major capital projects with their budgeted costs.

**Exhibit 12
Major Capital Projects (\$ in Millions)**

#	Project Description	Total Project Budget
1	Second Downtown Rail Line (D2)	\$2,363.5
2	Silver Line Construction	1,899.0
3	TRE Vehicle Replacement	295.1
4	Red and Blue Lines Platform Level Boarding	192.3
5	Dallas Central Streetcar Link	96.2
6	Amenity Replacement and Expansion	49.5
7	CROF and NWROF Facility Upgrades	32.8
8	COMMS P25 Radio System Upgrade	30.0
9	City Place Escalator Replacement	27.1
10	Walnut Hill- Design & CM service-PH2	25.3
11	Consolidated Dispatch Facility	15.0
12	Bus Onboard Passenger Information System	12.0
13	Loop 12 Station	12.0
14	35ft Battery Electric (EV) Long Range Buses	11.7

Dallas CBD Second Light Rail Alignment (D2 Subway)

Total Budget: 2,363,472,478

Funding Source(s): Grant: \$1,434,402,860; Debt/General Fund: \$929,069,618

Project Description

This project (known as D2 Subway) establishes a second light rail transit (LRT) line through Downtown Dallas by connecting two points: Victory Station and the North Central Corridor just north of the Southeast Junction. It would increase LRT capacity through Downtown Dallas, relieving congestion on the existing Bryan/Pacific Transit Mall and on the Downtown junctions, and increase capacity systemwide. It also would enhance operational flexibility and serve new markets.

An Alternatives Analysis/Draft Environmental Impact Statement (AA/DEIS) was completed in May 2010. The second phase of the AA effort was completed under an FTA grant to address comments and suggestions received during the AA/DEIS. That effort culminated with the DART Board's selection of a Locally Preferred Alternative (LPA) in September 2015. That decision led to the initiation of Project Development (PD) on the LPA in early 2016. On October 25, 2016, the Board approved the FY 17 Financial Plan, which included \$1.3 billion for development of an all-subway D2. This action marked a departure from the direction previously provided with the selection of the LPA. The new direction required a refinement of the LPA, where options that had been considered during the original AA/DEIS and possibly other corridors would be evaluated. This effort concluded with the Board approval of the Commerce via Victory/Swiss Alternative as the LPA on September 26, 2017. PD was re-initiated on the new LPA in Fall 2017. On March 20, 2018, FTA denied DART's request to extend PD to November 2019. At the same time, it withdrew the project from the Capital Investment Grant (CIG) program. FTA recommended that DART reapply to enter the Engineering phase after all required activities were completed. The Project Development effort on the Commerce via Victory/Swiss Alternative, which included Preliminary Engineering to 30% design and a FEIS/ROD was completed on April 9, 2021.



On March 24, 2021, the Dallas City Council approved the western half of the alignment (referred to as Zone A) but directed that staff review D2 project refinements, enhancements, and/or modifications for the area in Zone B (eastern half of the alignment). In response, DART jointly completed the evaluation with TxDOT, the City of Dallas, and NCTCOG between May and September 2021. This effort concluded with the approval of a preferred alignment (Option 3-7a) for the eastern half of the project which is reflected on the project map as the revised LPA. The revised LPA was approved by both the Dallas City Council and the DART Board on February 9 and February 22, 2022, respectively.

Assumptions in the initial FY 21 Twenty-Year Financial Plan reflected \$1.4 billion project cost and a conservative \$650 million external grant. The 30% project cost estimate is \$1.7 billion (2021\$) and \$1.9 billion (YOE). The Financial Plan was amended on May 25, 2021, to reflect the most recent estimate.

Project Status

The last Capital Investment Grant (CIG) Core Capacity submittal in September 2017 was based on the Commerce Alternative. The D2 submittal and project received a Medium-High rating. A submittal was made on August 27, 2021, to obtain an updated project rating to support Entry into Engineering. Upon conclusion of the technical phase of the East End Evaluation, DART submitted a letter to FTA on October 20, 2021, informing them about the postponement of the request to Enter the Engineering phase of the D2 Subway project.



As part of the request to enter Engineering, DART submitted several draft Readiness Documents to FTA. These documents include Project Management Plan (PMP), Risk and Contingency Management Plan, Constructability Review Report, Risk Register, Value Engineering Report, and an Independent Cost Review (ICR). These documents can be refreshed and updated when DART decides to move the project back into the CIG program.

The current project status is focused on preparing a scope of work to advance the new east end alignment to 30% design and gain environmental clearance. This would start summer of 2022 and be an 18–24-month process and include a new cost estimate. The DART Board will continue discussions on project timing. During this timeframe, opportunities for corridor preservation will be discussed and brought to the Board for consideration.

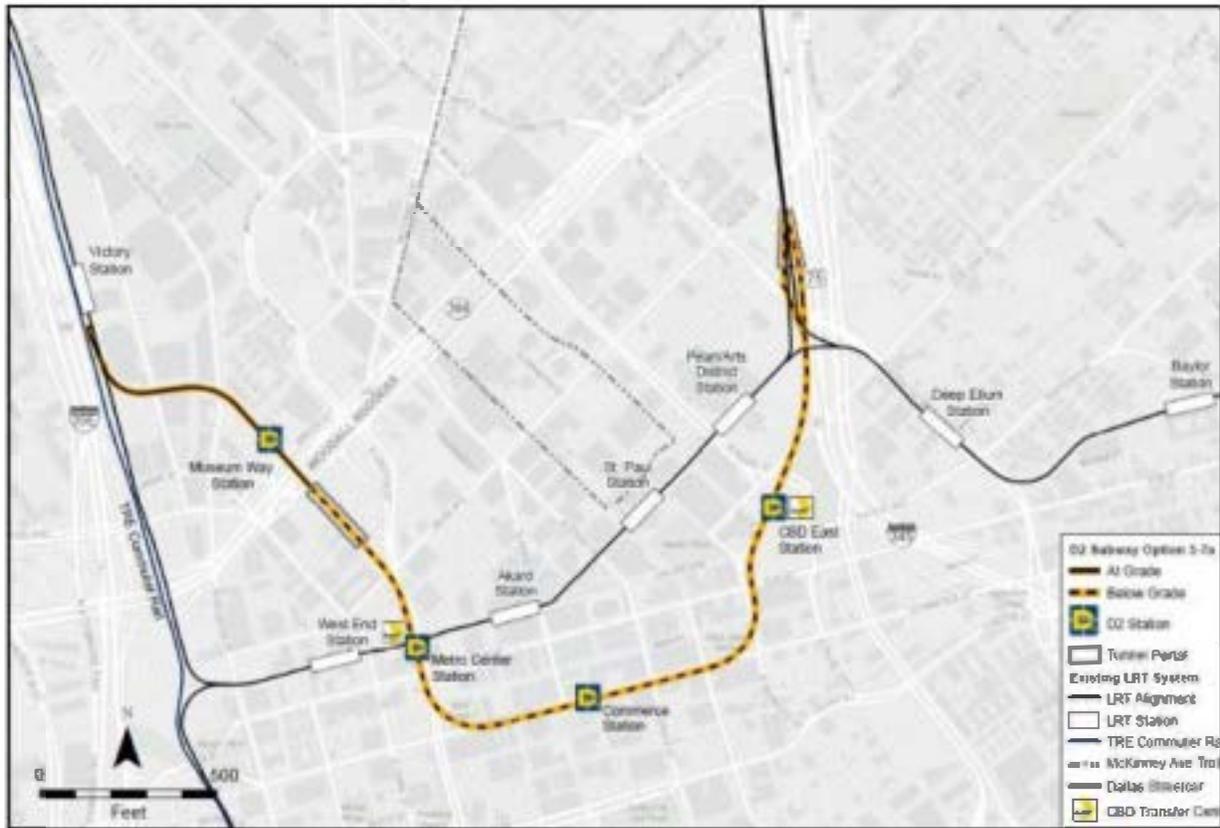
Project Issues

Key issues include the potential inclusion of non-revenue track in the Victory Park area and Board direction on corridor preservation opportunities.

DART is also taking the necessary steps to amend the Service Plan.

Agency technical and legal staffs from TxDOT, NCTCOG, City of Dallas, and DART continue to work on the finalization of an Interlocal Agreement/Memorandum of Understanding for review and approval by their respective decision-making bodies (DART Board, Dallas City Council).

Map-Revised LPA (approved 2/22/22)



Silver Line Corridor Regional Rail Project

Total Budget: \$1,899,000,000

Funding Source(s): Grant: \$144,325,599; Funding Partners/Debt/General Fund: \$846,674,401; Railroad Rehabilitation & Improvement Financing (RRIF): \$908,000,000

Project Description

The 26-mile regional rail Silver Line (aka Cotton Belt) Corridor extends from Dallas-Fort Worth International Airport (DFWIA) through the northern portion of the DART Service Area to Shiloh Road in Plano. The corridor passes through the cities of Grapevine, Coppell, Carrollton, Addison, Dallas, Richardson, and Plano. A total of 10 stations were approved by the DART Board on August 28, 2018. The Silver Line Project would interface with three DART LRT lines:

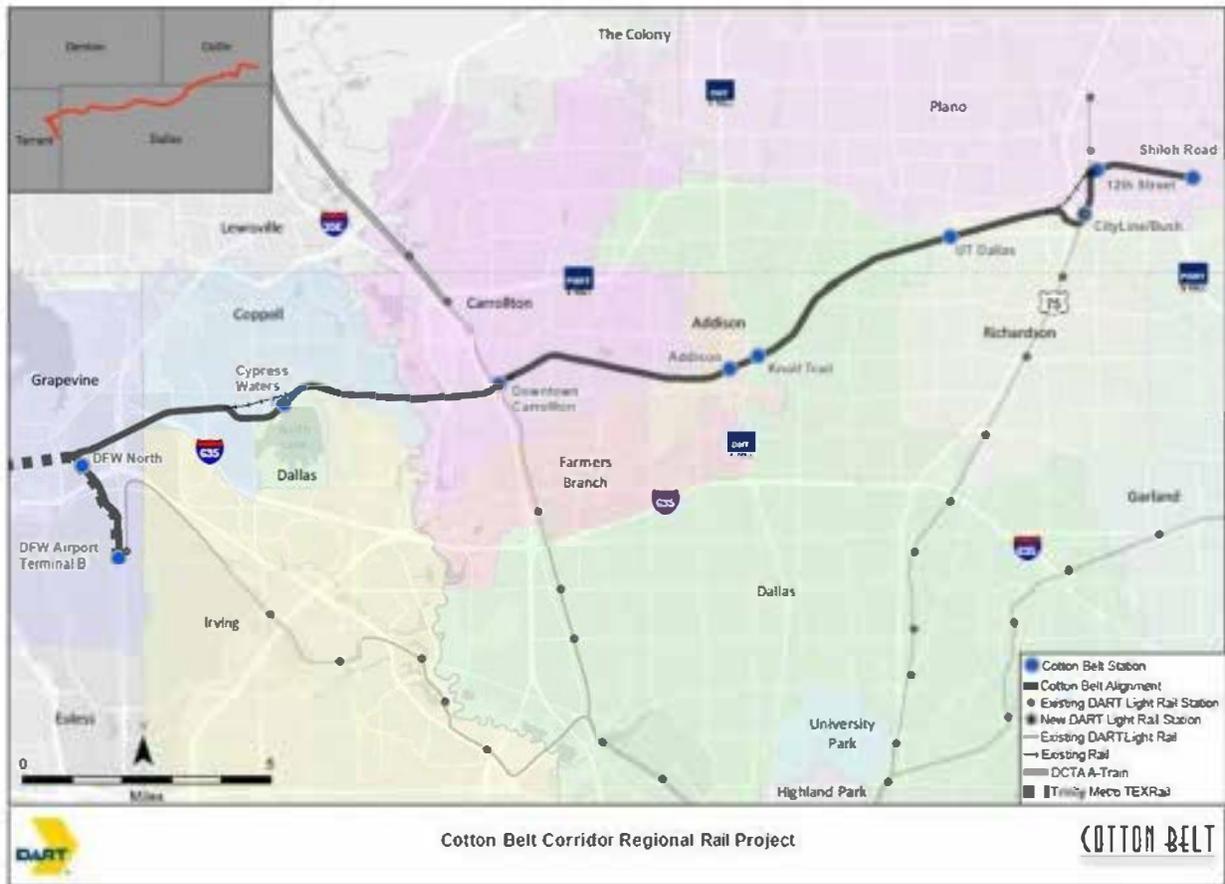


The Red/Orange Line in Richardson/Plano, the Green Line in Carrollton, and the Orange Line at DFW Airport. Also, at DFW Airport, the project would connect to the TEXRail Regional Rail Line to Fort Worth, and the DFW Airport Skylink People Mover.

The proposed project is mostly at-grade, with double-track. It includes both the Cypress Waters Option (diverting from the Cotton Belt to provide a station near North Lake) and the Red Line South Option (diverting from the Cotton Belt to provide a station at City Line before returning to the Cotton Belt), terminating at Shiloh Road.

Three federal agencies are involved in the oversight of the Silver Line Project. The Federal Transit Administration (FTA) serves as the Lead Agency, the Federal Aviation Administration (FAA) will serve as a Cooperating Agency, and the Federal Railroad Administration (FRA) will serve as a Participating Agency. Funding for the project is being provided through the FRA-administered Railroad Rehabilitation and Improvement Financing (RRIF) program. FAA has jurisdiction over DFW Airport and Addison Airport.

The project is scheduled to be completed in March 2023. Ten new station locations have been identified including DFW Airport, DFW North, including a future “through” platform that will allow direct east-west movements across the corridor.



Project Status

The Final Environmental Impact Statement (FEIS) was signed on November 9, 2018. The FTA and FAA have determined the requirements of federal environmental statutes, regulations, and executive orders have been satisfied for the Cotton Belt Corridor Regional Rail Project. A Record of Decision (ROD) was issued on November 9, 2018. The FEIS/ROD is available in electronic PDF format at www.DART.org/Cottonbelt.

Notice to Proceed (NTP) was issued to the design-builder on January 7, 2019, and to the Program Manager/Owner's Representative (PMOR) on January 8, 2019. In February 2019, site surveying and data gathering activities were initiated. In March and April 2019, DART conducted coordination meetings with city representatives and provided updates on design and construction activities to the community.

In May 2019, coordination with city representatives continued and community workshops for the betterments program were initiated in Dallas neighborhoods. On May 29, 2019, the DART Station Art and Design Orientation Meeting was conducted for the DFW North, Cypress Waters, and Knoll Trail Stations. On July 24, 2019, the DART Station Art and Design Orientation Meeting was conducted for the Addison Station. A series of four quarterly design and construction update meetings with the community were initiated in July and concluded in August 2019.



Al Ar & Design and Community Betterment meetings have been concluded. DART is establishing and reaffirming the selections made with the communities and cities. Bi-annual meetings are being conducted to update the public on construction progress and discuss Landscaping betterments. These meetings started in June 2021.

The design-builder is progressing the design development including the current status as reflected in the table below.

Design Packages	Qty	100% Submittal		IFC Submittal		RFC* Submittal		Takeoffs @ IFC	Forecast Updated
		Qty	%	Qty	%	Qty	%		
Franchise Utilities	67	67	100%	64	96%	64	96%	64	64
Standards & Specifications	5	5	100%	5	100%	5	100%	5	5
Guideway	16	16	100%	16	100%	14	88%	16	16
Bridges	34	34	100%	34	100%	31	91%	31	31
Stations	11	11	100%	11	100%	10	91%	10	10
Systems	117	28	24%	13	11%	12	10%	Sub	Sub
TOTALS	250	161	64%	143	57%	136	54%	126	126

* 39 Approvals are conditional pending 3rd party approval

Construction of the Phase I 60” water line at the new Mercer Yard is completed and Phase II is in progress. Franchise utility relocations continue to progress along the corridor with grading and grade beam installation at various stations. Bridge construction has also commenced.

Redesign of Hillcrest and Coit Road intersections was briefed to DART Board in May 2020, with follow up briefings and action on the ILA completed in September 2020 for City of Dallas requested change. The design of the Coit and Hillcrest intersections are in RFC stage and awaiting City of Dallas permitting to start construction. City has requested Hillcrest to be redesigned from 6 lanes to 4 lanes. This change to scope is being negotiated with the design-builder.

Discussions are being held with TxDOT and the City of Richardson on the aesthetic arch for the US 75 bridge in the City of Richardson. Conceptual designs are complete. DART is discussing plans and funding considerations for execution of the next phases of the project including final design and construction. Final design negotiations have been completed and final design is in progress. Construction activities for the basic bridge structure, including bridge pier installation, are in progress.

Along with a Financial Plan Amendment, DART sought DART Board authorization to create an allowance and a supplemental contract contingency in the design-builder’s contract to address the known and anticipated 59 changes requested by the design-builder. DART Board approved the financial plan amendment and addition of \$237 MM to AWH’s contract as an allowance for the



changes noted in May 2021. The individual changes are under negotiations with the design-builder.

On October 12, 2018, two additional solicitations were issued: one for vehicle procurement and Equipment Maintenance Facility (EMF) design and a separate solicitation for construction of the EMF. Proposals were received in January 2019.

Negotiations for vehicle procurement were completed in April 2019, and on May 28, 2019, the DART Board authorized award of the contract for procurement of the base vehicle design and EMF design. Negotiations for the vehicle options have been completed and a supplemental agreement was executed on January 3, 2020, for vehicle options including a 15-year Vehicle and EMF maintenance option. The vehicle design was approved as noted in September 2020 and vehicle car body manufacturing is in progress in Hungary. As of the end of December 2021, car bodies for the first four vehicles and the trucks for the first three vehicles had been completed and delivered to Salt Lake City, UT for assembly. The car bodies for vehicles 5 and 6, and the trucks for vehicle 4 were shipment to Salt Lake City. Vehicle final assembly is in progress in Salt Lake City with the production of vehicles 1 and 2 being 65% and 40% complete, respectively.

Due to the significantly high Irving EMF construction cost estimates received from the CM/GC, a decision has been made to stop efforts to construct a Silver Line EMF in Irving, Texas, and to work towards modifying the DCTA Operations Maintenance Facility (OMF) in Lewisville, Texas, for use as a temporary or permanent Silver Line EMF. Planning is in progress for the temporary and subsequently permanent use of the DCTA OMF as Silver Line EMF. In October 2021, the DART Board approved a resolution authorizing the President & Chief Executive Officer to enter an ILA with DCTA for the expansion of the DCTA's OMF in support of the receiving, testing, and commissioning, as well as the operations and maintenance of the Silver Line vehicles. As of December 2021, an ILA and a lease agreement were being developed for the expansion and use of the DCTA facility.

Project Issues

Contractor Right of Entry (CROE) at DFW Airport Property

The contractor has been provided access to areas of the ROW for site information gathering. On March 31, 2020, DFW Airport granted access to DART for Survey, Boring, and SUE investigations on airport property. Legal staff from DART and DFW are working on the final version of key agreements to allow DART's contractor to enter into and begin work on DFW property. On September 17, 2021, DART received a letter from DFW authorizing construction of the DART Silver Line facilities to commence on all DFWIA property. DFW approved a compensation agreement that must be approved by the cities of Dallas and Fort Worth to convey the parcels required for the Silver Line. Final plan approval by DFW will trigger to issue a permit allowing the start of construction by contractor while the easements are being approved by the cities, minimizing construction delays.



Agreements with Freight Railroads

Discussions are ongoing to develop agreements with railroad entities to address design review, access for construction and available work hours, and other transitional operations. DART is working with design-builder to align anticipated dates for agreements with the project schedule. KCS agreements have been drafted and are under review by railroads and DART. DART continues to work through third-party agreements with the railroads. DGNO agreement is finalized, and KCS Transitional Operation Agreement was also completed. KCS requests at-grade configuration; DART response is under consideration.

UPRR/FWWR agreement for October 2021 is tracking late and is now anticipated to be completed in February 2022. On August 31, 2021, all parties reached agreement on siding approach, freight issues, and alignment on the 4th Amendment.

The operating agreement is under negotiation with UPRR/FWWR and BNSF.

Agreements with Service Area Cities

Discussions are ongoing to develop agreements with Jurisdictional Authorities to address design requirements, design review, responsibilities, and funding mechanisms. DART is working with the design-builder to align anticipated dates for agreements with the project schedule.

DART is also progressing an ILA with the City of Carrollton and amendments to ILAs with the cities of Plano and Richardson, as well as following up with the City of Coppell on executing an agreement.

Pending Change Issue – Silver Line Hike and Bike Trail

DART worked with the North Central Texas Council of Governments (NCTCOG) and respective cities to prepare funding agreements for implementation of the corridor-wide hike and bike trail. Cost proposal received from the design-builder for final design based on the 10% design under development by the NCTCOG was more than the NCTCOG's budget. DART evaluated cost drivers to narrow down the budgetary gap. An agreement has been finalized with NCTCOG for funding. NCTCOG will pay \$14.9M for 100% design of the trail. Construction will be subject of a separate agreement. Issuance of a change to the design-build contract, beyond the authorized 30% design, is pending approval of the funds by FTA and issuance of the Letter of No Prejudice (LONP). Thirty percent (30%) design has been completed and reviewed by all parties. The 100% design was authorized and is in progress. Changes to the design-build contract being explored include the following:

- Based on review of 30% Design, dated August 30, 2021, stakeholders including NCTCOG, Coppell, Carrollton, Dallas, and Richardson are exploring changes to alignment in five locations that, in some cases, will eliminate or reduce bridges, with resultant changes to design schedule:
 - Change from February 28, 2022; Change to July 22, 2022 – Anticipated date of 100% Design Submittal



- Change from June 7, 2022; Change to October 21, 2022 – Anticipated date of Issuance for Construction for solicitation of Phase 2 construction
- Phase 1 Construction with design-builder with original budget
 - Original DNT Bridge
 - Add Dallas Bridges (White Rock Creek, Osage Creek near Park, Hillcrest)
 - Add Plan Bridges and Street Crossings
- Phase 2 Construction of key bridges with other contractor with original funding
- Phase 3 Construction of remainder of trail with funding and schedule to be determined

City of Dallas Design Issue

The City of Dallas is not currently reviewing design plans or issuing permits for the Silver Line Project due to unresolved issues regarding Hillcrest Road and Coit Road. All parties worked toward mutually acceptable solutions. An agreement between DART and City of Dallas was briefed to DART Board in March, April, and May 2020 sessions. DART/City of Dallas Interlocal Agreement (ILA) was executed, and the issue has been resolved. Follow up meetings and over the shoulder review of the design plans are being scheduled with City of Dallas to expedite permit issuance to the design-builder. City of Dallas continues to withhold issuing construction permits. City has now released most of the design reviews and permits but continues to hold permit for the Cypress Waters Station. City is also holding design approval for several intersections including McCallum and Hillcrest.

Acquisition of New TRE Fleet

Total Budget: \$ 295,142,038.

Funding Source(s): 50% Grant. All local funding will be shared equally by DART and Trinity Metro (50% DART and 50% Trinity Metro)

Project Description

TRE proposed to replace the current aging fleet with 10 new diesel electric locomotives, 10 new bi-level cab cars and 17 new bi-level coach cars. This acquisition will be bifurcated between a locomotive procurement and a procurement for passenger cars. DART will issue a competitive solicitation for the purchase of 10 new diesel electric locomotives. A separate solicitation will be issued for the purchase of the 10 new bi-level cab cars and 17 new bi-level coach cars.

Project Status

This project has yet to be approved by either DART or Trinity Metro. Once the project is approved by both Transit Authorities, a statement of work will be prepared for each of the two solicitations and the procurement process will commence.



With an October 1, 2022, project approval, it is possible to complete the steps necessary to award the first of the two procurements as early as November 1, 2023.

Project Issues

The number of “buy America, FRA compliant” locomotive manufactures available to bid on the locomotive acquisition is sufficient to satisfy a competitive solicitation. However, there are no “buy America, FRA compliant” passenger car manufactures available to offer a bi-level passenger vehicle compatible with the current fleet TRE will retain for operations. Bombardier/Alstom is manufacturing newer model Bi-level coach and cab cars at their Thunder Bay facility in Ontario, Canada. TRE has an outstanding case for a Buy America waiver given the characteristics of our ridership and the construct of our infrastructure. However, it appears the Biden/Buttigieg USDOT has informally frozen the waiver process and is not entertaining waivers for rolling stock.

Red and Blue Lines Platform Level Boarding

Total Budget: \$192,306,151

Funding Source(s): Sales Tax

Project Description

Station platform modifications are required at 23 existing Red and Blue Line platforms to raise the boarding area from 8 inches above top of rail to 15-½ inches above top of rail to accommodate new level boarding at light rail vehicles that will facilitate level boarding at every door of every car of the new vehicle. The project includes, but is not limited to, removal of existing unit pavers and setting bed (or other platform finishes); removal and replacement of glass fiber reinforced concrete (GFRC) warning strips; surface preparation and concrete fill at existing slab on grade; repairs, modifications, and resetting to uncovered elements and amenities such as grounding wire, seating, and trash receptacles, and rework to sloped walkway at end of platforms to maintain accessible paths; and resetting unit pavers and platform finishes. The project construction will be phased to accommodate pedestrian traffic controls and ongoing service using different train berthing locations.

Project Status

This project is in pre-design and project initiation phase. The design for a recently completed project at 8th and Corinth and other stations will serve as a guide for design at the remaining 23 stations.

Project Issues

This project is required to support the new LRV fleet procurement program. Based on the preliminary schedule for fleet replacement prepared by AECOM dated 2nd Quarter 2022, DART will accept the first vehicle of new fleet in January 2026. Otherwise, new fleet vehicles will be limited to use on the Green Line and older vehicles will need to remain in service for longer period to serve the Red, Blue, and Orange Lines



Dallas Streetcar Central Link

Total Budget: \$ 96,194,000

Funding Source(s): FTA Small Starts: \$48,097,000; General Fund: \$48,097,000

Project Description

The Dallas Streetcar Central Link is a modern streetcar alignment connecting from the Union Station/Omni Hotel area through the central core of Downtown Dallas, linking to the M-Line trolley near Uptown and Klyde Warren Park.

Project Status

DART, in cooperation with the City of Dallas and Downtown Dallas, Inc. (DDI), conducted a Supplemental Alternatives Analysis (AA) effort in 2017. Dallas City Council approved a resolution on September 13, 2017, endorsing the Elm/Commerce alternative as the preferred alternative. The resolution also stated the need for additional analysis of the Main Street and Young/Harwood alternatives during subsequent FTA Project Development (PD) efforts.

DART provided the City of Dallas with a proposed scope for the FTA Project Development phase on February 2, 2018. Comments were received on April 10, 2018. A meeting with City staff was held on May 1, 2018, to discuss and finalize the scope. A consultant cost estimate has been requested and negotiated. The City and DART finalized the Master Streetcar Interlocal Agreement (ILA) in August 2019. A Project Specific Agreement will be developed to outline scope, funding, and responsibilities for the Project Development of the Central Link project. A request to enter FTA Project Development under Small Starts would be done concurrent with the agreement.

Project Issues

Completion of city review of the Convention Center Loop design/cost to determine if all or part of the project will be integrated into Central Link.

Completion of the Draft Streetcar Master Plan in Summer 2022, pending Dallas city staff and council feedback.

Timely approval of request to enter Project Development once submitted to FTA, anticipated in 2023, pending City of Dallas O&M funding sources study in 2022, and coordination with the D2 Subway project.



Amenity Replacement and Expansion

Total Budget: \$ 49,498,746.00

Funding Source(s): General Fund

Project Description

Amenities at bus stops allow for the following benefits: provide passenger convenience, increase ridership, and support the 5 Star Service Program. The amenity expansion program is a DART Board goal and additional capital funding is needed to allow it to continue.

The project scope is to reinstall 554 amenities discontinued because of DART Zoom at existing bus stops that meet the 2021 Service Standards amenity warrants. Also, it is to allow for 250 next generation shelters, 300 free standing lights and 455 next generation benches to be purchased and installed at stops that meet the warrants.

Project Status

Amenity pads, sidewalks, and ADA ramps must be constructed before amenities can be installed. These items will be constructed as part of the On Call Construction contract which was approved by the DART Board of Directors in June 2022. The existing and new amenities will be installed via the new amenities contract that was approved by the DART Board of directors in April 2022.

We have partnered with the University of Texas-Arlington School of Architecture to develop the next generation shelter design. The design kick off will begin on August 22nd.

Project Issues

Without approval of the requested capital funding of \$49,498,746 none of the above improvements cannot be implemented within the timeframe of Board mandate.

CROF and NWROF Facility Upgrades

Total Budget: \$32,750,030

Funding Source(s): Sales Tax \$21,967,088, General Fund \$10,728,942

Project Description:

Facility upgrades are required for the Service and Inspection Buildings at CROF and NWROF to accommodate new level boarding light rail vehicles. It is anticipated that the new vehicle configuration will include additional roof-mounted equipment. Facility upgrades include, but are not limited to, furnish, and install specialized wheel truing equipment, 3-ton cranes, modifications to foundation and floor to support new equipment and cranes, workshop modifications, fall protection, other modifications recommended by car-builder.

Project Status:

This project is in the pre-design and project initiation phase. The project scope outlined above is based on a needs assessment report, dated March 2022, prepared by AECOM for DART Engineering.

Project Issues:

This project is required to support the new LRV fleet procurement program. Based on the preliminary schedule for fleet replacement prepared by AECOM dated 2nd Quarter 2022, DART will accept the first vehicle of new fleet in January 2026.

COMMS P25 Radio System Upgrade

Total Budget: \$30,000,000

Funding Source(s): State of Good Repair (SGR) Reserve

Project Description

This project will upgrade the agency from the current Opensky and P25 Phase I radio system to a pure P25 Phase II radio system. The current Opensky system is end of life and is only supported for maintenance and repairs. New radios are not being produced and the agency is in danger of depleting its stock of spare radios. This is a critical issue that will affect all agency rolling stock. If this project does not move forward the agency will literally run out of radios to keep the revenue fleet running. This would be a Sole Source project to upgrade the existing radio Core to operate both current and future systems simultaneously to allow for a migration that is seamless to the operations of the agency and do so in a very short time frame. Moving to P25 will prevent the agency from getting into another obsolescence situation, as P25 (also known as APCO Project 25) is a public safety standard of radio system that is deployed nationwide. All existing radio towers, standby generators, and microwave radio links will remain in place, further accelerating the project timeline. This project also aims to resolve the radio reception issue that exists for DART Police on the TRE system in Tarrant County.

Project Status

L3Harris (manufacturer) has provided DART Procurement with a Fixed Firm Price. Procurement has processed a Sole Source contract with a NTE of \$26,950,000. This contract passed the first DART Board review on May 10th by a consent vote. The next Board meeting is May 24th where the contract will be voted for final approval. There are some secondary project tasks that DART will conduct outside of the L3Harris contract that will be funded with the remaining balance of the capital project amount.

Project Dependency

DART has sold its 900 MHz radio spectrum to Anterix as part of an FCC mandated frequency reband. Due to this contract, DART is obligated to vacate this spectrum by December 31st, 2023.



The DART Bus Operations group, which currently operates on 900 MHz, will be moved to 800 MHz as part of this P25 Radio System Upgrade.

City Place / Uptown Station Escalator Replacement

Total Budget: \$27,093,122

Funding Source(s): SGR Reserve: 24,720,000 General Fund: \$2,373,122

Project Description

The six escalators at the City Place/ Uptown Station were installed when the station was built in 1997. The escalators are aging and include a controller that was designed by the O&K Escalator Company which is no longer in business. The software and hardware components of the controller designed and provided by O&K are obsolete and not currently supported. There are no direct replacement components or spare parts for this type of escalator controller. We are having difficulty keeping the escalators running and finding parts to repair the escalators overall. If we lose a controller, the escalator will be down indefinitely. This project is for a full replacement of all six escalators.

Project Status

The architects designed the City Place station with the longest escalators west of the Mississippi River. Everything is custom made for the size, duty cycle, stresses, weight, and usage. The escalators when originally installed were craned into place in three sections. We will not have that luxury. The new escalators will need to be built in place. This will be an extremely labor-intensive endeavor that will take 6 to 8 months per unit. Not only do we need to install the new hardware, but we must also de-construct the existing units as we move through the project. We will also use the parts from the existing escalators as we replace them as spare parts for the remaining escalators until we have them all replaced. The overall project will take 3 to 4 years to complete from Notice to Proceed.

Project Dependency

DART will maintain and continue operations at the City Place/ Uptown station during this project. We will de-construct and replace one escalator at a time to minimize the impact to our patrons. However, it will still be a major inconvenience to our customers and there is nothing preventing another escalator from going down during the project. The alternative of doing nothing is not an option.



Walnut Hill – Design & CM Service – PH2

Total Budget: \$25,267,077

Funding Source(s): General Fund

Project Description:

The project is a combined facility for DART NW Police Substation, Finance Count Room, and Agency Training facility located on DART property adjacent to the Walnut Hill/Denton Station on Green Line. The project includes a new 40,000 square-foot, single-story building on existing slab-on-grade and foundation of former building. Improvements to existing utility entrance and surface parking areas are included.

Project Status:

This project is in the final design phase. The current approved project scope and budget is for final design services, related capital project support costs for design phase and future professional services for construction management and design services during construction, pending funding approval for construction phase. A Budget Revision has been submitted to incorporate construction cost and soft cost for construction phase, including capital support costs for construction safety oversight, quality management oversight, document control and configuration management, project controls, and testing, certification, and commissioning.

Project Issues:

The existing training facility was destroyed following tornado event in fall of 2019. The NW Police Substation will facilitate efficient deployment of police resources in DART service area. The Finance Count Room and workshop will allow for relocation and expansion from existing space at DART HQ.

Consolidated Dispatch & Command Center [CDCC] Relocation Project

Total Budget: \$15,463,764

Funding Source(s): General Fund

Project Description

The Critical Functions Facility Project is intended to develop a facility with the following goals:

- Ensure all critical functions are sustainable and consistent with COOP/EOP plans Enhance cross-communications between bus, rail, and police dispatching
- Suitable to meet current and future capacity and functional requirements for each function
- Located close to DART systems for use by team members
- Support sustainable incident command center operations
- Allow potential shared use with other government entities



The critical business functions include the following:

- Police Radio Dispatch (TLETS) Bus Radio Dispatch
- LRT Radio Dispatch
- LRT Supervisor Control & Data Acquisition (SCADA)
- Surveillance Camera Network Monitoring
- Operations Communication Liaison Operations
- Emergency Command Center (EOC) Operations
- Mobility Management Footprint within EOC



Project Status



Engineering Department completed a 10% feasibility study, and a 30% design review in order to identify any fatal flaws in relocating the CDCC functions to NWROF. Finding that the CDCC relocation to NWROF is feasible and there were no identified fatal flaws, 100% design was authorized and completed in November 2021. Staff is currently pursuing construction of this project. The expected start date for construction is February 2023.

Bus Onboard Passenger Information System

Total Budget: \$12,015,000
Funding Source(s): General Fund

Project Description

Two (2) new Interior Visual Display Monitors, and one compatible controller will replace the existing interior monitors for enhanced communications during severe weather events and emergency notifications to DART riding public. DART is procuring a turnkey solution, where the OEM responsible for installation / integration function testing and validation. Training, Manuals, Spares are included in this capital request. This updated technology will also monitor the passenger cabin, so DART may assess whether passengers are still on the vehicle in case of an emergency.

Project Status

This project will be competed as a Request for Quote. In process by Procurement. Anticipated to go to the Board February 28, 2023, with Notice of Award March 7, 2023.

Loop 12 Rail Station

Total Budget: \$12,000,000
Funding Source(s): City of Irving

Project Description

DART and the City of Irving have discussed a future infill station along the operating Orange Line to serve future development at the former Texas Stadium site near Loop 12 in Irving. The City of Irving has coordinated with TxDOT and other parties to complete a bridge over SH 114 that incorporates site access improvements. DART's planning and design activities for the station will be initiated after an interlocal agreement (ILA) with the City of Irving is executed.





35ft Battery Electric (EV) Long Range Buses

Total Budget: \$11,669,094

Funding Source(s): SGR Reserve: \$11,669,094

Project Description

The project replaces the current 112 ARBOC Medium Duty Buses which were retired in 2022, to align with the revised projected Bus Fleet Reduction and Replacement Strategy. This will include a purchase of a minimum of ten (10) 35-foot, heavy-duty, battery electric (EV) buses and the supporting infrastructure. Infrastructure will include a minimum of five (5) dual-dispenser pedestal charging stations, plus installation and support.

Project Status

Procurement will be competed as a definite delivery, definite quantity, fixed firm price as a Request for Proposal. The Scope of Work will include costs for installation on all buses. The solicitation package is currently in process. Procurement is drafting the solicitation documents. Requisition is in review.

Project Dependency

Coordination will be required with the On-Call Construction group (Facilities and Systems Engineering) for the construction of concrete pads, wiring, and electric power supply for the chargers and dispensers.

Debt Program

Background

On January 23, 2001, the Board approved a Master Debt Resolution which authorized DART to pledge its sales tax revenues for Senior Lien Debt (Bonds) and Senior Subordinate Lien Debt (Commercial Paper).

Bonds – With the passage of a bond referendum in August 2000, DART received voter authorization to issue up to \$2.9 billion of solely pledged Senior Lien sales tax-backed long-term debt (revenue bonds). A change to DART’s enabling legislation was enacted during 2009 allowing DART to pledge Sales Tax Revenues and Pledged Farebox Revenues as a first lien on Senior Lien Long-Term Bonds (revenue bonds). This was confirmed by a bond validation suit in 2012. This change allows DART to issue more than \$2.9 billion in long-term debt, provided that the bonds are backed by Sales Tax Revenues and Pledged Farebox Revenues (i.e., Pledged Revenues).

Commercial Paper – The Board authorized the issuance of up to \$375 million in Commercial Paper (CP) notes including \$125 million back by self-liquidity, \$125 million bank-backed, and \$125 million of Extendible Commercial Paper (CP), all for capital acquisition purposes.



A requirement of the self-liquidity program is that DART maintains a reserve balance at least 2.0 times the debt service amount for the notes and ensures that no more than \$35 million of the notes mature within five days. DART's bank-backed CP program requires a third-party bank to provide funds if the seller cannot find a buyer for the maturing notes, which is known as a remarketing failure. A requirement of the Extendible CP program is that the initial note issuance be no greater than 90 days, and upon a remarketing failure, the note(s) can be extended an additional 180 days.

Debt Program Structure

DART's two-tiered debt structure program is designed to meet capital funding requirements and to provide flexibility to meet changing debt market conditions. The commercial paper program is issued to meet temporary capital funding obligations and to access variable interest rates when the financial markets dictate that strategy to be advantageous. Long-term bonds are used as the final capital financing instrument for assets with a useful life of seven (7) years or more such as buildings and rail lines.

As of September 30, 2022, DART has approximately \$3.50 billion in bonds outstanding, as well as a zero balance in CP outstanding.

Debt Program Implementation

Commercial Paper – DART plans to issue \$400 million during the following fifteen years under the new bank-backed and Extendible Commercial Paper (CP) Programs, which will be used as the initial fund mechanism to support DART's capital programs. Currently, DART has up to a maximum authorized amount of \$375 million with plans to increase the authorization amount to meet DART's anticipated needs in fiscal year 2023. DART has a bank-backed CP program with a maximum authorization of \$125 million. The bank-backed CP program is a program that has a third-party bank that promises to provide the funds if the seller cannot find a buyer. The third-party bank provides a revolving credit facility or letter of credit dedicated to commercial paper note repayments. The Extendible CP program enables DART to issue up to \$125 million in commercial paper notes without a revolving credit facility or letter of credit. A requirement of the Extendible CP program is that the initial note issuance be no greater than 90 days, and upon a remarketing failure the note(s) can be extended an additional 180 days. And lastly, DART has established a \$125 million maximum authorization Commercial Paper Self-Liquidity (CPSL) Program. Under the CPSL an investor that purchases a commercial paper note from DART has an expectation that when the note matures DART will return the par value of the note plus interest. DART maintains a reserve balance of at least two times the CPSL debt service outstanding to repay CP notes. The ability to meet DART's CPSL debt service obligation is monitored by rating agencies and is reflected in the DART's short-term debt rating.

Additional CP issuances are planned in 2025 to provide the initial funding for DART's bus fleet replacement, totaling \$400 million, which will be retired by 2033.



Short-term interest rates are expected to average 4.50% in 2023, decreasing to 3.25% by 2042.

Long-Term Bonds – DART believes a sound debt program should have a combination of fixed and variable-rate debt. DART plans to have no more than 15% of its debt in variable-rate products. The variable-rate debt can either be short-term or long-term. DART has never issued long-term variable rate debt and has no current plans to do so. However, the market will be analyzed for each future debt issuance and either fixed-rate or variable-rate debt may be issued depending on which type of debt is in DART’s best interest at that time.

Exhibit 13 summarizes the major commercial paper and long-term debt assumptions. The exact timing, nature, and amounts of long-term debt issuances may be adjusted from Financial Plan estimates depending on interest rates and other considerations, as determined at the time of issuance.



**Exhibit 13
FY 2023 Financial Plan Debt Assumptions**

Description	Paper (CP)	Long-Term Debt (LTD)		
	FY 2023	2024 - 2042	FY 2023	2024 - 2042
Term	Rolling for up to 7 years	Rolling for up to 11 years	30 years	30 years
Interest rates + fees	4.50%	3.25%-4.00%	5.50%	5.50% Fixed
Principal Repayment	\$0.00M	All outstanding (Self-Liquidity) CP is retired	\$78.00M	\$3.42B
New CP* / Total Long-Term Debt issued**	\$0.00M	\$400.00M	\$361.00M	\$3.15B
End of Year - Maximum debt outstanding	\$0.00M	\$400.00M	\$3.49B	\$6.64B
Year of maximum debt outstanding	n/a	FY 2025-2028	2023	FY 2049
Cash reserves required?	Yes	Yes	No	No
Uninsured Debt Rating assumed	A-1+/P-1	A-1+/P-1	AA+/Aa2/AAA	AA+/Aa2/AAA

*The amounts shown on this line related to commercial paper issuance are net numbers and do not include 'rolling' retirement and re-issuance. The long-term debt amounts shown on this line are gross issuances.

**Amounts shown are for long-term debt issuances are shown at par value

Build America Bonds (BABs) and Federal Budget Cuts – In 2009 and 2010, DART issued a combined \$1.56 billion in taxable Build America Bonds. As a part of this program, the Federal government agreed to subsidize 35% of the interest expense. In 2019 DART refunded \$362,645,000 Series 2009B bonds, leaving \$1.2 billion outstanding. As part of the federal budget sequester cuts which took effect on March 1, 2013, the federal government reduced the subsidy to be paid to DART. From 2013 to 2022, the expected subsidy was reduced by a total of \$16.1 million. Projecting future reductions based on the 2022 reduction percentage of 5.7%, DART estimates that the total unrealized subsidy reduction is approximately \$10.3 million over the remaining 9-year period of the sequester.

Debt Service Costs (lines 30 - 35 of the Financial Plan)

Exhibit 14 illustrates debt service costs for all existing and projected debt issuances contained in the FY 2023 Financial Plan. Interest expense payments are shown net of the (BABs) subsidy, thus showing only DART’s net interest cost.



Exhibit 14
FY 2023 Financial Plan Principal and Interest Payments (\$ in Millions)

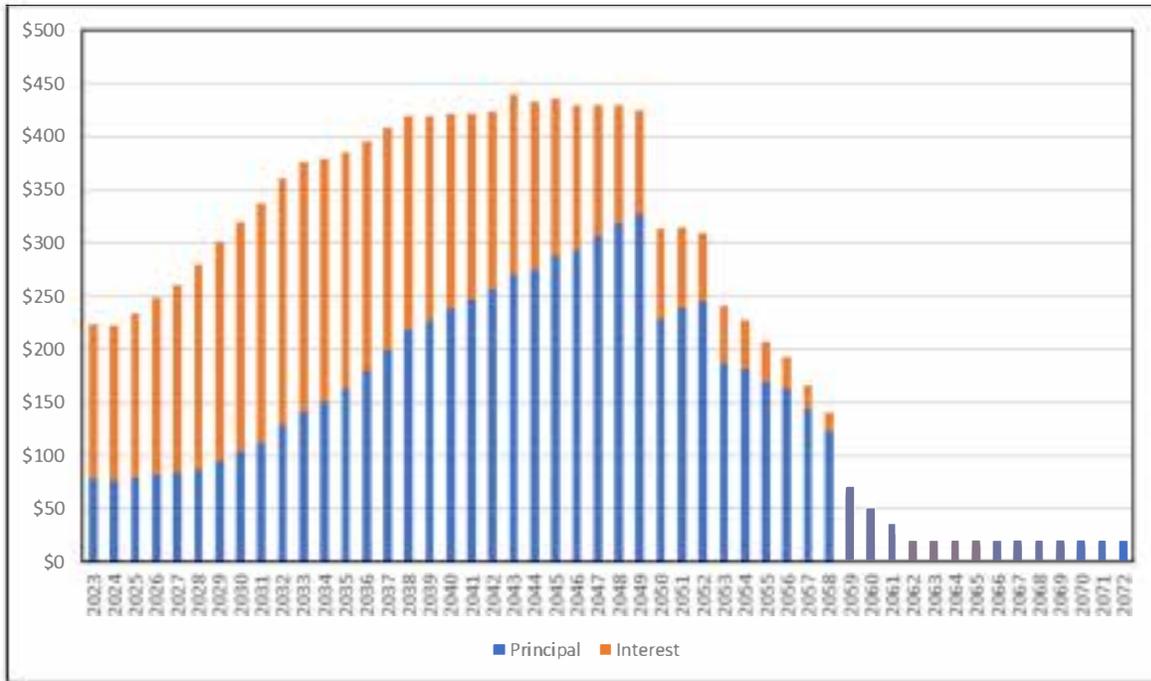




Exhibit 15 shows the interest rate assumptions contained in the FY 2022 Financial Plan

Exhibit 15
Interest Rate Assumptions 2023 – 2042

Year	Commercial Paper Rate	Long-Rerm Debt Rate	Interest Income rate
2023	4.50%	5.50%	3.00%
2024	4.00%	5.50%	4.00%
2025	3.50%	5.50%	3.50%
2026	3.50%	5.50%	3.50%
2027	3.50%	5.50%	3.50%
2028	3.50%	5.50%	3.50%
2029	3.50%	5.50%	3.50%
2030	3.50%	5.50%	3.50%
2031	3.50%	5.50%	3.50%
2032	3.50%	5.50%	3.50%
2033	3.50%	5.50%	3.50%
2034	3.50%	5.50%	3.50%
2035	3.50%	5.50%	3.50%
2036	3.50%	5.50%	3.50%
2037	3.50%	5.50%	3.50%
2038	3.50%	5.50%	3.50%
2039	3.50%	5.50%	3.50%
2040	3.50%	5.50%	3.50%
2041	3.50%	5.50%	3.50%
2042	3.25%	5.50%	3.85%



Supplemental Financial Information

Net Increase (Decrease) in Cash and Change in Balance Sheet Accounts (lines 37- 38 of the Financial Plan)

Based on each year’s programmed sources and uses of funds, DART has projected its Balance Sheet for each of the next twenty years. These line items reflect the net change in cash and non-cash balance sheet accounts. The Change in Balance Sheet Accounts line item is used as a compensating factor for the lag between the occurrence of an accounting transaction, which affects the balance sheet, and the actual receipt or disbursement of cash. DART's projected Balance Sheet for each of the twenty years of the Financial Plan is included in Exhibit 16.

Exhibit 16
Proposed FY 2023 Financial Plan 20-Year Balance Sheet (\$ in Millions)

Line	Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	ASSETS										
	CURRENT ASSETS										
1	Cash and cash equivalents & Investments	\$724.0	\$1,075.3	\$898.7	\$781.8	\$748.7	\$702.3	\$913.3	\$990.4	\$979.6	\$985.4
2	Sales taxes receivable	142.5	149.6	155.6	160.3	160.3	166.7	175.0	185.5	194.8	202.6
3	Transit revenue receivable, net	2.4	2.6	3.0	3.3	3.4	3.4	3.7	3.8	3.8	4.1
4	Due from other governments	10.6	12.2	12.5	15.7	14.7	12.5	61.1	33.7	30.9	27.7
5	Material and supplies inventory	40.6	41.7	42.8	43.9	45.1	46.3	47.5	48.7	50.0	51.3
6	Prepaid Expenses	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
7	TOTAL CURRENT ASSETS	\$922.9	\$1,284.4	\$1,115.6	\$1,008.1	\$975.1	\$934.2	\$1,203.6	\$1,265.1	\$1,262.1	\$1,274.1
8	Notes Receivable & Investment in Joint Venture	\$6.2	\$5.3	\$4.3	\$3.4	\$2.4	\$1.4	\$0.5	\$0.0	\$0.0	\$0.0
9	Property, Plant & Equipment, Net	5,888.9	6,216.9	6,767.8	7,118.4	7,539.0	7,914.9	8,176.4	8,424.5	8,614.7	8,780.0
10	Restricted Assets held to pay Capital Lease Liabilities	8.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Unamortized debt issuance costs and other	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
12	Deferred Outflows of Resources	54.0	36.0	35.1	34.3	33.4	32.6	31.8	31.1	30.3	29.6
13	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$6,880.9	\$7,542.9	\$7,923.1	\$8,164.4	\$8,550.2	\$8,883.4	\$9,412.5	\$9,720.9	\$9,907.4	\$10,084.0
	LIABILITIES AND EQUITY										
	CURRENT LIABILITIES										
14	Accounts payable and accrued liabilities	\$209.7	\$230.1	\$275.6	\$244.1	\$262.0	\$258.4	\$243.0	\$244.7	\$238.6	\$238.4
15	Commercial Paper notes payable	0.0	0.0	100.0	200.0	300.0	400.0	400.0	300.0	200.0	100.0
16	Current portion of Long-term Debt Payable	78.0	76.0	79.1	82.2	84.1	86.8	93.9	103.7	112.3	129.5
17	Retainage payable	53.3	44.4	56.8	58.0	53.1	54.5	48.5	43.6	41.0	37.9
18	TOTAL CURRENT LIABILITIES	\$341.0	\$350.6	\$511.6	\$584.3	\$699.2	\$799.7	\$785.4	\$692.0	\$591.9	\$505.9
19	Senior Lien Sales Tax Revenue Bonds Payable	\$3,736.0	\$3,660.0	\$3,580.9	\$3,498.7	\$3,414.6	\$3,327.8	\$3,233.8	\$3,130.1	\$3,017.9	\$2,888.3
20	Net Pension Liability	19.7	18.7	17.7	16.7	15.7	14.7	13.7	12.7	11.7	10.7
22	Capital Lease Liabilities	8.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
23	TOTAL LIABILITIES AND DEFERRED INFLOWS	\$4,105.2	\$4,029.2	\$4,110.1	\$4,099.7	\$4,129.5	\$4,142.2	\$4,032.9	\$3,834.8	\$3,621.5	\$3,404.9
24	NET ASSETS (EQUITY)	\$2,775.7	\$3,513.7	\$3,813.0	\$4,064.7	\$4,420.7	\$4,741.2	\$5,379.6	\$5,886.1	\$6,285.9	\$6,679.1
25	TOTAL LIABILITIES & NET ASSETS	\$6,880.9	\$7,542.9	\$7,923.1	\$8,164.4	\$8,550.2	\$8,883.4	\$9,412.5	\$9,720.9	\$9,907.4	\$10,084.0



Exhibit 16
Proposed FY 2023 Financial Plan 20-Year Balance Sheet (\$ in Millions) (cont.)

Line	Description	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
	ASSETS										
	CURRENT ASSETS										
1	Cash and cash equivalents & Investments	\$832.6	\$834.0	\$891.6	\$975.9	\$967.8	\$977.9	\$929.8	\$772.7	\$646.3	\$982.1
2	Sales taxes receivable	208.7	208.7	217.0	227.9	241.5	253.6	263.8	271.7	271.7	282.5
3	Transit revenue receivable, net	4.1	4.2	4.5	4.6	4.6	5.0	5.0	5.1	5.5	5.5
4	Due from other governments	20.6	16.2	16.9	8.9	8.9	10.7	10.8	9.9	9.6	8.9
5	Material and supplies inventory	52.6	54.0	55.4	56.8	58.2	59.7	61.2	62.7	64.3	65.9
6	Prepaid Expenses	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
7	TOTAL CURRENT ASSETS	\$1,121.5	\$1,120.0	\$1,188.4	\$1,277.0	\$1,284.0	\$1,309.9	\$1,273.6	\$1,125.0	\$1,000.4	\$1,348.0
8	Notes Receivable & Investment in Joint Venture	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
9	Property, Plant & Equipment, Net	8,794.7	8,695.6	8,559.8	8,343.2	8,293.7	8,258.5	8,328.8	8,523.9	8,610.0	8,530.9
10	Restricted Assets held to pay Capital Lease Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Unamortized debt issuance costs and other	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
12	Deferred Outflows of Resources	28.9	28.3	27.6	27.0	26.4	25.8	25.3	24.7	24.2	23.7
13	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$9,945.4	\$9,844.1	\$9,776.0	\$9,647.5	\$9,604.4	\$9,594.4	\$9,627.9	\$9,673.9	\$9,634.8	\$9,902.8
	LIABILITIES AND EQUITY										
	CURRENT LIABILITIES										
14	Accounts payable and accrued liabilities	\$216.4	\$201.0	\$200.7	\$192.3	\$228.2	\$236.0	\$260.3	\$287.9	\$273.6	\$249.5
15	Commercial Paper notes payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	400.0
16	Current portion of Long-term Debt Payable	142.0	151.1	162.9	180.1	199.2	218.6	226.9	237.7	247.1	256.8
17	Retainage payable	31.3	21.2	15.5	11.1	14.9	22.7	27.8	37.3	38.2	27.5
18	TOTAL CURRENT LIABILITIES	\$389.7	\$373.2	\$379.1	\$383.6	\$442.3	\$477.3	\$515.1	\$562.9	\$558.9	\$933.8
19	Senior Lien Sales Tax Revenue Bonds Payable	\$2,746.3	\$2,595.2	\$2,432.3	\$2,252.2	\$2,053.0	\$1,834.5	\$1,607.5	\$1,369.8	\$1,122.7	\$865.9
20	Net Pension Liability	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22	Capital Lease Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
23	TOTAL LIABILITIES AND DEFERRED INFLOWS	\$3,136.0	\$2,968.5	\$2,811.4	\$2,635.7	\$2,495.3	\$2,311.7	\$2,122.6	\$1,932.7	\$1,681.6	\$1,799.7
24	NET ASSETS (EQUITY)	\$6,809.4	\$6,875.6	\$6,964.6	\$7,011.8	\$7,109.1	\$7,282.7	\$7,505.2	\$7,741.2	\$7,953.2	\$8,103.1
25	TOTAL LIABILITIES & NET ASSETS	\$9,945.4	\$9,844.1	\$9,776.0	\$9,647.5	\$9,604.4	\$9,594.4	\$9,627.9	\$9,673.9	\$9,634.8	\$9,902.8

Cash Reserves and Restricted Funds (line 40 of the Financial Plan)

DART maintains several cash reserves. Financial Standard G-5 requires a Master Insurance Reserve for claims and Board liability exposure. This fund is expected to have a balance of approximately \$21.3 million on September 30, 2022.

Financial Standard G-7 requires that sales tax collections that exceed budget during a fiscal year be placed in a "Financial Reserve" account. Once this fund balance reaches \$50 million, all additional funds will be placed in a Mobility Assistance and Innovation Fund (MAIF) account. The Financial reserve and MAIF may be used for any purpose, subject to an affirmative vote of two-thirds of the appointed and qualified Board members. This line item represents the projected end-of-year value. The Financial Reserve is at \$50 million so all future sales tax excesses will be placed in the MAIF.

DART has pledged up to \$10 million of the Financial Reserve Fund as collateral on a defeased lease transaction with Comerica. This amount will decrease over time until it reaches zero in December 2023.

**Working Cash Requirements** (line 41 of the Financial Plan)

Financial Standard G-6 states "since sales taxes are received on a monthly basis, the unrestricted cash balance at the end of the year shall not be less than one-twelfth of the difference between the subsequent year's total sources of cash (excluding sales taxes) and total uses of cash as projected in the Financial Plan." For an improved safety margin, the Financial Plan maintains this cash balance to a minimum 90 days' worth of operating expenses (as opposed to 30 days required by policy). This line item represents the projected end-of-year value.

Mobility Assistance and Innovation Fund (line 42 of the Financial Plan)

In accordance with Financial Standard G-7, once the Financial Reserve Fund balance reaches \$50 million, all sales taxes in excess of budget are placed in a Mobility Assistance and Innovation Fund Reserve. Any excess sales tax revenues over the FY 2022 budget will be added to this reserve on or before December 31, 2022.

Unrestricted Cash (Net Available Cash) (line 43 of the Financial Plan)

This line item represents the projected end-of-year value and is the bottom-line check regarding the long-term affordability of DART's programs. As long as this value is positive, the Financial Plan is affordable, given the assumptions used to build the Plan. In the FY 2023 Financial Plan, the minimum value of Unrestricted Cash is \$97.5 million, occurring in 2041. This amount is in addition to the reserves described in the previous paragraphs and as such, represents DART's unprogrammed cash balance. DART's minimum total cash on hand, inclusive of all reserves and restricted funds is projected at \$646.3 million in 2041.

DART looks at Unrestricted Cash and the internal and external coverage ratios as critical components of affordability analysis. Every decision that is made, as well as every change to a Financial Plan assumption or estimate, is made with consideration of the effect on the overall affordability of the Plan.

Coverage Ratios (lines 44-45 of the Financial Plan)

Financial Standard D-7 requires DART to maintain a debt coverage ratio (the External Coverage Ratio) such that Gross Sales Tax Revenues must be at least two times the amount of annual Debt Service. This is the standard DART is held to by the financial marketplace and in its own external debt documents. In those documents, DART agrees that it will not issue additional debt when it does not comply with this standard. In the FY 2023 Financial Plan, the lowest external coverage value is 3.16 in 2034.

DART also has a goal to maintain another coverage ratio – the Internal Coverage Ratio. Standard D-7 states, "It is a goal of DART that for financial planning purposes, for long-term debt, sales tax revenues plus operating revenues, plus interest income, less operating expenses (excluding debt service and depreciation), for any twelve consecutive months of the prior eighteen months, must be sufficient to cover maximum annual debt service (ratio greater than 1.0). The FY 2023 Financial Plan meets this standard for all years, with a minimum value of 1.44 in 2034.



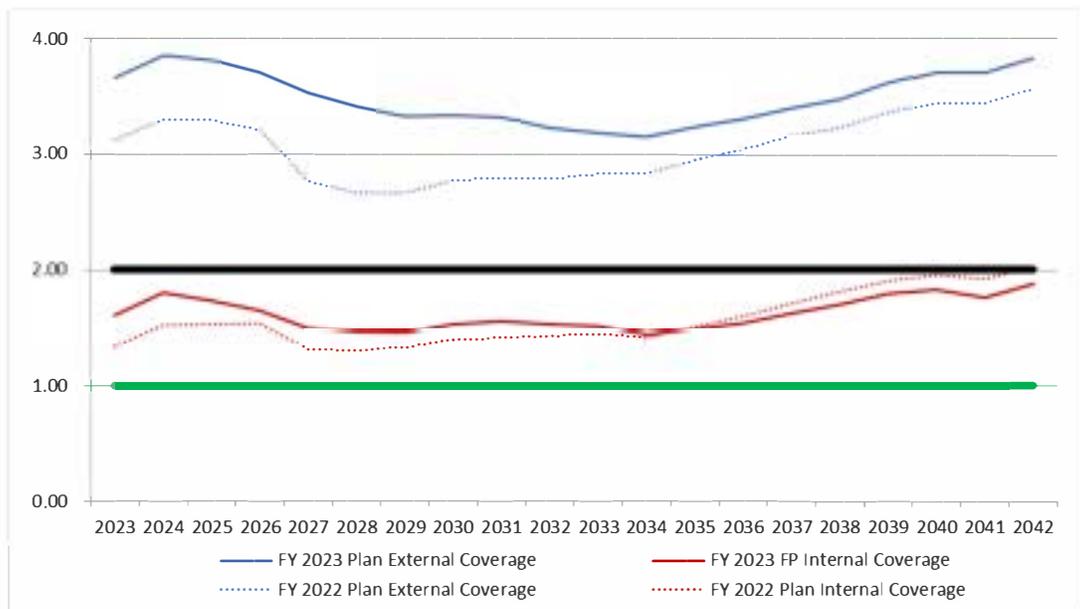
Exhibits 17 and 18 compare the projected annual values of the internal and external coverage ratios from the FY 2022 Plan to those in the FY 2023 Plan. The reduced coverage ratios in the later years are primarily a result of new debt service for D2.

Exhibit 17
Projected Coverage Ratio Comparison

Year	FY 2022 FP		FY 2023 FP		Variance	
	External Coverage	Internal Coverage	External Coverage	Internal Coverage	External Coverage	Internal Coverage
2023	3.13	1.34	3.67	1.61	0.54	0.26
2024	3.31	1.53	3.86	1.80	0.56	0.28
2025	3.30	1.53	3.82	1.74	0.52	0.21
2026	3.22	1.55	3.71	1.66	0.49	0.11
2027	2.77	1.32	3.54	1.50	0.77	0.18
2028	2.67	1.31	3.42	1.47	0.75	0.16
2029	2.67	1.33	3.33	1.46	0.67	0.13
2030	2.78	1.40	3.34	1.54	0.56	0.14
2031	2.80	1.42	3.32	1.56	0.52	0.14
2032	2.79	1.43	3.23	1.53	0.44	0.10
2033	2.83	1.45	3.19	1.52	0.35	0.07
2034	2.84	1.42	3.16	1.44	0.32	0.03
2035	2.95	1.51	3.24	1.49	0.28	(0.02)
2036	3.05	1.60	3.31	1.54	0.26	(0.06)
2037	3.16	1.72	3.40	1.63	0.24	(0.09)
2038	3.23	1.82	3.48	1.70	0.24	(0.12)
2039	3.36	1.90	3.62	1.80	0.25	(0.11)
2040	3.45	1.95	3.71	1.83	0.25	(0.12)
2041	3.45	1.92	3.71	1.77	0.26	(0.16)
2042	3.56	2.02	3.84	1.88	0.27	(0.14)



Exhibit 18



Funds and Fund Balances

DART’s cash balances are contained in the following funds:

General Operating Fund

The primary objective of investment strategies for the operating fund is liquidity achieved by matching investment maturities and income stream with anticipated cash flows. The majority of funds are placed in short-term or readily marketable securities with emphasis on high-grade commercial paper and government agencies. Local government investment pools are used to provide diversity and facilitate daily funding of cash outflows.

The average maturity of this portfolio shall not exceed two years; the maximum maturity for any single holding shall not exceed five years. Yield-enhancing techniques applied to a core segment of this portfolio may include the use of Treasury notes in the two to three-year area, which can be purchased for yield and held for possible capital gains, and intermediate-term agencies with short-call provisions offering a spread to comparable Treasuries.

Project Funds

Include monies designated for project financing greater than 90 days. The investment goals in this fund will be to provide capital preservation, liquidity needs, and investment return. The average dollar-weighted maturity of these portfolios are in the two to three year area with a maximum maturity for any single security of four years.



DART Commercial Paper System Expansion & Acquisition Fund

This fund was reactivated when additional commercial paper was issued for new capital projects. Deposits in this fund are generally held less than ninety days between the sale of DART's commercial paper and contract payments for the financed capital projects. To provide the short-term liquidity required, investments are limited to money market instruments, such as money market mutual funds or local government investment pools, commercial paper, discount agencies, or repurchase agreements, with maturities matched to check payment dates where feasible. The average maturity for this fund is up to 90 days, with a maximum maturity of 180 days.

Financial Reserve Fund

The investment goal of capital preservation is primary for this fund, which will be accessed in the event of a downturn in sales tax receipts, unanticipated capital overruns, or other financial difficulties. The need for liquidity is low. To maximize yield while maintaining a relatively stable market value, this portfolio will use an investment strategy of normally placing securities evenly spaced over a one- to five-year maturity range, commonly referred to as a ladder maturity structure, to ensure consistent availability of current funds for reinvestment or cash flow requirements. Securities will be evaluated on a risk-return basis, with bond swaps used to take advantage of market anomalies while maintaining market quality and structure. The average maturity of this portfolio is four years or less, with ten years as the maximum maturity for any single holding.

Insurance Reserve Fund

DART's self-insurance program for liability and workers' compensation claims requires the preservation of assets to ensure funding capability. The reserve amount required will vary on a yearly basis as new claims offset claims payments. The fund will be adjusted no less frequently than yearly to reflect the appropriate level upon approval of the Investment Officers, and after consultation with Risk Management. The lack of liquidity requirements in this fund allows for an average maturity of four years or less, with a maximum maturity for any single holding of ten years. Capital preservation is valued above yield, but the stable balance and minimal cash outflow permits a higher level of interim market price volatility than in other DART portfolios.

Senior Lien Debt Service Funds

The long-term bond program requires the establishment of two reserve funds: an interest fund and a principal fund. These funds will be used to make payments directly to bond investors as needed during the month. The investment objective of these two funds is to provide sufficient liquidity to meet the payment requirements and to minimize market and credit risk. To meet this investment objective, investments will be limited to money market mutual funds that invest in short-term securities that are issued or guaranteed by the U.S. government or U.S. government agencies, or direct obligations of the U.S. government and its agencies with maturities closely matched to specific payment requirements. The average maturity of the interest fund shall not exceed six months, with a maximum maturity of six months. The average maturity of the principal fund shall not exceed one year with a maximum maturity of one year.



Senior Subordinate Lien Debt Service Funds

The commercial paper program requires the establishment of two reserve funds: an interest fund and a principal fund. These funds will be used to make payments directly to commercial paper investors as needed during the month. The investment objective of the two funds is to provide sufficient liquidity to meet the payment requirements and to minimize market and credit risk. To meet this investment objective, investments will be limited to money market mutual funds that invest in short-term securities that are issued or guaranteed by the U.S. government or U.S. government agencies, or direct obligations of the U.S. government and its agencies with maturities closely matched to specific payment requirements. The average maturity of these funds shall not exceed 90 days, with a maximum maturity of one year.

Mobility Assistance and Innovation Fund

In order to provide funding for initiatives that enhance the quality and affordability of public transportation, DART will maintain a Mobility Assistance and Innovation Fund. The liquidity need of this fund is 20%. To maximize yield while maintaining a relatively stable market value and the desired liquidity component, this portfolio will use a two-tiered investment strategy. The liquidity needs will be invested evenly, 50% in the one to six month and 50% in the six to 12-month maturity range. The remainder of the portfolio will be invested by placing securities evenly spaced over a two to five-year maturity range, commonly referred to as a ladder maturity structure, to ensure consistent availability of current funds for reinvestment or cash flow requirements. Securities will be evaluated on a risk return basis, with bond swaps used to take advantage of market anomalies while maintaining market quality and structure. The portfolio allows for an average maturity of four years or less with ten years as the maximum maturity for any single holding.

DART Bond System Expansion & Acquisition Fund

This fund was reactivated when Series 2020A bonds were issued for new capital projects. The Bond proceeds in this fund are held up to 36 months between the sale of DART's long-term bonds and contract payments to finance capital projects. The investment goals in this fund will be to provide capital preservation, liquidity needs, and investment return. To meet the investment goals, investments will be in high grade corporate and government/agency instruments and local government investment pools. The investments purchased will have maturities that match forecasted payments. The average maturity for this fund is up to 30 months, with a maximum maturity of 36 months.

State or Local Government-Provided Funds

The deposits in these funds are provided by state, local governments, or other entities for specific projects. Preservation of capital and liquidity are the paramount investment objectives of these funds. Therefore, the deposits in these funds will be invested in AAA or United States Treasury money market funds. The average maturity will be one day, with a maximum maturity of one day.

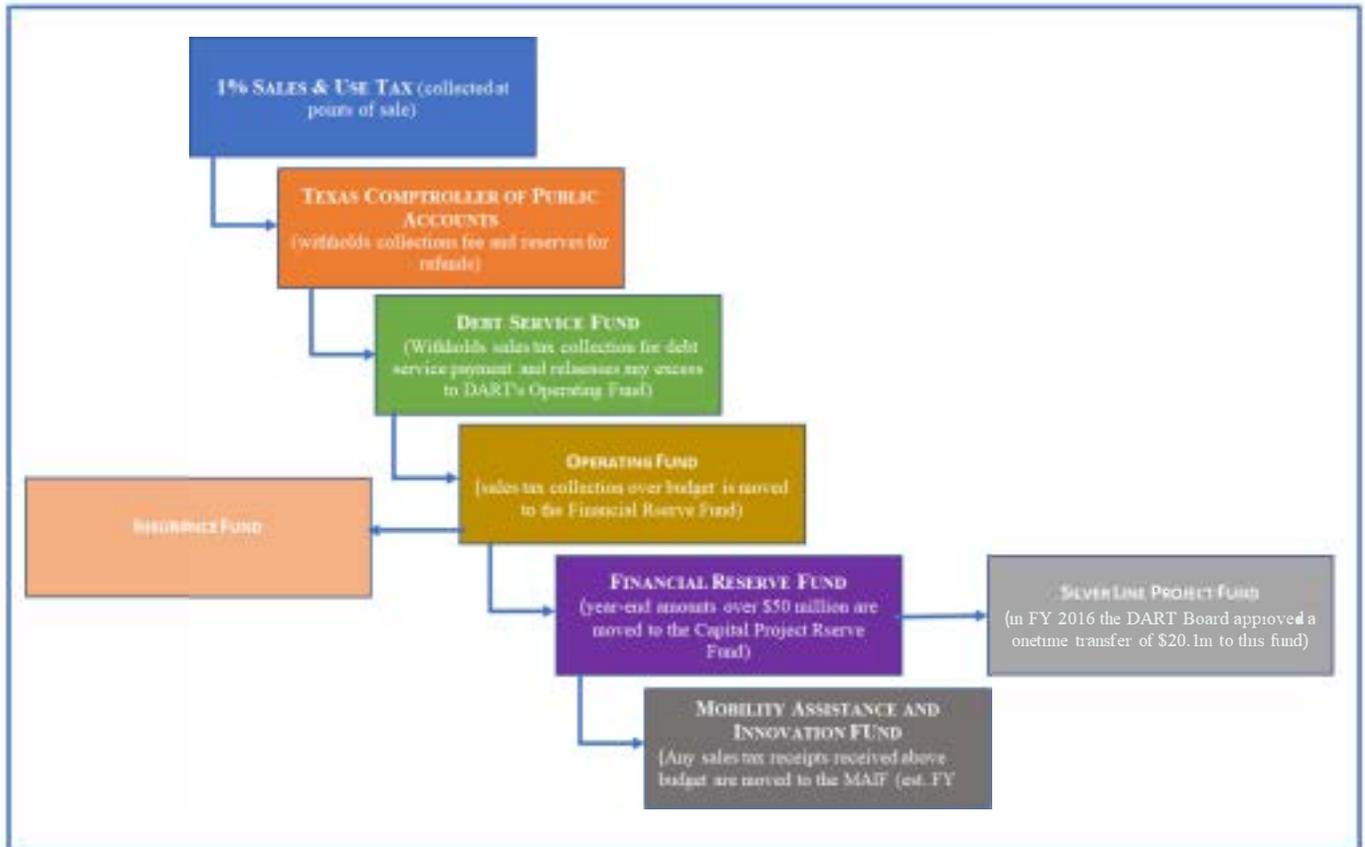
Platform Fund

Amounts in this fund are held between their receipt from the Texas Mobility Fund and contract payments to finance the Platform Extension project in the future. The investment goals in this fund are to provide capital preservation and liquidity needs. To meet the investment goals, investments will be in high-grade corporate and government/agency instruments and money market mutual funds instruments. The investments purchased will have maturities that match forecasted payments. The average maturity for this fund is up to 30 months, with a maximum maturity of 36 months.





Exhibit 19 shows DART's flow of funds





Major Financial Plan Assumptions

Sources of Funds

- Sales taxes have been resilient throughout of the last 9 months. Projections last summer had assumed \$8 million (1.2%) increase for FY 2022 from the approved FY 2021 Financial Plan. What we have in fact seen is a \$79 million or 15.8% growth from 2021 (through June). DART has projected 6% growth in sales taxes for FY 2023 and an average of 5% growth for the four years thereafter before incorporating a zero-growth year in FY 2027, and every seventh year thereafter. In each 7-year cycle, DART projects a very conservative average growth rate of 3.8%.
- The DART Financial Plan includes a fare increase of 9% every three years. The fare increase that had been programmed for FY 2023 (and all future fare increases) have been deferred to FY 2024.
- Fare revenues are based on an estimated average fare and ridership projections for each mode of service. As fare increases are implemented, reductions in fixed-route ridership are programmed into the Plan, netting against the normal projected ridership growth rate for that year to determine the net ridership change. The fare increase affects all fixed-route modes in a similar manner. Future service level decisions on all modes will also impact future ridership projections.
- During FY 2020, 2021 and 2022 ridership was negatively affected by the pandemic. DART ridership has dropped by more than 45% since FY 2019. The Plan assumes a ridership growth of approximately 15% per annum for the next three years to return to pre-pandemic levels. However, fixed route ridership is projected to be lower than the FY 2020 Plan by approximately 10 million passengers annually. moving forward, service levels, the speed and robustness of the recovery will also impact ridership. It is assumed that, after the ridership recovery phase is complete by 2025, the increase of projection will approach to average 1.6% through 2030. All fixed route modes are projected to increase by 0.5% per year in years without a fare increase and the projected increase is assumed to remain flat in years when a fare increase occurs.
- Additions to service will also have a ridership impact as DART expected around 1.7 million passenger per year when the Silver Line opens in FY 2025 and Streetcar ridership is expected to double when the extension opens in 2027.
- Like fixed route, Paratransit ridership levels are expected to recover over the next four years, increasing by an average of 9.5% per year through 2025. Beyond that, ridership is expected to increase by 2.5% annually over the life of the FY 2023 Financial Plan. FY 2023 ridership levels are projected at 761,000.



- Miscellaneous operating revenues, including such items as advertising and rental income are generally programmed to grow by inflation each year.
- The Federal Reserve had been increasing interest rates slowly, and DART projects an average interest income rate of approximately 3% for FY 2023 (varies by fund). As interest rates inevitably increase, it is expected that traditional spreads between commercial paper rates and interest income rates will also return.
- DART expects to receive \$87.2 million in Federal Formula allocations each year for Capital Preventive Maintenance, Fixed Guideway Modernization, Bus & Bus Facilities, Transit Enhancement, and Security project funds in 2023. This represents DART's annual formula fund allocation. Per Financial Standard B-10, these funds are to be programmed at the most recent known allocation throughout the life of the Plan and not increased, despite a history of growth. An exception is made for formula funds that will be generated by the opening of the Silver Line. Funding lags two years so DART anticipates an annualized increase of \$2 million in formula funds in FY 2027 for Silver Line operations that begin in FY 2025.
- Congestion Mitigation/Air Quality (CMAQ) or Texas Mobility Funds (TMF) in the amount of \$2.3 million is programmed to be received in FY 2023. No additional CMAQ or TMF funds are included in the Financial Plan beyond that year. As additional funds become available and projects are identified to access these funds, additional CMAQ and/or TMF funds will be programmed into the Plan.
- At \$1.7 billion over the life of the Financial Plan, CMAQ and federal discretionary funding represents just over 20% of DART's \$8.9 billion 20-year capital program. Beyond already existing discretionary grants, DART has assumed the following federal participation in future programs:
 - \$1,434 million is assumed to be received between 2029 and 2035 for the D2 subway.
 - All future bus purchases are conservatively assumed to be 10% grant funded. These future grants total \$94.7 million over the life of the Plan; and
 - TRE fleet vehicle replacement is expected to be 50% funded with federal money and totaling \$147.6 million between 2024 and 2028.
- DART projects \$315.0 million in other external capital contributions over the next two years, including:
 - \$244.5 million from Trinity Metro for their contribution to TRE capital programs.
 - \$7.0 million for Downtown Streetcar projects.
 - \$12.0 million to fund the Loop 12 in-fill stations on the Orange Line; and
 - Tax Increment Financing (TIF) and Value Capture revenues along the Silver Line corridor, beginning in 2022, will be used to support operations, maintenance, and debt service for the Silver Line. They are expected to generate \$39 million through expiration in 2038.

Uses of Funds

Operating Expenses

With the restoration of service cuts made during the pandemic, and DART's operating budget will increase from \$580.4 million in the FY 2022 budget to \$637.9 million in FY 2023. Compared to the FY 2022 budget, the FY 2023 budget increased to fully fund the DARTzoom, the bus network redesign, starting in January 2023, to extend GoLink's hours beginning in January 2023 and to fund to implementation of the compensation study conducted.

- In future years, per DART Financial Standard B-5, operating expenses are planned to grow by 90% of inflation plus increases for new service, new programs, Board-approved contract increases, and adjustments related to fuel prices and actuarial analysis. Projections for rates of inflation are part of the same economic model that is provided by The Perryman Group each year to estimate sales tax revenue growth. Annual local inflation rates are anticipated to be approximately 2.5% - 3.8% per year over the life of the Plan. This means that DART-allowed inflation per this standard is roughly 2.25% - 3.39% per year.
- TRE contract costs are programmed at contract rates for current service levels, and therefore total contract costs will grow by 3.0%.
- DART will make \$10 million in contributions in FY 2023 to the Defined Benefit Pension Plan. This plan has been closed since 1988, and because of this, DART's investments within the Pension Plan must become increasingly conservative, with more fixed income assets and a smaller percentage dedicated to equities. This has the impact of reducing yields and therefore may increase the total contributions required to fully fund the Plan by 2030 (the estimated date that the last eligible DART employee will retire). The actual contributions to these plans in future years are dependent on both fund earnings and actuarial analysis of the value of future benefits and may be adjusted annually.
- Over two-thirds of DART's Operating Budget is composed of salaries, wages, and benefits. In the long term, salaries and wages must at least grow by inflation, and benefits must stay competitive for DART to attract and retain quality employees. The national trend of nearly double-digit annual increases in healthcare costs compounds the challenge of maintaining competitive benefits.





Capital & Non-Operating Expenditures

- The FY 2023 Financial Plan includes service along the Silver Line corridor in the northern part of the DART Service Area. This line runs from Plano through Richardson, North Dallas, Addison, and Carrollton into DFW International Airport. This line is designed to link up with TEXRail operated by Trinity Metro (formerly known as the Fort Worth Transportation Authority), running from downtown Fort Worth to DFW Airport. Long-term, this will allow for a single-seat ride from Plano all the way to Fort Worth. Service along the Silver Line is scheduled to begin in late 2024 (FY 2025). Headways would be 30 minutes in the peak periods and 60 minutes in the off-peak periods.
- DART's is in the midst of a mid-life overhaul of its bus fleet. The total program cost is \$22 million. The next bus fleet replacement is scheduled to occur beginning in 2025 and with most of the fleet replaced by 2028.
- In the Capital/Non-Operating Program over the next 20 years, DART has allocated \$5.76 billion to funding state of good repair (SGR) projects and capital reserves. These funds are devoted to capital maintenance and the timely replacement of DART's assets and are critical to DART's long-term sustainability. Programming funds in this manner helps ensure that DART can continue to serve the community with high-quality, reliable vehicles and infrastructure.
- Capital Planning & Development costs (Capital P&D) are costs spent inside the operating departments that are specifically for planning, management, oversight, and administration of capital projects but are costs that cannot be capitalized. As such, they are shown on budget reports as a credit to total departmental expenses and are deducted from that total (along with start-up costs described below) to calculate operating expenses. Capital P&D costs over the life of the plan total \$401.6 million, or 4.3% of DART's total 20-year Capital and Non-Operating expenditures.
- Start-up costs are all operating-type costs that are both: 1) incurred solely as a result of the opening of new service; and 2) incurred prior to the start of revenue service. Upon the commencement of revenue service for each line section, the appropriate portion of these costs is incorporated into the operating budgets. Start-up costs are shown on budget reports as a credit to total departmental expenses and are deducted from that total (along with Capital P&D costs) to calculate operating expenses. Start-up costs are less than 0.3% of the 20-year capital program.

Debt Service

- DART will issue \$400 million in commercial paper between 2025 and 2029 as the initial funding mechanism for our bus fleet replacement program. This will be done through the combined use of a bank-backed liquidity facility and an Extendible CP program. That \$40 million is scheduled to be repaid between 2030 and 2033.

- \$2.36 billion in long-term debt is scheduled to be issued between 2023 and 2032 in support of the D2, the Silver Line and other infrastructure projects.
- \$700 million in additional long-term debt will be issued between 2024 and 2028 to fund the rehabilitation and replacement of DART's first fleet of Light Rail vehicles. In addition, \$30 million in 2042 for part of the remaining vehicles.
- \$148 million in additional long-term debt will be issued in 2026 and 2027 for the TRE fleet replacement.
- The actual amount, type, interest rates and timing of debt issuance may change from the Plan depending on DART's financial needs and market conditions.

Potential Risks and Opportunities

As sales tax receipts represent the largest single source of revenues, sales tax projections are unquestionably the single most important estimate in DART's Twenty-Year Financial Plan. Therefore, they are also the largest single area of risk to DART's ability to meet its goals and objectives. The COVID-19 pandemic had a significant effect on sales taxes. Still, that impact was much less severe than initially anticipated in-depth, and each recessionary event embodies its unique characteristics. Each event generates concerns about how deep the revenue losses will



be, how long it will last, and how quickly the economy will bounce back. This event may have more uncertainty around it than either the Dotcom bubble burst combined with 9/11 between 2000-2003 and the Great Recession of 2008. In each of those cases, the economy was expected to return to normal; it was just a matter of when. In many ways, each of those recessions could be considered a somewhat regular economic cycle. This pandemic is entirely different and has many more layers of uncertainty. In addition to the direct economic impact, the pandemic will undoubtedly have long-term implications for how we work, live, and transportation needs.

Many businesses have transitioned to a work-from-home mentality, either partially or entirely. Will this impact be permanent, and how can DART meet those rapidly changing needs? DART must be highly vigilant to changing circumstances and agile enough to evolve with the changes.

Expansion of public transportation beyond the DART Service Area continues to be discussed as a means to meet community mobility needs and support sustainable growth patterns. Key issues are the lack of available sales tax capacity in non-DART cities to commit towards DART and the mobility options such as microtransit that can serve some jurisdictions' short-term needs. DART Board Policy III.07 allows DART or its Local Government Corporation to provide contract services to a municipality or county outside the service area for up to 36 months, provided that: 1) the entity pays for 100% of the cost of the contracted service (including capital costs, access



and impact fees); 2) a transit system plan and 20-year financial plan is developed during the contract; and 3) a plan to become a DART member is developed, in which case service could continue beyond 36 months. The DART Board is considering policy amendments that would allow for contracts for eligibility-based microtransit or rider assistance programs that serve the most vulnerable community members be exempt from the 36-month contract term limitation.

DART Financial Standard B-10 states that federal formula funds will be programmed at the current year's level for all future years in the Plan. The FY 2023 Plan includes \$87.2 million in annual allocations for each year and an additional \$2.3 million annually from the Silver Line operations beginning in FY 2027.

DART currently has a significant amount of discretionary federal funding (\$1.697 billion) programmed into the Financial Plan over the next 13 years. 85% of this (\$1.434 billion) is programmed for the D2 subway. If this level of funding is not received for these projects, they may have to be delayed. The only assumptions of additional discretionary federal funding in the Plan beyond this 13-year window are an anticipated 10% contribution for future bus purchases, which totals only \$51.6 million.

But opportunity also exists in the area of federal funding. DART has received a total of \$658.1 million in additional federal funding for pandemic relief in three separate tranches. DART will continue to monitor emerging opportunities to bring additional federal funds to our region.

Inflation is also addressed in DART's Financial Standards. According to Financial Standard B-5, DART is constrained to grow operating expenses by no more than 90% of the projected inflation rate, plus new programs, new services, and specific other adjustments. The Perryman projections over the last two years call for continued very low inflation, averaging only 2.64% over the life of the Financial Plan. That means that 90% of those inflation projections fall in the 3.39% - 2.25% annual rate range. This operating expense target is challenging to achieve year after year.

Over two-thirds of DART's Operating Budget is composed of salaries, wages, and benefits. In the long term, salaries and wages must at least grow by inflation, and benefits must stay competitive for DART to attract and retain quality employees. The national trend of nearly double-digit annual increases in healthcare costs compounds the challenge of maintaining competitive benefits.

Fuel and energy prices tend to be volatile. Over the last decade, DART has taken advantage of dips in the market to put both hedges and physical delivery contracts in place to benefit from advantageous forward pricing. As DART has transitioned from diesel and liquefied natural gas buses to compressed natural gas (CNG), the risk associated with that price volatility has been greatly reduced. DART currently has a contract for physical delivery of CNG, with a hedge to cover FY 2021 - 2023. DART has extended its contract for electricity with the Texas General Land Office for 2020 through 2023, resulting in a 5-year savings of \$14.8 million compared to what was projected before the extension.

Inflation over the prior three decades has been relatively benign at annual rates of 1% - 3%. However, the last 15 months, the inflation rate has exploded, with the highest annual value of more



than 9% in June 2022. While higher inflation will undoubtedly have a negative impact on DART's operating and capital costs, it has also buoyed sales taxes. An additional benefit from high inflation is that DART's fixed rate obligations from the \$3.5 billion currently outstanding debt will be paid back with inflated or 'less expensive' dollars.

Conversely, any future sustained period of deflation would cause significant financial damage to the Agency. Deflation would undoubtedly result in falling sales tax or sales tax that did not grow as fast as anticipated. Reduced revenues combined with DART's fixed-rate debt obligations already outstanding could result in a significant contraction of Agency services and delayed or deferred major capital project delivery.

DART has attempted to identify all capital projects that can be foreseen, but every year additional new projects are requested. Significant additions to the capital program (and associated operating costs) without concurrent increases in revenues or the deletions of offsetting capital project costs could adversely affect the Financial Plan. As an attempt to mitigate those items, DART's Financial Plan contains multiple capital reserves, which are placeholders for anticipated future expenditures.

As part of the sequestration budget cuts, the federal government reduced the amount of the subsidy that will be paid to DART in support of the Build America Bonds that DART issued in 2009 and 2010 by an estimated 5.7% until 2030. This reduction has been incorporated into the Plan. Further federal budget cuts could result in even more subsidy reductions in the future. DART would have to make up for this reduction through service reductions, expense cuts, revenue enhancements or by accessing its cash reserves.

As mentioned at the beginning of this section, the pandemic may very well result in long-term changes in ridership levels and/or travel patterns. In such a case, DART may need to readjust its service levels and perhaps even its service delivery paradigm to meet the region's changing needs.

The 30-year Treasury rate has not exceeded 5% since prior to June of 2011. However, to be conservative, DART's Financial Plan assumes that our long-term interest rate will rise to 5.5% in 2023 and remain at that level thereafter. Long-term rates are not predictable. DART may experience lower rates than what we project in debt issuances through 2032 (approximately \$2.3billion). A drop of fifty (50) basis points in the projected long-term rate saves DART approximately \$50 million in interest expense over the life of the expected debt.



Exhibit 20 is a summary of the changes in sources and uses of funds between the FY 2022 Financial Plan and the Proposed FY 2023 Financial Plan for the 20-year period of FY 2023 through FY 2042.

Exhibit 20
20-Year Sources and Uses of Funds Comparison FY 2023 – FY 2042 (\$ in Millions)

Line	Description	FY22 Plan	FY23 Plan	\$ Variance	% Variance
SOURCES OF FUNDS					
1	Sales Tax Revenues	\$21,171.0	\$23,792.1	\$2,621.1	12.4%
2	Operating Revenues	2,301.9	1,730.4	(571.5)	(24.8%)
3	Interest Income	592.5	610.7	18.2	3.1%
4	Formula Federal Funding	1,781.3	1,781.6	0.2	0.0%
5	Discretionary Federal Funding	1,202.1	1,749.1	547.0	45.5%
6	Long-term Debt Issuances	2,834.7	3,505.8	671.1	23.7%
7	Commercial Paper Issuances	400.0	400.0	0.0	0.0%
8	Other Operating Contributions	514.3	519.3	5.0	1.0%
9	Other Capital Contributions	283.4	315.0	31.5	11.1%
10	Total Sources of Funds	\$31,081.2	\$34,403.9	\$3,322.7	10.7%
USES OF FUNDS					
Operating Expenses:					
11	Bus	7,598.1	8,524.3	\$926.2	12.2%
12	Light Rail Transit	4,697.0	5,214.4	517.5	11.0%
13	Streetcar	138.3	120.8	(17.4)	(12.6%)
14	Commuter Rail/RR Management	1,541.7	1,801.8	260.1	16.9%
15	Paratransit	1,323.0	1,336.9	13.9	1.0%
16	General Mobility - TDM/GoLink*	55.4	289.4	234.1	422.8%
17	Total Operating Expenses	\$15,353.4	\$17,287.7	\$1,934.3	12.6%
Capital and Non-Operating:					
18	Agency-Wide	517.5	641.8	\$124.3	24.0%
19	Bus	1,228.6	1,397.9	169.3	13.8%
20	Light Rail Transit	4,046.2	4,932.2	886.0	21.9%
21	Streetcar	104.8	104.8	0.0	0.0%
22	Commuter Rail/RR Management	1,212.9	1,789.3	576.4	47.5%
23	Paratransit	5.1	4.6	(0.4)	(8.8%)
24	General Mobility - Road Impr./ITS	20.0	20.0	0.0	0.0%
25	Non-Operating	22.4	65.6	43.2	192.7%
26	Capital P & D, Start-Up	376.3	424.9	48.6	12.9%
27	New Programs (Distribution to member cities)	15.0	214.3	199.3	1,328.5%
28	Ridership Improvement	0.0	110.3	110.3	na
29	Total Capital and Non-Operating	\$7,548.7	\$9,705.7	\$2,156.9	28.6%
Debt Service					
30	Principal Payments - Long-term Debt	\$3,228.5	2,948.1	(\$280.4)	(8.7%)
31	Long-term Debt Interest Expense	\$3,665.2	3,888.8	223.6	6.1%
32	Commercial Paper Interest Expense	\$75.3	76.5	1.3	1.7%
33	Debt-Related Fees	\$12.9	13.7	0.7	5.6%
34	Total Debt Service	\$6,981.9	\$6,927.1	(\$54.8)	(0.8%)
35	Commercial Paper Debt Repayment	\$400.0	\$400.0	\$0.0	0.0%
36	Total Uses of Funds	\$30,299.0	\$34,645.1	\$4,346.1	14.3%

* The General Mobility -TDM is replaced by GoLink in FY 2023. The Vanpool service was suspended during FY 2022.



FY 2023 Proposed Annual Budget

In this section of our document, we provide the reader with an overview of the Board-approved Strategic Priorities, followed by a description of what we anticipate accomplishing toward achieving those priorities using our resources. This discussion is followed by a breakdown of the FY 2023 Proposed Annual Budget. This portion of our document is organized as follows:

- Overview
- Budget Basis and Process
- Strategic Priorities – which frame our budget decisions
- Financial Summary and Discussion – which enumerates the FY 2023 amounts for operating expenses, capital and nonoperating costs, and debt service.

Overview

The Annual Budget corresponds to the first year of the DART Twenty-Year Financial Plan (the Plan). The Plan is presented as a separate section of this document. The Plan represents a robust long-term projection of DART's operating revenues, funding, operating expenses, capital expenditures, and other financial information. The Plan validates the affordability of system expansion and maintenance commitments, operating requirements, and debt repayment. The FY 2023 Proposed Budget incorporates the following amounts:

Operating	\$637,869,000
Capital & Non-Operating	854,114,967
Debt Service	223,691,319
Total FY 2023 Proposed Annual Budget	\$1,715,675,286

The FY 2023 Proposed Twenty-Year Financial Plan demonstrates that DART has the financial capacity to meet the Agency's Transit System Plan commitments and to continue the programmed levels of bus, rail, and other transportation services, based on current information and assumptions.

The FY 2023 Proposed Annual Budget reflects the continued improvement in the efficiency, effectiveness, and quality of the services we deliver. The following pages describe many of DART's customer-facing initiatives aimed at attracting and retaining customers, as well as initiatives to address operational improvements. A list of major capital projects is shown as Exhibit 12 in the Twenty-Year Financial Plan Section of this document. The list reflects strength in the Plan of funding to keep the system in a state of good repair.



"Customer-facing initiatives while responsibly meeting operating cost challenges"

Notable capital projects in the FY 2023 Plan include a program of interrelated projects to increase the core capacity of DART's service and the development of rail service along the Silver Line corridor in the northern part of the DART Service Area.

Our Priorities

The DART Board has adopted strategic priorities to guide Agency initiatives which, in turn, drive the FY 2023 Annual Budget.

Strategic Priorities

These priorities provide guidance to the Agency as it focuses on retaining and attracting customers with responsive service, a sustainable system, and stronger branding. At the same time, the Agency will continue to explore service connections and partnerships regionally. Capital expenditures will increasingly be directed towards maintaining existing assets in a "state of good repair" and capital asset replacement. A program of interrelated projects designed to increase the core capacity of DART's service through the Dallas Central Business District will benefit the entire service area. Accelerated rail service along the Silver Line corridor in the northern part of the DART Service Area will provide a much-needed east-west connection between the Red, Orange, and Green lines.

A discussion of Agency initiatives in support of the Strategic Priorities can be found beginning on page 80. This discussion is followed by the amounts for operating expenses, capital and non-operating costs, and debt service in the FY 2023 Proposed Budget to accomplish these initiatives.

Documentation prepared by Management for Board briefings and action items includes an explanation of how each item supports one or more of these priorities.



Strategic Priorities as Framework for Agency Initiatives

DART's leadership uses Board-adopted Strategic Priorities as the framework for Agency initiatives. The following information highlights a number of these initiatives.

Budget Basis

The Twenty-Year Financial Plan drives the annual budget. Approval of the Financial Plan requires an affirmative vote of two-thirds of the appointed and qualified members of the Board. The annual budget, which is approved by a majority vote of the Board, corresponds to the first year of the Plan.

DART's Annual Budget is prepared in the same format and organization as DART's financial reports, except the budget does not include depreciation, the offsetting interest income and interest expense from defeased lease transactions, and a small number of other non-system items such as pass-through grants. The activities of DART are accounted for in the same way proprietary funds are accounted for in other local governments and are therefore reported as a single enterprise fund. Enterprise accounting is used to account for entities that operate in a manner similar to a private enterprise. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they are incurred, regardless of when the related cash flows take place.

Certain major repairs and one-time or non-routine projects that are not eligible for capitalization according to Generally Accepted Accounting Principles (GAAP) are budgeted as Capital/Non-Operating projects but are expensed in the year the expense is incurred.

Unexpended funds included in the operating budget expire at the end of the fiscal year and are not carried over into subsequent years. Conversely, Capital/Non-Operating projects are budgeted for the life of the project, and funds are not required to be spent in the current fiscal year. Funds that are not expended for capital and non-operating projects in the current year roll forward into the next budget year until the project is completed.

DART's fiscal year runs from October 1 through September 30. Section 452 of the Texas Transportation Code provides for a 30-day review period of the budget by the governing bodies of each municipality in the Agency and that a majority vote of the DART Board is required for approval of the annual budget.

Please Note: Budget schedules are presented and rounded to millions or thousands (as indicated) but are based on actual raw numbers. Consequently, certain schedules may not tie exactly or add properly due to rounding. In some cases, prior years' numbers have been restated to conform to the current year's format. All schedules are in fiscal years unless otherwise stated.

Strategic Priority 1

Enhance the Safety and Service Experience through Customer Focused Initiatives

It is DART's goal to provide safe, secure, efficient, and effective services to our customers. The agency works toward improvement in these areas through a variety of strategies, including 5 Star Customer Service, improved customer experience, employee training and development, deployment of new technologies, increased safety and security across all dimensions, improved service delivery planning, and processes, and enhanced internal communication and coordination. DART utilizes qualitative measures through face-to-face contact, on-site observations, and formal and informal groups coupled with quantitative measures through the Customer Satisfaction Report and periodic customer surveys to monitor the effectiveness of agency programs and services.

Efforts to Improve Safety Experiences and Perceptions for Our Customers



The Safety Department has established an aggressive, proactive, visible safety program designed to educate and inform both our internal customers (employees) and our external customers (passengers) of efforts undertaken to ensure their safety. We have ongoing campaigns to update these constituents on safety trends and concerns, as well as detailed programs and procedures for investigating and mitigating unsafe activities that could lead to accidents. We operate on a covered watch schedule of 24 hours a day, 7 days a week, to ensure someone is available to resolve accidents/incidents without adversely impacting

DART's revenue service operations.

Customer Satisfaction Survey

To shape and influence customer behavior, it is critical that DART understands how they feel about and experience our brand.

Every year, DART conducts a customer satisfaction survey to measure brand health. Survey goals are:

- Identify any significant shifts in brand perception among consumer subgroups
- Understand the drivers of customer satisfaction

5 Star Service Program

This program is a major cultural transition for DART. For FY 2023, the program will continue to emphasize a change in employee behavior, high performance teams, and greater accountability. Employee engagement and feedback opportunities will be used to hear from employees regarding ideas for improvement, innovation, and creativity. Employees at every level of the organization have a role in facilitating change and demonstrating the ownership needed for making true progress, both for the individual and department.



FY 2023 Initiatives

- Partner with Innovation Group on the Idea Box Program
- Review Program Pillars, Star-Level Definitions, and Continuous Improvement Team Metrics

Ongoing 5 Star Service Program Projects

- Continued focus on improving the customer experience of the DART system
 - The Mystery Rider Program examines the customer experience from a whole system perspective down to the individual employee encounters
 - Concierges riding trains to assist customers with their journey has been a successful practice in 2021 and 2022; this will continue in 2023
- The 2022 Customer Experience Officer (CEO) class focused Operations leadership; future classes in 2023 are slated for supervisors and newly hired management personnel
- Continuous Improvement Teams (CIT) are problem-solving groups that include approximately 10-20 employees at any given time, selected by departments to solve technical problems, improve processes, or create new ways to improve working relationships within the agency or with the agency's customers. Twenty-one teams have implemented their projects to date
- The Practicing, Leading and Serving (PLS) Toolbox course is available in the DART Learning Management System for newly hired supervisor and management personnel
- Transit Operations Academy will continue to roll out technical skills training for new operations supervisors and managers
- The Culture Change Management Series invites guest speakers each year to discuss a wide range of culture-related topics. For FY 2023, this will transition to a virtual series
- Customer Service Events are a scheduled series of direct interaction activities at rail stations, transit centers, divisions, departments, and special occasions. These events were suspended through the COVID-19 pandemic and could be relaunched in FY 2023, if deemed safe.

Enhance Customer Satisfaction and Rider Retention

This customer service initiative has a two-pronged approach to increase customer satisfaction and ridership. It includes: 1) Employee motivation/satisfaction 2) Positive customer experiences.

Surveys indicate that one-quarter to one-third of customers describe themselves as “new” riders on the system. A customer’s first experience with DART service is a significant factor in building long-term ridership; and employee motivation/satisfaction impacts the degree to which employees focus on creating a positive first-time customer experience.

During previous years, new rail expansion provided significant opportunities for service quality improvements and additional ridership growth. Market research reveals a significant level of “turnover” in the composition of bus ridership. As new riders are attracted to the system, we also experience attrition among existing riders. The primary causes in the fluctuation of the annual customer base include changes in residence, employer, or employment location and changing gasoline prices.



Less significant reasons include changes to the bus network due to the rail expansion or dissatisfaction with service levels or service quality.

Strategies to improve service and safety experiences and perceptions continuing into FY 2023 include the following major categories:

- Improved Bus Service
- Improved Service Reliability, Timeliness, and Service Connections
- In-Transit Customer Communication Services
- Mobile Platforms
- Installation of interactive kiosks
- New Marketing and Promotion Initiatives
- Improved Strategies for Responding to Service Disruptions

Improved Bus Service

DART implemented a New Bus Network in January 2022, including ridership-oriented features like frequency improvements, wider service spans, and more weekend service, along with coverage-oriented features like GoLink expansion. DART plans to build upon that effort through development of a comprehensive Bus Improvement Program which will guide service-related operating and capital improvements over the near- and long-term.

Enhancement of GoPass Mobile Ticketing Solution



The new cash-to-mobile option on GoPass aligns with our vision and goal to reduce cash handling within the DART system. At hundreds of DFW area retail locations, cash-paying customers can load value onto their GoPass app account using cash. Customers then use that stored value, held in a digital wallet within the app, to purchase tickets for DART, Trinity Railway Express, Trinity Metro, or Denton County Transportation Authority.

*Key Information on GoPass:*

- GoPass has over 1.7 million downloads (June 2022), having become a critical component of the agency's infrastructure.
- 70% of GoLink on-demand rides are booked through GoPass or linked through to Uber for fulfillment.
- 30% of DART fare revenue is collected through the GoPass app platform.
- The highest proportion of 'See Something' alerts are received through GoPass

GoPass operates as the only regional payment platform in DFW, supporting DART, DCTA, and Trinity Metro services – all with a single regional pass. GoPass also supports STAR Transit within the DFW region.

New Marketing and Promotion Initiatives

The activities of the Marketing & Communications Department (Mar-Comm) promote brand awareness and relevance to drive ridership growth.

The campaign targets the following riders in this order:

- Reliant Commuter
- Task Rider
- Corporate Commuter
- Event Goer

This 360-degree plan includes video elements, marketing, public relations, social media, digital communications, customer service, and operations.

Improved Strategies for Responding to Service Disruptions

Over the past few years, the Agency has implemented programs that have improved communications to our riders by implementing new technology and having more boots on the ground in emergency situations.

- In-Transit Customer Communications – DART aims to keep customers informed regarding their trips. The use of changeable message signs on rail platforms, alerts in the GoPass app, and the Operations Communication Liaisons (OCL) in the Control Center to update social media have improved our customer communications during any type of event or incident.
- Customer Response Team – The Customer Response Team (CRT) is comprised of administrative employees who are assigned to various rail stations to assist with customer communications during service disruptions. Procedures for the activation and deployment of the CRT has been enhanced.
- Severe Winter Weather Contingency Plan – A contingency plan was developed several years ago to allow DART to provide more reliable services during major winter storms and to recover the system more quickly in the wake of a storm. The contingency plan was activated multiple times in February 2022. Management evaluated and refined the



contingency plan based on the experiences of this last event.

- CBD Rail Disruption Contingency Plan –Rail service disruptions in the Dallas CBD can result from weather, infrastructure failures, power failures, criminal activity, and other triggering incidents. The CBD Rail Disruption Contingency Plan was developed as a tool to improve our response to these types of incidents. Four basic response plans can be applied depending on the nature and extent of the disruption.
- After-Action Reviews, Table-Top Exercises, and Drills – After every major service disruption incident, After-Action Reviews are held to debrief all aspects of the incident and the response to the incident to identify lessons learned. All findings and recommendations are documented and tracked by Emergency Preparedness staff to assure that recommendations are distributed, and appropriate modifications are made to our processes. In addition to the After-Action Reviews, Table-Top exercises and drills are also scheduled to reinforce training and procedures. Often these Table-Tops and drills include emergency response personnel from cities within the DART Service Area or other entities with whom DART needs to collaborate.

Improved Strategies for Responding to Service Disruptions

Over the past few years, the Agency has implemented programs that have improved communications to our riders by implementing new technology and having more boots on the ground in emergency situations.

- In-Transit Customer Communications – DART aims to keep customers informed regarding their trips. The use of changeable message signs on rail platforms, alerts in the GoPass app, and the Operations Communication Liaisons (OCL) in the Control Center to update social media have improved our customer communications during any type of event or incident.
- Customer Response Team – The Customer Response Team (CRT) is comprised of administrative employees who are assigned to various rail stations to assist with customer communications during service disruptions. Procedures for the activation and deployment of the CRT has been enhanced.
- Severe Winter Weather Contingency Plan – A contingency plan was developed several years ago to allow DART to provide more reliable services during major winter storms and to recover the system more quickly in the wake of a storm. The contingency plan was activated multiple times in February 2022. Management evaluated and refined the contingency plan based on the experiences of this last event.
- CBD Rail Disruption Contingency Plan –Rail service disruptions in the Dallas CBD can result from weather, infrastructure failures, power failures, criminal activity, and other triggering incidents. The CBD Rail Disruption Contingency Plan was developed as a tool to improve our response to these types of incidents. Four basic response plans can be applied depending on the nature and extent of the disruption.
- After-Action Reviews, Table-Top Exercises, and Drills – After every major service disruption incident, After-Action Reviews are held to debrief all aspects of the incident and the response to the incident to identify lessons learned. All findings and recommendations are documented and tracked by Emergency Preparedness staff to assure

that recommendations are distributed, and appropriate modifications are made to our processes. In addition to the After-Action Reviews, Table-Top exercises and drills are also scheduled to reinforce training and procedures. Often these Table-Tops and drills include emergency response personnel from cities within the DART Service Area or other entities with whom DART needs to collaborate.

Providing Customer Service

Technology provides our customers with another touchpoint, but there still is a need for human call centers. DART's Customer Service division fields over 750,000 calls annually. These calls come from current and potential riders seeking information about DART services, including bus and rail operations.

This division responds to customers' needs in person, by phone, and on DART.org. They are responsible for quantifying customer contacts through the development of the Customer Feedback Report.

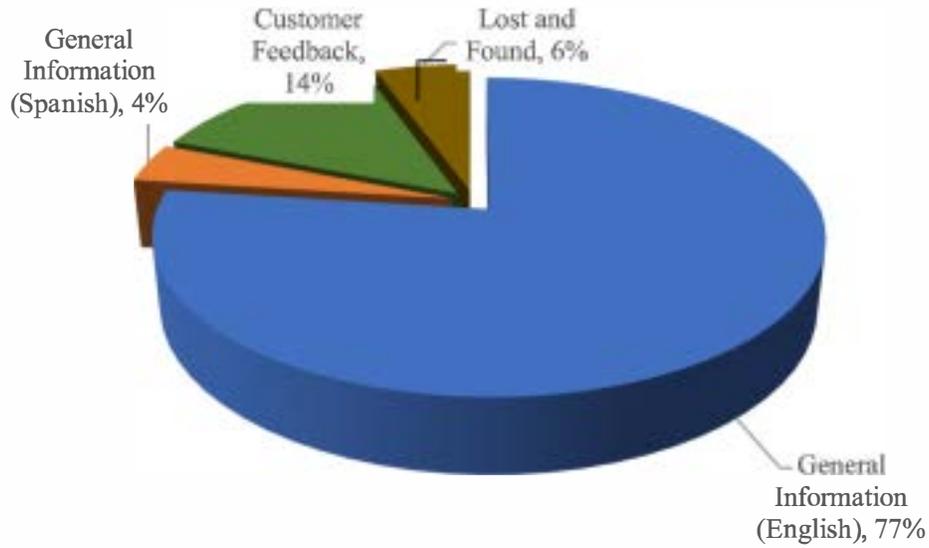
Customer contacts are identified as belonging to one of three categories: (see Exhibit 21)

- General information (trip planning, event, promotions, advertisements, and DART initiatives) which is accountable for approximately 85% of total calls
- Customer feedback (commendations, suggestions, and complaints)
- Lost and found



The customer service call-in and interaction data this division collects serve to gain a more granular and immediate understanding of our customers' needs. Through analysis and aggregation, we can identify the breadth and depth of opportunities to enhance service and strengthen brand affinity. The DART Call Center is open 363 days a year and is closed on Thanksgiving and Christmas Day.

Exhibit 21
Customer Service Call Types





Strategic Priority 2

Demonstrate Stewardship of the Transit System, Agency Assets and Financial Obligations

The Board-approved Strategic Priorities and Goals include initiatives for managing system improvements and maintaining infrastructure. DART uses its annual process to develop a Twenty-Year Financial Plan to ensure the Agency identifies the resources necessary to maintain and operate its existing and planned infrastructure.

Affordability

The Proposed FY 2023 Twenty-Year Financial Plan demonstrates that DART has the financial capacity to meet commitments to our major programs and to provide the programmed levels of bus, rail, and other transportation services based on current information and assumptions.

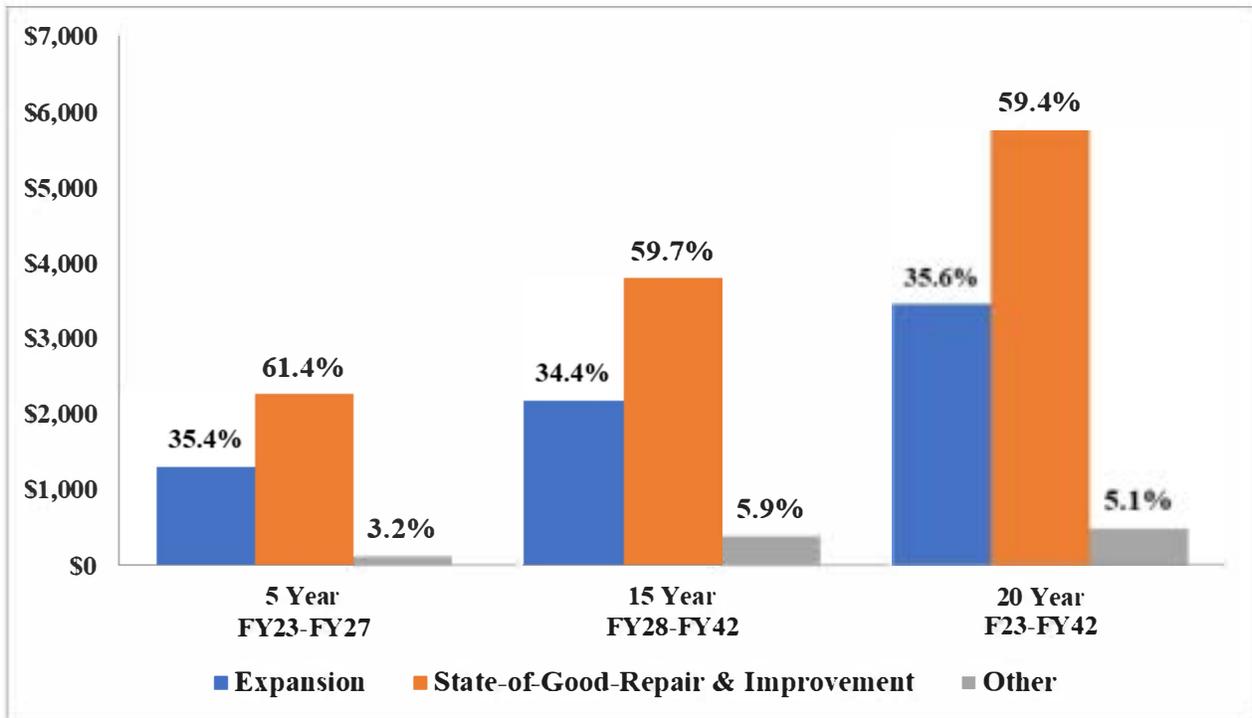
The FY 2023 Proposed Budget reflects both continued rail construction, system expansion, and enhancements to DART's bus service. The Agency continues to concentrate on the core business of getting people where they need to go safely, reliably, and affordably, as well as attracting and retaining customers with responsive service and a sustainable system.

The capital program, the full schedules of which can be found in the Twenty-Year Financial Plan Section, reflects a shift from expansion to maintaining and replacing our assets – keeping the system in a state of good repair.

Exhibit 22 provides an overview of the capital and non-operating projects by category and highlights the increase in funding for state of good repair for DART's system.



Exhibit 22 Capital/Non-Operating 20-Year Program by Category (in Millions)



The capital expenditures included in the Proposed FY 2023 capital/non-operating budget total \$854.1 million.

Transit System Plan

Since the original 1983 Service Plan, DART has developed a series of Transit System Plans to outline key priorities for mobility improvements and expansion of the system. System plans adopted in 1989, 1995, and 2006 were focused on capital expansion and programming of many elements from the 1983 plan. DART is developing a new 2045 Transit System Plan that is more strategy-based and outlines opportunities under a range of themes, including – Rider Experience, Mobility & Innovation, Service & Expansion, Land Use & Economic Development, and Collaboration.

The Transit System Plan is coordinated with the 20-year financial plan to understand financial capacity and identify programs, policies, and projects to help achieve DART’s mobility vision. The plan focuses first on opportunities to maintain DART’s system in a state of good repair while outlining opportunities to leverage the existing system and future investments to enhance quality of life, mobility, and access for our riders and our communities.



Light Rail Transit (LRT) System

The current LRT system is 93 miles and 65 stations.

Current and future LRT investments are focused on core capacity and modernization improvements, including a second LRT alignment through downtown Dallas (known as D2 Subway) and capital improvements to support a transition to new low floor vehicles, which will allow level boarding at all doors for all riders.

A recently completed core capacity improvement which supports the level boarding initiative is the Red and Blue Line LRT platform modifications. FTA awarded a Full Funding Grant Agreement (FFGA) for the Red/Blue platform extensions project in May 2019 under their Capital Investment Grant (CIG) program. The project modified 28 original Red/Blue line platforms to accommodate three-car trains and level boarding at specific locations. Five of the station platforms were fully raised. The project has been completed and is ready for three-car operations as of April 30, 2022. On April 14, 2022, the FTA issued a blanket waiver of level of service requirements which applies to the Red/Blue platform extensions project. At such time DART reinstates pre-pandemic service levels across the LRT system, which includes headways and capacity, DART will need to institute the service level requirements on the Red and Blue Lines as documented in the FFGA. Those requirements include operation of some three-car trains in the peak hour peak direction.

Part of the future LRT system modernization effort is replacement of the original light rail vehicle fleet with new low floor vehicles. To accommodate the vehicles, the remaining platforms will be fully raised and both the Central Rail Operating Facility (CROF) and the Northwest Rail Operating Facility (NWROF) will be modified to service the new vehicles. A unified signal system and weatherization treatments are also under study to enhance the reliability and resiliency of the system.

The D2 Subway project is another core capacity improvement that would also enhance resiliency, operational flexibility, and serve new markets in downtown Dallas. DART completed 30% preliminary engineering (PE) for an alignment known as Victory/Commerce/Swiss, and FTA issued a Final Environmental Impact Statement/Record of Decision (FEIS/ROD) in April 2021. However, due to community concerns within the east end of the alignment, the City of Dallas did not approve the entire alignment and directed City staff to work with DART, the North Central Texas Council of Governments (NCTCOG), and the Texas Department of Transportation (TxDOT) on an East End Evaluation to explore potential enhancements, refinements, or modifications to address community concerns and optimize interface with IH-345 options under study by TxDOT. This evaluation was completed in Fall 2021 and both the Dallas City Council and DART Board approved a revised east end alignment in February 2022 (see Exhibit 23, on the following page). While DART had been working with FTA to re-enter the FTA CIG program, the changes led DART to postpone the entry into the program until additional design and environmental clearance is obtained on the east end alignment, which is anticipated by the end of 2024. DART is also conducting corridor preservation activities and is monitoring ridership recovery and FTA CIG grant program changes to support a decision on project timing in the future. More information is at www.DART.org/D2.

Exhibit 23 Dallas CBD Second Light Rail Alignment (D2) Subway Project



In addition to these two projects, DART is working with the City of Dallas to advance the Dallas Streetcar central link in downtown Dallas, including a future request to FTA to enter project development as a small starts project. These three projects will add significant core capacity and enhanced access to the DART system. The Proposed FY 2023 Financial Plan reflects funding for D2 Subway, platform modifications, and the streetcar central link.



Exhibit 24 provides historical and prospective data on light rail expansion projects.

Exhibit 24 LRT Revenue Service Dates

Corridor	Line	From	To	Miles	Stations	Opening Date
STARTER SYSTEM						
Central Business District	All	West End	Pearl	1.0	4	June 1996
Oak Cliff	Red/Blue	West End	8th & Corinth	3.8	4	June 1996
South Oak Cliff	Blue	8th & Corinth	Ledbetter	4.6	5	June 1996/May 1997
West Oak Cliff	Red	8th & Corinth	Westmoreland	4.6	4	June 1996
North Central	Red	Pearl	Park Lane	6.0	4	Jan 1997
Starter System Subtotal				20.0	21	
RED/BLUE LINE EXTENSIONS						
North Central	Red	Park Lane	Parker Road	12.3	9	July-Dec 2002
Northeast	Blue	Mockingbird	Downtown Garland	11.2	5	Sept 2001-Nov 2002
Northeast	Blue	Downtown Garland	Downtown Rowlett	4.6	1	Dec 2012
South Oak Cliff	Blue	Ledbetter	UNT-Dallas	2.6	2	Oct 2016
Extension Subtotal				30.7	17	
GREEN LINE						
Northwest (NW-1A)	Green	West End	Victory	1.2	1	Nov 2004
Northwest (NW-1B)	Green	Victory	Inwood	2.8	3	Dec 2010
Northwest (NW-2)	Green	Inwood	Bachman	3.2	2	Dec 2010
Northwest (NW-3)	Green	Bachman	Farmers Branch	4.9	3	Dec 2010
Northwest (NW-4)	Green	Farmers Branch	Frankford	5.3	3	Dec 2010
Northwest Subtotal				17.4	12	
Southeast (SE-1A)	Green	Pearl	MLK, Jr.	2.7	4	Sept 2009
Southeast (SE-1B)	Green	MLK, Jr.	Hatcher	1.4	1	Dec 2010
Southeast (SE-2)	Green	Hatcher	Buckner	6.0	3	Dec 2010
Southeast Subtotal				10.1	8	
ORANGE LINE						
Northwest-Irving/DFW (I-1)	Orange	Bachman	Irving Convention Center	5.4	3	July 2012
Northwest-Irving/DFW (I-2)	Orange	Center	Belt Line	3.6	2	Dec 2012
Northwest-Irving/DFW (I-3)	Orange	Belt Line	DFW Airport	5.0	1	Aug 2014
Orange Line Subtotal				14.0	6	
Total Miles/Stations in Operation*				93.0	64	

*Total miles includes approximately 0.75 miles of pocket track.

Strategic Priority 3

Innovate to Enhance Mobility Options, Business Processes and Funding

DART maximizes Agency resources through effective marketing, innovative technology, and astute financial management.

Timely, Accessible, and Reliable Services and Information to Customers

Customer transportation services are being optimized by improving the systems used on DART's vehicles to create and adhere to schedules and make operator assignments more efficient and equitable. The Agency continues a focus on business intelligence to provide greater insight into DART services for continuous improvement.

The existing point-to-point rail trip planning application has been modified to provide arrival predictions instead of scheduled times. System enhancements have increased stability and availability of this service.

To address a major customer concern regarding missed connections, connection protection software is being piloted at selected key transfer locations. This system uses automated vehicle location information and bus schedules to temporarily "hold" the departure of a bus if a connecting bus is arriving a few minutes behind schedule.

Interactive Kiosks – Connecting with current and potential riders across multiple channels influences their experience with our brand in positive and meaningful ways.

The agency first tested an interactive kiosk at Dallas Love Field Airport. Since then, arriving passengers can plan their ground transportation on the interactive map and then text or email the directions to themselves.



To date, 300 Kiosks have been deployed across rail stations and transit centers across the service area. We are poised to deploy additional Kiosks with the buildout of the Silver Line. Interactive kiosks complement other customer touchpoints DART provides, including the GoPass app, DART.org, customer service, printed materials, and others. Interactive kiosks would make it easier for riders to navigate the system, particularly special occasion riders, tourists, and those new to using the service. The Kiosk provides real-time trip planning and alerts for emergencies and planned and unplanned system interruptions. Additionally, as a result of the COVID-19 pandemic, the Kiosks have been equipped with QR codes to enable riders to view the content on their phone with minimal contact with the Kiosk.

The Kiosk can provide information in multiple languages and will generate advertising revenue for the agency.



InfoTransit Digital Signage – The “InfoTransit” digital signage system on all buses displays information on the next and subsequent two stops for passengers. DART is now able to create slideshows onsite, update the “Next Stop” content, and present slideshow content by Stop ID or GPS location. Additionally, this system provides customers with system-wide marketing campaigns relating to current and upcoming DART events.

Broadband Data Communications to Buses and Surveillance Cameras – All DART buses are also equipped with surveillance cameras and 4G LTE (Long-Term Evolution) cellular communications for police and other authorized parties to view current video streams from the video cameras on the bus in case of an incident. The video is recorded and tagged and is then offloaded automatically from the vehicle in the operating division garage or by special request. The health of the 4G LTE cellular communications link on the bus is regularly monitored, as is the bus’s ability to connect to the wireless network at the garages.

Finally, broadband cellular communications will be used for real-time validation of electronic fare media such as DART proprietary smart media, contactless bank cards, and Near Field Communication (NFC) devices for Apple Pay, Android Pay, and Samsung acceptance once the fleet is equipped with validators.

The agency continues to improve the use of technology to provide timely, accessible, and reliable services and information to customers.

Leveraging Technology for Maximum Benefit to the Agency and Stakeholders

Traffic Signal Priority (TSP) – The City of Dallas has completed installation of the Advanced Traffic Signal Controllers (ATC) at Dallas Central Business District (CBD). DART Intelligent Transportation Systems (ITS) will continue to provide train detection input to City of Dallas new ATC and maintain a network to monitor and detect issues with the DART detection system. City of Dallas is also working on a business continuity in the event TSP systems housed at headquarters are unavailable. DART Intelligent Transportation Systems (ITS) is working on a simulation project for the study of three-car train impacts during normal business and special events on the transitway in the CBD.

Funding was approved to implement TSP along the Belt Line corridor. Centralized TSP reduces or eliminates unnecessary stops at signalized intersections when a transit vehicle runs behind schedule. Specifically, when a bus runs late, it requests traffic signal priority via the cloud. Traffic signal priority allows for travel time savings and eliminates the need to add additional buses. It is proposed to implement Centralized TSP in the Hampton, Buckner/Peavy, and Parker Road/Legacy corridors. Implementation of this program will require the implementation of software and preemption from impacted traffic signals in Dallas and Plano.

TSP will be implemented in three phases. Phase I -Initiation is the development of specifications. The contract to develop the specifications was awarded in FY 2022. Specifications will be completed in early FY 2023. Phase II will be the procurement of TSP which will occur in mid-FY 2023. Phase III-The 5-year pilot will be kicked off in early FY 2024.

Big Data Analytics Services – DART has contracted with Cambridge Systematics to provide the required functionality of real-time predictions. The feed was integrated with DART GoPass mobile application in late FY 2021 and effectively improved on-time performance as well as providing more accurate predictive arrival time for the public. A series of reports have been created and are now in use, including a capability to predict scheduled run times on each route for different time periods based upon use of real-time data. This functionality was used to fine-tune and improve the new bus schedules that rolled out in January 2022, for the DARTzoom bus network redesign. Our goal is to use the various Cambridge tools to improve DART on-time performance.

TRE Next Train Project – This system provides “Next Train” information at TRE’s ten stations. This system includes Automatic Passenger Counters, which accurately provide the Agency with timely ridership data. The system also provides schedule adherence and the ability to make announcements onboard the vehicle and at station platforms.



Comprehensive Payment System (CPS) – DART entered into a multi-year agreement with Vix Technology, a system integration firm, to streamline DART’s fare payment environment by utilizing new innovative technologies. The goal of this project is to find convenient and easy-to-understand methods for customers to obtain and purchase fare media.

This new solution incorporates an account-based back-office system that utilizes best practices of modern technologies in the consumer and fare payment sectors, capable of interfacing with both bank and non-bank financial clearing systems for transaction processing and settlement. One goal of this solution is to allow DART to significantly reduce the total amount of physical cash the agency must process. DART has determined this can be accomplished by creating an electronic payment infrastructure for transportation and other services that is ultimately capable of being deployed region-wide, using third-party produced and distributed prepaid cards and contactless devices such as smart cards, contactless bank cards, RFID tags, and Near Field Communication (NFC) enabled devices.

Vix Technology (Vix) implemented the state-of-the-art electronic fare payment, distribution, collection, and processing system in phases that began in the fourth quarter of FY 2018. The implementation of additional features continues.

GoPass Mobile Ticketing – GoPass has had major updates in FY 2022, including developing a web-based trip planner, SDK-based See-Something incident reporting, deep linking paths facilitating 7,000 bus stop QR codes, On-Demand Multi-Org, and Multi-vendor support. In FY 2023 DART anticipates the following enhancements: Service Alerts integration, Events Upgrade, CRM/Account upgrade to Email-based sign-on, expansion of Micromobility vendor support, and more. GoLink is a micro-shuttle that combines the low cost of public transportation with the convenience and technology of ride-sourcing. GoLink provides customers with personalized curbside service anywhere within a zone.

GoLink Mobility on Demand service includes operation in 30 zones throughout the DART Service Area. GoLink offers direct-request demand-responsive service with connections to other DART routes; most passengers are picked up within 10 minutes of request. Service has transitioned to a mixed supply model: GoLink service is provided by a combination of dedicated vans and taxis, non-dedicated taxis, and UberPool service. The additional GoLink zones and expansion to some existing zones, proposed under the DARTzoom bus network redesign, was implemented in January 2022.



In addition, the introduction of the New Bus Network has included a great deal of customer feedback about the limited hours of operation for GoLink services compared to local bus. The Proposed FY 2023 Operating Budget includes funding to equalize operating days and hours for GoLink service starting in early 2023; all 30 GoLink zones would operate 5 am -Midnight seven days per week, matching current local bus service standards. DART will also expand the GoLink zone-to-zone pilot program, which allows customers to travel between different GoLink zones in certain situations and locations.

DART hopes to reach new customers who live or work in areas not served by public transit by introducing a dynamic carpooling service: GoPool. Unlike static carpooling, where commuters must find people in advance to share a trip, dynamic carpooling uses technology to arrange one-time shared rides on short notice through a mobile app. Commuters who want to reduce travel costs but don't have access to DART service can use GoPool to find the ideal ride companion – someone who lives and works nearby and shares a similar work schedule.

DART was selected to participate in this technology-driven project through two U.S. Department of Transportation (U.S. DOT) initiatives aimed at promoting the use of advanced technologies in transportation: The Advanced Transportation and Congestion Management Technologies Deployment (ATCMTD) program run by the Federal Highway Administration (FHWA) and the Mobility as a Service (MaaS) Sandbox program are overseen by the Federal Transit Administration (FTA). Mobility as a Service (MaaS) – As DART moves into providing MaaS, our focus continues to be on serving our customers and creating a transit system that is an integral part of communities to enhance the quality of life and opportunity while sustaining our system into the future. MaaS is journey planning and management, digital payment and ticketing, first/last mile transportation combining public transit, on-demand, and shared mobility services.

Challenge, Redefine, and Update the DART Business Model

Over the last several years, DART has undergone significant changes in its operating modes. These items are either in process or have been successfully completed:

- Full replacement of the bus fleet
- Deployment of CNG fueling facilities in all four operating divisions (three bus and one paratransit division)
- Completion of the light rail extensions to DFW Airport and the UNT-Dallas Campus



- Implementation of a new delivery model for paratransit services
- Contract bus services for cities outside the service area
- Award of a new 10-year contract for regional commuter rail services
- Introduction of modern, convenient payment systems that will permit the customer to buy tickets, parking passes, event tickets, and other items in a single purchase

Today, DART has an increasingly customer-focused culture and has institutionalized the team-based improvement philosophy and process to increase efficiencies within the organization.

DART currently has more than 20 cross-functional process teams from all levels, actively engaged to identify efficiencies and quality improvements to ensure DART attains the highest level of performance excellence for their customers, employees, and stakeholders. Examples of these teams include:

- 5 Star Continuous Improvement Teams – These cross-functional teams focus on identifying improvements in five-to-six key process areas each year. Recommendations are focused on enhancing the customer experience for external and internal customers.
- Service Planning Committee – This committee is chaired by the President & Chief Executive Officer and meets to discuss service planning, ridership, and related issues.
- Route Monitoring Task Force – This formal staff task force addresses service issues involving planning, scheduling, and transit operations. It meets monthly and offers a forum for operations employees to discuss issues with routes and schedules. Representatives from Service Planning & Scheduling review and report back on progress. The group also reviews major planning initiatives from an operating perspective. It includes operators appointed by each operating division, plus representatives from Service Planning & Scheduling, Bus, Rail, and Mobility Management.
- Division Level Measurement (DLM) Steering Committee – This committee recommends goals. It provides guidance to the Division Level Measurement Program, engaging employees at all levels throughout the operational departments in achieving annual key performance metrics.
- Employee Communication and Engagement Committee – This committee was formed in response to previous employee survey findings. The committee is composed of employees from throughout the organization who serve as departmental representatives and the voices to communicate information to their respective groups on a timely basis.
- On-Time Performance Data and Radio Team – This team focuses on refinements to the Bus Computer Aided Dispatch/Automatic Vehicle Location System (CAD/AVL system) to enhance DART's ability to monitor and optimize the on-time performance and connectivity of the bus and rail networks. The team includes representatives from Planning, Scheduling, Bus, Rail, and Technology, who are charged with developing systems and processes to improve on-time performance.
- Customer Response Team – This is a team of DART administrative employees who help communicate with DART customers during major rail service disruptions that affect a significant portion of our ridership group.



- Service Disruption Committee – This continuous improvement team focuses on improving the processes and procedures necessary to enhance internal communications and communications with customers during service disruptions and reduce the negative impact on our customers.
- Business Intelligence – Considerable progress has been made in the area of Business Intelligence in recent years, including:
- Creation of a library of reports for On-Time Performance utilizing information from the Transit Master CAD/AVL System.
- Evaluation of a new, easy-to-use visualization tool for analysis and management reporting of ad-hoc data housed in a cloud-based repository that enables collaboration and sharing of these analyses and improves technology infrastructure performance.
- Implementation of analysis tools for schedule optimization and service delivery performance. This environment should enable DART to identify significant operational cost savings and improve customer satisfaction by optimizing the delivery of services to our customers.

Community Engagement

- Community Engagement involves linking DART to the various communities it serves, ensuring the Agency meets legal and/or government regulations while developing and maintaining relationships with diverse communities throughout the DART Service Area. There are three main areas of focus:
- Provide factual and timely information regarding specific projects to ensure public involvement opportunities during various stages of DART project planning, design, and construction,
- Support various departments by coordinating and conducting public hearings for such issues as Federal Transit Administration grants and other federal compliance initiatives; and,
- Work with Service Planning to facilitate community meetings and public hearings during the implementation of major bus and rail service changes.

Community Engagement team members continue to strengthen and expand their reach within the cities served by DART by identifying and communicating development and transportation opportunities and working with corporate sales and the local chambers of commerce to broker relationships and drive sales with corporations and local businesses.

Community and Stakeholder Outreach

Community and stakeholder outreach efforts are focused on educating current and future rider segments about DART and how to use the system safely. An extensive education program aimed at all age groups delivers this message to a diverse audience comprised of students, senior citizens, service area city organizations, civic groups, businesses, and other stakeholder groups. These partnerships with key stakeholder groups allow DART to promote its services, capital expansion initiatives, business opportunities, and employer programs via tours, briefings, speakers' bureau, and chamber events. In turn, the chambers have historically supported DART's various community, legislative, and funding initiatives. The DART Promotions staff partners with more than 125 events each year, with DART's presence providing information on DART to prospective riders and community stakeholders.



Economic Opportunity for Disadvantaged, Minority, and Woman-Owned Business Enterprises (D/M/WBEs)

DART's D/M/WBE Programs are designed to involve disadvantaged, minority, small and emerging, and woman-owned businesses to the maximum extent possible in all facets of DART's contracting and purchasing activities. The Diversity and Inclusion Department positions itself as a bridge between DART and such businesses. To increase access to DART procurement opportunities, the department offers and conducts various modes of technical assistance, outreach, seminars, goal setting, educational training, and counseling in the understanding of federal, state, and DART procurement regulations. The department aggressively seeks the integration of DMWBEs in all DART procurement and contracting opportunities and ensures that DART complies with all appropriate federal and state laws, regulations, and executive orders.

Over the last five fiscal years, DART has averaged annual awards of 141 contracts. With the exception of "Transit Vehicle Manufacturer" procurements, emergency procurements, and procurements conducted through the State of Texas, the Diversity & Inclusion Department reviews scopes of work, terms, and specifications for all contracts. This is done to assess and identify subcontracting opportunities that will allow DMWBEs an equitable opportunity to compete in the procurement process.

A Federal Transit Administration (FTA) report recognized DART as having awarded more dollars to Disadvantaged Businesses on a percentage basis than any other transit authority in the country. In fiscal years 2020 and 2021, DART established an annual Agency goal of 32% for participation of minority and woman-owned business enterprises (M/WBE). In those years, M/WBE participation in all DART procurement activities exceeded that goal with 35% and 43% participation, respectively. Additionally, in 2022 the Diversity & Inclusion Department underwent FTA's Triennial Review, in which the DBE program received a rating of full compliance with a rating of "No Findings."

On average, nearly 500 active contracts are managed annually for compliance through targeted vendor site visits (where applicable), vendor payment reporting, and other forms of communication and correspondence. During site visits, a myriad of topics is discussed with both prime contractors and subcontractors, such as:

- Payments reported vs. payments received
- Missing documentation from invoices
- Prompt payment
- Subcontractor utilization
- Working relationships
- Work performed
- Schedule of subcontractors' work

Site visits are essential in identifying and solving any potential non-compliance issues. They also keep the program involved on a frontline level with DART's small business community. DART also works to mediate and resolve any disputes that may arise between prime contractors and subcontractors.

Additionally, DART's ongoing involvement with 26 minority chambers of commerce, minority contractor associations, and women and minority supplier development groups has created outreach touch-point opportunities for more than 2,500 individuals. The establishment of DART's Small Business Academy further assists with the development of small businesses to participate and compete for DART procurement opportunities. Some small businesses have established a contracting partnership with DART after participating in the academy.

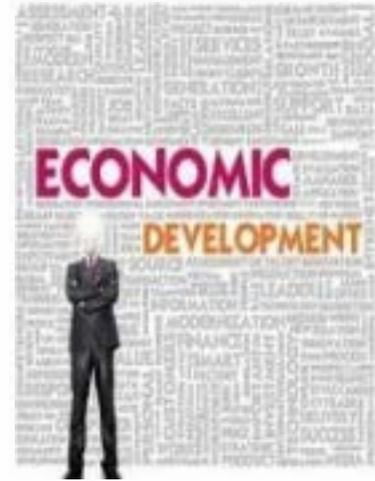
DART strives to ensure that economic opportunities are available to the whole community.



Economic Development

Since 1999 DART has partnered with the University of North Texas (UNT) Economic Research Group to track construction of Transit Oriented Development within ¼ mile of Dallas Area Rapid Transit (DART) light rail stations and other transit facilities to show just how productive and important it is to the overall North Texas economy, generating billions of dollars in revenue, taxes, and jobs. UNT has undertaken several studies, the most recent of which was published in July 2020.

Researchers from the Economics Research Group at the University of North Texas (UNT), led by Michael Carroll, Ph.D., reviewed 81 development projects completed within a quarter mile of DART stations with a total property value of \$5.138 billion from 2016 through the end of 2018. Cumulatively, from 1999 through 2019, DART has attracted \$16.139 billion in development around its transit facilities.



A copy of this study is included in Section G of the Reference Section of this document as well as on the DART website, www.DART.org.

DART's investment continues to be a catalyst for investment near DART transit facilities to create Transit Oriented Development (TOD) that result in vibrant, livable communities, increasing transit ridership and generating new sources of revenue.

Two of the objectives of the Agency, as stated in the DART mission statement, are to enhance quality of life and to stimulate economic development through the implementation of the Transit System Plan. It has been both surprising and gratifying to see how quickly transit-oriented developments have been constructed along the rail corridors since the launch of DART Rail in 1996. DART continues to monitor, identify, evaluate, and develop opportunities to collaborate with service area cities and the development community.

To support efforts such as these and provide information to the public and development community, DART has established a Transit Oriented Development website that provides an overview of DART's TOD program, including its TOD policy updated in 2019, TOD Property Inventory 2019, TOD Guidelines updated 2020, and station area fact sheets for each of the rail stations. (www.DART.org/economicdevelopment).

Selected Highlights of the UNT Economic and Fiscal Impacts of Development Near Light Rail Stations, 2020 report are noted below:

- A total of 81 development projects were completed within ¼ mile of DART stations with a total property value of \$5.138 billion.
- Commercial development accounted for \$2.123 billion; Residential accounted for \$2.068 billion; and Mixed (Residential/Commercial) accounted for \$947 million.

- The total economic impact of the projects created \$10.27 billion for the DFW economy. The projects created 61,017 construction jobs.
- The projects generated \$286.4 million in state and local tax revenue.
- Projects within ¼ mile of the Downtown Dallas to Bishop Arts streetcar route saw \$200.7 million in development with a corresponding economic impact of \$454.7 million.
- Since DART started tracking TOD investment around its rail stations, DART has seen \$16.139 billion in investment.



Strategic Priority 4

Pursue Excellence Through Employee Engagement, Diversity, Development and Well-Being

The DART Board's Strategic Priorities and Goals include major initiatives for increasing the Agency's return on its investment in Human Resources. The Agency has Employee Values and organizational change strategies that balance the expectations and needs of the organization and its employees. During FY 2023, steps will be taken to achieve demonstrable improvement in customer service through the 5 Star Service Program and through improved employee engagement, talent acquisition, employee retention and leadership development.

- The commitment has been a guiding principle for the Leadership Round Table to provide strategic direction in three critical areas:
- Develop and align the organization's Work Force Plan with the Board's strategic priorities
- Implement initiatives to increase employee satisfaction with their total rewards, work environment and culture which then drives change through employee engagement and development
- Assure the Human Resources functions seek ways to enhance DART employee status as an important investment and to focus on their growth and development within the Agency

The Human Resources (HR) function strives to provide maximum support and responsiveness to employees who are critical to DART's operational needs and programs. The DART Human Resources department embraces contemporary business practices and functions as a business facilitator of efficient and effective delivery systems and programs.



Human Resources has partnered with Southern Methodist University Cox School of Business and the Dallas County Community College District to provide learning environments for Supervisory DART, Executive DART, and a modified Leadership DART program. These programs are an accelerated development program for Executives, Managers, and Supervisors, designed to create a pool of professionally trained employees who are capable of leading DART into the future. Supervisory DART, a new program, is an introductory online program aimed at

supporting new supervisors in overcoming the challenges unique to transitioning from an individual contributor role to a supervisory and/or management role.

The DART People Center will continue to play an important role in providing DART employees with information and access to assistance with all matters pertaining to their employment. General questions and assistance with routine matters are answered by staff in the People Center, while more complex issues are referred to senior staff with more specialized expertise. Employee communications will continue to be refined and more specifically targeted to reach the intended audiences more efficiently. Such refinements will include a continuing focus on communication strategies and tools such as The Resource (employee newsletter), DART InfoStation, email



announcements, videos, and opportunities to reach individual employees through other official electronic channels.

Establish Consistency in DART People Practices

Human Resources' goal is to achieve business partner status with departments by accomplishing the following:

- Assure that fair compensation and appropriate benefits (Total Rewards) meet the needs of all DART employees
- Implement Human Resources "best-in-class" services in order to implement change management initiatives
- Identify skills required to manage the pace of change and how this type of change will impact the workforce
- Compete for the right talent by providing opportunities to attract and retain talent with a focus on underutilized categories
- Maintain accurate employee records both electronically and through the use of limited paper files
- Promote the Agency's goal to achieve improvement in service quality through increasing DART employee engagement with the 5 Star Service Program
- Strive to promote continuous process improvement, team learning, and personal development
- Assist in the DART employee engagement process by linking Human Resources activities to Agency priorities and develop an effective and flexible organization that responds to people issues with a culture for results and performance.
- Secure a high degree of DART employee involvement and participation within a climate that fosters learning and growth
- Increase development and training programs to focus and build on workforce contributions and commitments to DART by providing opportunities for a worthwhile and satisfying work experience
- Create partnerships to achieve the Agency's objectives and provide excellent Human Resources services. This will be accomplished through the extensive use of partnerships and direct consultation with functional leaders on Human Resources deliverables, such as succession planning, workforce planning, career development, and total compensation and professional skill-enhancing programs.

Top Opportunities in Human Resources in FY 2023

Human Resources is committed to employee success that requires Human Resources deliverables and programming to be accomplished with a sense of urgency. Human Resources must promote a passionate approach regarding the Agency's business in support of an open work environment in which all DART employees feel personally accountable for meeting business expectations. Human Resources will encourage open, honest dialogue that promotes mutual respect,



understanding, conflict resolution, idea sharing, learning, and growth. Human Resources is committed to an atmosphere that motivates DART employees to engage with Human Resources for information, problem solving, and learning opportunities.

- Get the right people in the right jobs in a timely manner as well as bring structure and discipline to compensation management
 - Continue Bus Operator Hiring Effort and offer Bus Operator sign-on bonus in support of the relaunch of DARTZoom Bus Network
 - Community Outreach – working with DART member cities and Hispanic Chamber of Commerce for hiring events
 - Univision contract–Contracted services with Univision (an American Spanish-language free-to-air television network owned by TelevisaUnivision. It is the United States' largest provider of Spanish-language content.) to increase the outreach to the Hispanic community by television, radio advertisement, and additional weekly communication highlights of DART jobs.
 - Veteran Outreach – in partnership with Employee Engagement Team, team members are building relationships with various community groups and the VA to identify and recruit our nation’s veteran population.
 - Implement the recommendations from the agency compensation study
- Lead and support communication in the implementation of the employee engagement strategy
 - Update and rebrand the New Employee Orientation to include a focus on agency culture
 - Launch the agency Culture of Courage campaign
 - People Leader 101 – Create and promote leadership toolkit for first time or new leaders within DART
 - Supervisory DART – 24-week supervisor certification program delivered in partnership with the Dallas County Community College District. Employees are selected via a competitive application process.
 - Management DART, Leadership DART, and Executive DART – Leadership development programs delivered in partnership with the SMU Cox School of Business.
- Continue to develop and implement Standard Operating Procedures for all functions and change initiatives to improve effectiveness
- Lead and support enhancements of the benefits function in order to ensure that benefit plans and programs meet the needs of DART employees
 - Successfully implement Workday unifying a wide range of HR functionality i.e. benefits, talent management, payroll, time tracking, compensation, workforce planning and recruiting into a single system.
- Develop continuous improvement programming for Human Resources functions, including use of a Classification and Compensation consultant to update job descriptions



and develop a compensation plan for DART’s administration of compensation and classification and bottom-up engagement process in order to align task and deliverables with Human Resources functional direction. Provide guidance and consultation on key employment practices to ensure a healthy work environment and reduce the likelihood of grievances.

- Conduct Labor Management meetings that foster a safe and engaging work experience for all.
- Conduct People Leader Conflict Resolution and Employee Labor Relations training

Front-Line Employee Engagement

The Division Level Measurement (DLM) Program targets increasing front-line employee ownership of the goals of the Agency, with the ultimate objective of increasing employee motivation and satisfaction in order to drive improved service and increased ridership. The DLM Program also targets improvements in service quality through enhanced data analysis, communications, and problem solving. Peer groups compete with one another on a number of performance measures. In FY 2023, Human Resources will continue to partner with Business Units to ensure that the DLM program is effective and fair. This will include providing facilitators to work with focus groups throughout the Departments to get feedback and reengineer the program.

Each year the peer groups’ goals are reviewed and updated. Below is the listing of the current groups.

Peer Group #1

- Northwest Bus Operating Sections’ personnel
- South Oak Cliff Bus Operating Sections’ personnel
- East Dallas Bus Operating Sections’ personnel
- All LRT Sections’ personnel, including Rail Operations, Rail Fleet Services, and Ways, Structures, and Amenities
 - Includes Safety Program Managers, Maintenance Training Specialists, Training Supervisors, and Yard Revenue Controllers assigned to specific operating divisions

Peer Group #2

- Customer Service personnel
- Transit Operations Sections’ personnel (Station Concierges)
- Bus Maintenance Central Support Sections’ personnel

Peer Group #3

- Non-Revenue Vehicle Maintenance personnel
- TVM Sections’ personnel
- Materials Management personnel

Exhibit 25 is a sample of the DLM scorecard from the Third Quarter, FY 2022, showing performance as a percentage of goals for Peer Group 1.



For example, 100% performance on Mean Distance Between Service Calls (MDBSC) for Northwest indicates that the actual number of MDBSC was either at or above the targeted mileage for the quarter.

Exhibit 25
Division Level Measurement (DLM) Program FY 2022, Third Quarter

Category	South Oak Cliff		East Dallas		Rail		Northwest	
	Actual	Percent to Target	Actual	Percent to Target	Actual	Percent to Target	Actual	Percent to Target
On-Time Performance	77.1%	92.89%	75.6%	91.08%	92.5%	99.5%	74.5%	89.76%
Complaints - Conduct	52.67	100.00%	55.33	99.01%	6.00	65.97%	52.00	100.00%
Complaints - Misses	52.00	100.00%	77.33	68.69%	21.00	31.67%	64.00	62.84%
Absenteeism (Days Per Person Annually) - Maint	11.50	90.66%	9.68	100.00%	9.74	100.00%	12.31	77.36%
Absenteeism (Days Per Person Annually) - Oper.	33.91	100.00%	30.38	100.00%	34.08	100.00%	37.17	100.00%
Absenteeism (Days Per Person Annually) - WSA.	N/A	N/A	N/A	N/A	10.22	100.00%	N/A	N/A
Fixed Schedule Programs Completed	N/A	N/A	N/A	N/A	4.33	54.16%	N/A	N/A
Body PMIs Completed	N/A	N/A	N/A	N/A	41.00	100.00%	N/A	N/A
Late Pullouts	196	100.00%	230	100.00%	1.83	100.00%	153	100.00%
Services Missed	4,331	4.19%	7,595	3.04%	43.00	48.79%	7351	3.16%
MDBSC - Mechanical - Large Bus	9,286	100.00%	12,121	100.00%	N/A	N/A	9,811	100.00%
MDBSC - Mechanical - SMART Bus	N/A	N/A	N/A	N/A	N/A	N/A	2,733	N/A
Miles Between Service Calls - LRT	N/A	N/A	N/A	N/A	16,513	78.63%	N/A	N/A
Miles Between Service Calls - Street Car	N/A	N/A	N/A	N/A	762	N/A	N/A	N/A
Accidents/100k Miles	2.06	100.00%	2.51	91.63%	N/A	N/A	2.59	88.70%
Sfty Violations/100k Sched. Tm Mi.	N/A	N/A	N/A	N/A	0.55	100.00%	N/A	N/A
Unit Cost Per Hour	\$54.72	100.00%	\$52.49	100.00%	60.73	95.67%	\$53.90	100.00%
Unit Cost Per Mile	\$1.70	88.80%	\$1.80	91.98%	\$4.236	100.00%	\$2.03	78.36%
Overall Average for Quarter		88.78%		85.95%		83.88%		81.83%

Note: To be eligible for a team incentive the work group must reach the following minimum achievements:
1. Achieve an overall score of 90% or better

Strategic Priority 5

Continue DART's Role as a Recognized Local, Regional, and National Transportation Leader

The DART Board's Strategic Priorities and Goals include the recognition that DART has an obligation to maintain its leadership of public transportation integration and operation in North Texas – a stakeholder focus.

Regional Rail Corridor Strategic Management

Leveraging DART's ownership of 254 miles of regional rail corridors, DART provides management and contract services required for the operation, dispatching, scheduling, and maintenance of the TRE commuter rail line and various freight lines. At the beginning of FY 2016, DART implemented a new ten-year contract for dispatching, operations, and capital maintenance for regional rail services for the TRE and Madill Subdivision with Herzog Transit Services, Inc. This contract included an option for Trinity Metro's TEXRail commuter rail line, which began operation on January 10, 2019.



Regional Transit Access Agreements

To support the regional objective to expand opportunities for transit services outside the DART Service Area, DART negotiated an umbrella agreement for access funding with the North Central Texas Council of Governments (NCTCOG). Separate agreements were negotiated with STAR Transit for access to DART's Lawnview and Buckner stations.

DART continues to work on the provision of transit services outside of the DART Service Area under Board Policy III.07 (Fixed Route Service Beyond Service Area Boundary). DART currently works through a Local Government Corporation (LGC) to manage out-of-service area contracts. Those initiatives include agreements with Wylie, Allen, and Fairview to provide services for seniors and disabled persons, which is branded as Collin County Rides; and an agreement with Inland Port Transportation Management Association (IPTMA) to provide reliable, quality, and affordable microtransit and subsidized late night rider assistance services via contracting with STAR Transit or Transportation Network Companies to employees of eligible businesses in the Southern Dallas County Inland Port area since November 2, 2020. DART has also been working on a joint proposal with Denton County Transportation Authority (DCTA) to provide microtransit service for the McKinney Urban Transit District. Those initiatives have successfully enhanced DART's image and reputation as the leading regional mobility agency, expand the usage of DART GoPass mobile application as the recognized technology platform as the region's choice, as well as strengthened DART's strategic interest to collaborate with other transit agencies in the region to leverage strengths of each other and achieve mutual benefits.



Regional Transportation Planning

DART is a voting member of the Regional Transportation Council (RTC) of NCTCOG, which is the public body responsible for the long-range regional planning and programming of Federal and State funding within the region for highways and transit.

DART actively participates in NCTCOG's Surface Transportation Technical Committee (STTC) with two formal members. The STTC provides technical advice and makes recommendations for the RTC policy body on transportation planning and capital funding issues.

DART staff also formally participates on various NCTCOG subcommittees involving bike and pedestrian issues, Intelligent Transportation System issues, Shared Mobility Programs, Vanpool and other clean air initiatives, clean energy and alternative fuels, special event planning, Managed Lanes (known as TEXpress Lanes), elderly and disabled transportation, and transit planning.

In addition, under Policy III.07, DART coordinates with non-DART communities to develop service plan opportunities in an effort to expand regional transit. During FY 2020 - 2021, NCTCOG has been conducting transit studies with Collin County and the best southwest cities in the Southern Dallas County, which DART has been serving in both the Project Advisory Committees (PACs) to guide the study development. NCTCOG plans to initiate another similar transit study for East Dallas, Kaufman, and Rockwall Counties in early FY 2022, which DART will again serve in the PAC. Regional Integrated Corridor Management-511 Traveler Information DART has provided primary leadership for the DFW Region in managing and operating the Region's Integrated Corridor Management (ICM) Demonstration and 511DFW system in coordination with NCTCOG.

The federally funded ICM Program is a joint effort of DART, TxDOT, NCTCOG, and North Texas Tollway Authority (NTTA). DART is responsible for parking capacity reporting system's equipment monitoring, maintenance, and repair of the five (5) northern LRT stations along N. Central Expressway (US 75). In addition, the Rowlett Parking Lot Camera Occupancy system is operating and reporting parking availability via two LED signs and the Parker App. The "Parker App" is a free mobile guidance app for consumers that provides access to accurate real-time parking availability with dynamic routing, real-time parking rates, hours, policies, and restrictions." A major system upgrade is planned for FY 2022, and NCTCOG will have an opportunity to get access to the Parker App on integrating Rowlett parking lot data into 511DFW.

Funding: Federal, State, and Local Government Relations

Government Relations encompasses all interactions between DART and its external political environment. DART's Government Relations staff plans and implements the Agency's advocacy

efforts and ensures that the exchange of information between DART, the 13 cities in the service area, the D/FW region, the U.S. Congress, the U.S. Department of Transportation, including but not limited to the Federal Transit Administration and the Federal Railroad Administration, and the Texas Legislature is accurate, consistent, and timely. In addition to providing tours and briefings to elected officials and members of their staff, Government Relations responds to citizens' concerns as they



are relayed to the elected officials' offices for resolution. Government Relations actively participates in transportation-related organizations such as the American Public Transportation Association, South West Transit Association, Texas Transit Association, Dallas Regional Mobility Coalition, Transit Coalition of North Texas, and the Regional Transportation Council. Government Relations oversees the day-to-day administration of DART's contracted legislative consultants in Washington, D.C., and Austin to develop appropriate advocacy strategies for securing Agency objectives for both operations and capital projects.

DART Government Relations staff monitors dialogue emanating from stakeholders and transit advocacy groups regarding the implementation of federal transportation policy authorized by the Fixing America's Surface Transportation or FAST Act, as well as annual appropriations items concerning DART's capital projects and federal funding requests. Government Relations staff coordinates with members of the Dallas-area congressional delegation to convey DART's positions on federal policy and seek letters of support on federal grant applications, such as for the TIGER program, when necessary. The staff provides timely updates on the status of any grant applications submitted by DART to the U.S. Department of Transportation. Finally, staff actively monitors the U.S. Congress and the Administration for any developments relating to potential funding for projects identified in DART's Twenty-year Financial Plan.

Funding: Rail Right-of-Way

DART owns a total of approximately 254 miles of railroad corridor. The Railroad Management Division of the Commuter Rail Department is responsible for the management of DART-owned commuter rail corridors (101 miles, including the future Silver Line commuter rail line), active freight lines (175 miles [a portion of this number has both freight and commuter rail]) and non-operated/freight abandoned lines (25 miles), including the administration of trackage rights agreements with freight railroads that are fulfilling DART's common carrier obligations to provide freight rail service along the freight lines. DART jointly owns the Trinity Railway Express (TRE) with Trinity Metro.

The Regional Rail Right-of-Way Company, a wholly owned subsidiary of DART, holds the common carrier authority and manages the trackage rights agreements and collection of trackage rights fees for the DART-owned active freight rail corridors.

In total, the division manages approximately 2,675 licenses on the various corridors. Revenue for the TRE corridor is projected at \$3.1 million for FY 2023. The DART/Trinity Metro ILA specifies that revenues generated on the TRE Corridor are joint revenues and are to be applied against TRE operating costs.

The division is also responsible for the property management of the TRE Corridor, which includes the revenue collection from various land licenses, oil and gas leases, signboard rental income, license fees, and trackage rights fees. The potential impact of revenue generated from the oil and gas industry (natural gas wells) is discussed further below.



The non-TRE revenues are allocated to DART’s general fund. Exhibit 26 provides a summary of actual and projected revenue from all activities for FY 2014 through FY 2023 (projected), excluding oil and gas leases which are shown in Exhibit 27.

Exhibit 26
Railroad Management Revenue (in Millions)

Fiscal Year	TRE	DART	Total
2014	2.8	2.2	5.0
2015	2.8	2.2	5.0
2016	3.1	2.3	5.4
2017	3.4	2.5	5.9
2018	2.5	2.5	5.0
2019	2.3	2.6	4.9
2020	2.3	2.7	5.0
2021	2.4	2.8	5.2
2022 projected	3.0	2.7	5.7
2023 proposed	3.1	2.7	5.8
Total (Actual & Projected)	\$27.7	\$25.2	\$52.9

Oil and Gas Lease Agreements

The Commuter Rail and Railroad Management Department strives to increase license and contract revenue through consistent management and enhancement of existing agreements.

In recent years, oil and gas lease revenues have risen due to a rise in natural gas prices. FY 2022 is projected to be \$100,000, and FY 2023 is proposed at \$100,000.

Lease royalty and bonus revenues from FY 2014 through FY 2023 are shown on the following page, in Exhibit 27.



Exhibit 27
Oil & Gas Lease Agreements (in Thousands)

Fiscal Year	Amount
2014	455.6
2015	50.4
2016	200.0
2017	106.6
2018	119.8
2019	85.0
2020	61.0
2021	136.0
2022 projected	99.9
2023 proposed	99.9
Total (Actual & Projected)	\$1,414.2



Budget Structure/ Financial Plan Summary

Three major components comprise the agency's FY 2023 Proposed Annual Budget:

- Operating Expense Budget
- Capital and Non-Operating Budget
- Debt Service Budget

The Operating Expense, Capital and Non-Operating, and Debt Service Budgets have been developed to support the Board's Strategic Priorities (discussed starting on page 77) while retaining a focus on the core strategic objective of maintaining financial stability. The result is a fiscally responsible plan that clearly supports the agency's mission.

Exhibit 28 provides a summary view of the FY 2023 Proposed Annual Budget. The Agency's overall budget increased by \$86.9 million 5.3% from FY 2022. The Proposed FY 2023 Operating Expense budget is \$637.9 million, an increase from the FY 2022 Operating Expense budget of \$57.5 million 9.9%. The Proposed Capital and Non-Operating budget is increasing by \$12.2 million 1.5%. The Debt Service budget is increasing by \$17.2 million (8.3%).

Exhibit 28
Proposed FY 2023 Annual Budget (in Millions)

Item	FY 2022 Budget	FY 2022 Projected	Proposed FY 2023
Operating Expense	\$580.4	\$563.3	\$637.9
Capital & Non-Operating	841.9	548.1	854.1
Debt Service	206.5	203.7	223.7
Total Expenditures	\$1,628.8	\$1,315.1	\$1,715.7



Operating Expense Assumptions

The Operating Expense Budget is approved in total by the Board of Directors in late September of each year.

The following assumptions were used to develop the FY 2023 Proposed Operating Budget:

- Salary and Wage Assumptions:
 - Hourly wage progressions based on tenure and training will continue
 - Funding to implement the Agency compensation study
- Benefits Assumptions:
 - DART underwent a healthcare program restructuring to combat rising healthcare costs, focusing on increased accountability of cost and quality of care by providers. In FY 2022 Blue Cross and Blue Shield became the Agency's health insurance provider. The FY 2023 Proposed Budget reflects a projected decrease in the medical plan's expense.
 - DART is self-insured for health insurance claims with a third-party administrator.
- Fuel and Energy Assumptions:
 - The majority of DART's CNG fuel costs are fixed price by contract and result in an average cost of approximately \$0.94 per DGE (diesel gallon equivalent). CNG fuel is also used for all vehicles providing Paratransit service.
 - Diesel fuel is budgeted at \$3.16 per gallon for TRE services.
 - Electricity rates per kWh are budgeted at \$0.0730 with an assumption of 11.352 kWh/car mile consumption rate for light rail vehicles (LRV).
- Purchased Transportation Contract Rates:
 - Trinity Railway Express services are provided through a 10-year contract with Herzog Transit Services, Inc. FY 2023 is the eighth year of that contract.
 - FY 2022 was the third year of the three-year contract with MV Transportation to deliver Paratransit services. The board approved executing the first two-year option, continuing the contract through September 30, 2024.
- DART no longer provides Vanpool services.
- Service Levels:
 - Bus: DART implemented a New Bus Network in January 2022, including ridership-oriented features like frequency improvements, wider service spans, and more weekend service, along with coverage-oriented features like GoLink expansion. We now plan to build upon that effort by developing a comprehensive Bus Improvement Program that will guide service-related operating and capital improvements over the near- and long-term.

The Bus Improvement Program is intended to continue DART's focus on improving the customer experience, enhancing bus service, operations, and facilities, positioning DART for external funding opportunities, and aligning with



DART City plans and goals to enhance transit within our communities served.

- Light Rail: Along with the new bus network implementation in January 2022, the Light Rail weekday service was fully restored to the pre-pandemic frequency and span of service.
- Streetcar: The Dallas Streetcar has been operating at the full-service level since FY 2021 and will continue throughout FY 2023.
- Commuter Rail: TRE service was restored to the pre-pandemic service level, and plans to continue at the same level throughout FY 2023.
- Innovative Services: The Innovative Services Program consists of site-specific shuttle services. In FY 2022, the reduced vanpool ridership, due to the COVID-19 pandemic, led DART to discontinue the vanpool service. Shuttle services also experienced large reductions in ridership. UTD service has been restored to pre-pandemic levels as the UTD campus is fully open.
- Reserves:
 - Funding in the amount of approximately \$650,000 is included in the FY 2023 Budget for possible cost increases or programs unknown during the budget process. These funds may or may not be used during the fiscal year and are controlled by the President/Executive Director

Exhibit 29 shows DART's operating expenses by department for the fiscal years 2022 – 2023.

Exhibit 29
FY 2022 – Proposed FY 2023 Departmental Expense Comparison (in Thousands)

Department	FY 2022 Budget	FY 2023 Proposed Budget
President Direct Reports	\$81,315	\$87,415
EVP Customer Care/Svc Delivery	394,041	412,114
EVP Business Solutions & Innovations	53,727	58,212
EVP Growth & Regional Svcs	51,741	54,699
Board Directs	6,374	6,708
Agency-Wide Benefits Allocation/Initatives	7,738	34,679
Total Departmental Expenses	\$594,936	\$653,828
Capital P&D and Startup	(\$14,572)	(\$15,959)
Total Operating Expenses	\$580,364	\$637,869



Operating Budget Highlights

DART's FY 2023 Proposed Operating Expense Budget increased by \$57.5 million 9.9% to \$637.9 million. Employee compensation, in the form of Salaries and Wages \$295.7 million and Benefits \$127.7 million, comprised 64.8% of the total operating budget. The third largest element of the operating budget is Purchased Transportation at \$76.7 million, which equals 11.7% of the budget.

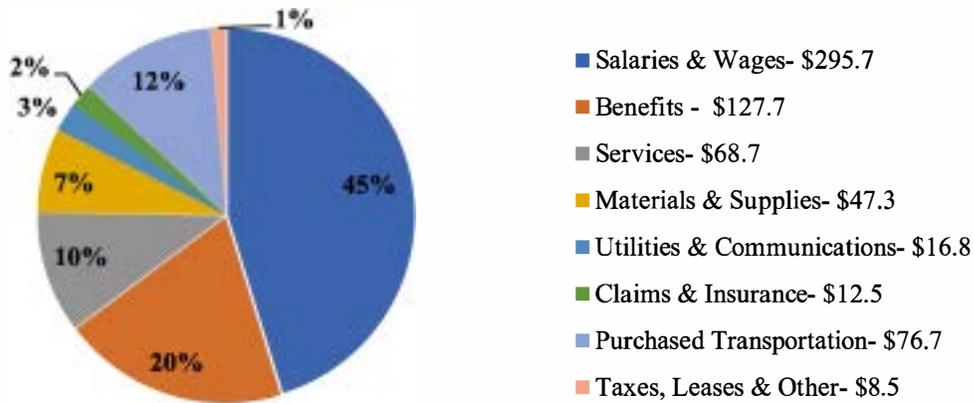
Exhibit 30 displays the Operating Expense budget by object classification and FY 2021 Actuals, FY 2022 Budget, and the FY 2023 Proposed Budget.

Exhibit 30
Operating Expenses by Object Classification (in Millions)

FY21 Actuals	Object Classification	FY22 Budget	Proposed FY23	FY22 vs. FY23 \$ Var	% of Total
\$255.7	Salaries & Wages	\$265.3	\$295.7	\$30.4	45.2%
109.4	Benefits	123.1	127.7	4.6	19.5%
50.7	Services	62.0	68.7	6.7	10.5%
40.3	Materials & Supplies	41.5	47.3	5.8	7.2%
16.0	Utilities & Communications	16.5	16.8	0.3	2.6%
5.4	Claims & Insurance	9.7	12.5	2.8	1.9%
56.8	Purchased Transportation	69.9	76.7	6.8	11.7%
6.6	Taxes, Leases & Other	6.9	8.5	1.6	1.3%
\$540.9	Total All Departments	\$594.9	\$653.9	\$59.0	100.0%
(10.3)	Capital P&D	(14.6)	(16.0)	(1.4)	
\$530.6	Total Operating Expenses	\$580.4	\$637.9	\$57.5	

Exhibit 31, shown on the following page, illustrates the Operating Budget, showing the amounts and relative proportions of each component.

Exhibit 31
FY 2023 Operating Expenses by Component (in Millions)



Please note that the expenses totaled in Exhibit 31 above exceed the operating budget by \$16.0 million. This is the amount of departmental expenses classified as Capital Planning & Development costs (Capital P&D).

Salaries and Wages – The FY 2023 Salaries and Wages budget is \$295.7 million, a \$30.4 million 11.5% increase from the FY 2022 Budget.

The Agency proposes to implement the results of an extensive compensation study conducted by the Human Resources Department for all full-time employees; no new positions were added in FY 2023.

Exhibit 32, on the following page, shows a comparison of positions between FY 2022 and FY 2023. Total authorized positions have not increased from FY 2022.



Exhibit 32 Budgeted Positions

FY 2022 Approved (FTE)	Department	FY 2023 Budget (FTE)
4	Executive Admin	6
10	Chief of Staff	1
429	DART Police	429
15	Diversity & Inclusion	15
13	Government Relations	13
-	Media Relations	7
16	Safety Office	16
487	Total Executive	487
89	Total Finance	88
4	Chief Administrative Officer	4
38	Human Resources	38
48	Marketing & Communications	49
7	Office of Business Innovation	7
34	Procurement	34
76	Technology	76
207	Total Business Solutions & Innovation	208
10	Capital Planning	10
15	Commuter Rail & RRMgmt	15
27	Planning & Development	27
33	Rail Prog. Dev.	33
85	Total EVP Growth & Development	85
7	EVP CC/SD	6
30	Materials Mgmt	30
49	Mobility Mgmt Svcs	49
197	Light Rail Operations	197
171	Bus Operations	171
51	Engineering	51
505	Total Customer Care/Service Deliver	504
5	Board Support	5
9	Internal Audit	9
19	General Counsel	19
33	Total Board Direct	33
1,406	Total Salaried	1,405
Agency Hourly		
361	Bus Operations	361
18	Finance	17
383	Light Rail	386
41	Marketing & Communications	40
49	Materials Management	49
852	Hourly Non-Operator	853
1,290	Bus Operators	1,290
214	Light Rail Operators	214
1,504	Total Bus & Rail Operators	1,504
2,356	Total Hourly	2,357
3,762	Grand Total Departments	3,762



Benefits – The Benefits line includes all statutory benefits such as FICA and Workers' Compensation, and the agency discretionary benefits such as Health Insurance, Life Insurance, Retirement Plans (Defined Benefit, Defined Contribution, and 401k), etc.

The proposed FY 2023 Benefits budget is \$127.7 million, a \$4.6 million 3.8% increase from the FY 2022 Budget, as shown below in Exhibit 33.

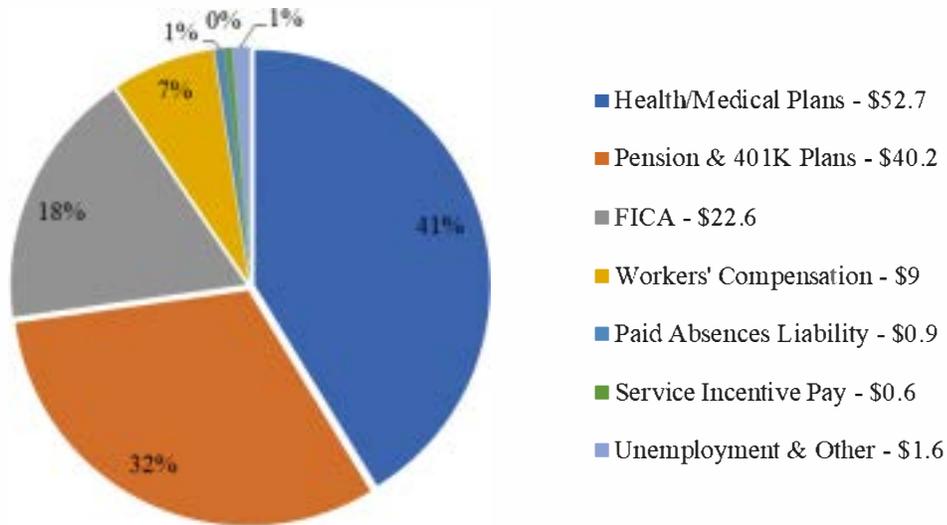
**Exhibit 33 Benefits Expenses by Type
(in Thousands)**

Object Classification	FY22 Budget	FY23 Proposed	\$ Variance	% Variance
Health/Medical Plans ^[1]	\$57,000	\$52,725	(\$4,275)	(7.5%)
Pension & 401K Plans	35,782	40,239	4,458	12.5%
FICA	20,223	22,617	2,394	11.8%
Workers' Compensation	5,646	9,037	3,391	60.1%
Paid Absences Liability	2,240	875	(1,365)	(60.9%)
Service Incentive Pay	1,448	638	(809)	(55.9%)
Unemployment & Other	739	1,562	823	111.3%
Total Benefits	\$123,078	\$127,694	\$4,615	3.8%

[1] Medical plans include medical, vision, dental claims and employee contributions for active and retirees

Exhibit 34 is an overview of the percentage of expenditure to major components within the Benefits category for the proposed FY 2023 Budget.

Exhibit 34
FY 2023 Benefits Budget by Component (in Millions)



- **Health, Life, and Disability** insurance remains the major cost driver of all DART benefits. The decrease year-over-year is approximately \$4.3 million, 7.5%.
- **Workers' Compensation program** increased \$3.4 million, 60.1% over FY 2022.

Services – The FY 2023 Proposed Services Budget of \$68.7 million represents 10.4% of the total agency budget. This is an increase of \$7.1 million, 11.5% more than the FY 2022 Budget.

Exhibit 35 details the Services component of the budget.

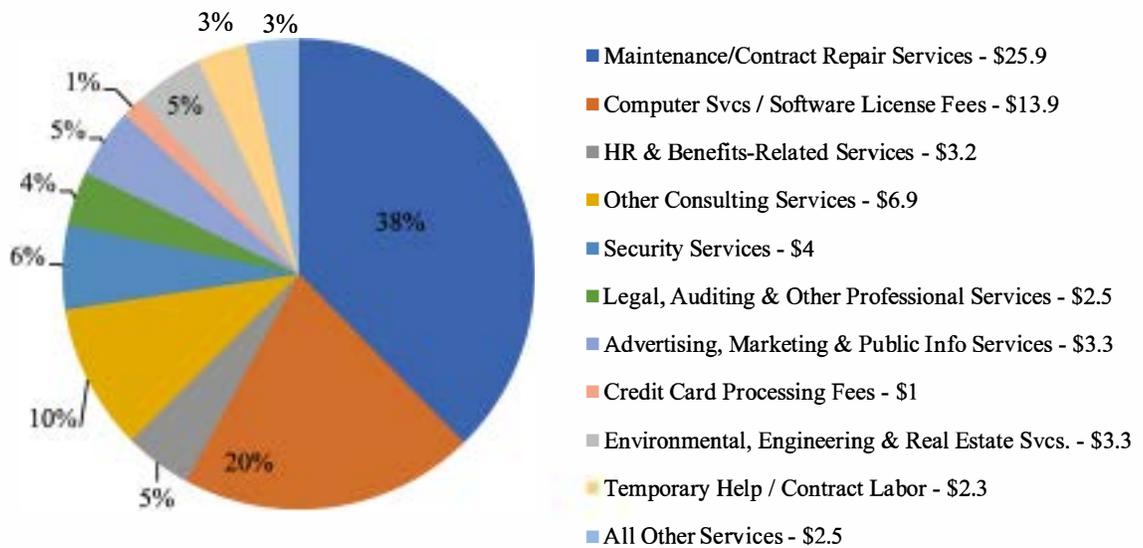


**Exhibit 35 Services Expenses by Type
(in Thousands)**

Object Classification	FY22 Budget	FY23 Proposed	\$ Variance	% Variance
Maintenance/Contract Repair Services	\$24,393	\$25,892	\$1,499	6.1%
Computer Svcs / Software License Fees	11,891	13,886	1,995	16.8%
HR & Benefits-Related Services	3,193	3,192	(1)	(0.0%)
Other Consulting Services	5,953	6,879	927	15.6%
Security Services	2,801	4,002	1,201	42.9%
Legal, Auditing & Other Professional Services	2,341	2,515	173	7.4%
Advertising, Marketing & Public Info Services	3,037	3,268	231	7.6%
Credit Card Processing Fees	1,001	1,001	0	0.0%
Environmental, Engineering & Real Estate Svcs.	2,550	3,270	720	28.2%
Temporary Help / Contract Labor	1,993	2,321	328	16.5%
All Other Services	2,437	2,466	29	1.2%
Total Services	\$61,590	\$68,692	\$7,102	11.5%

Exhibit 36 illustrates the composition of the Services line item of the budget.

**Exhibit 36
FY 2023 Services Budget by Component (in Millions)**





Materials and Supplies – The budget for Materials and Supplies increased year-over-year by \$5.7 million (13.8%).

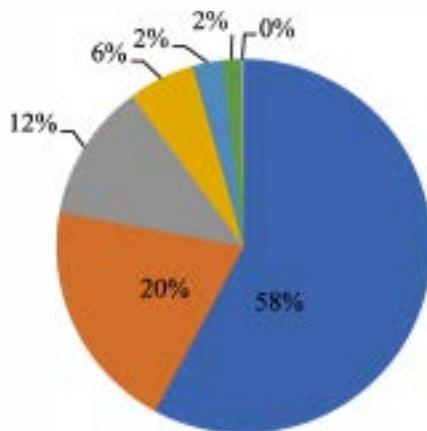
- Vehicle Repair Parts have increased by \$3.0 million 12.4%.
- Fuel (CNG, Diesel, Gasoline) increased \$2.1 million 27.8%

Exhibits 37 and 38 provide details about the Materials & Supplies component of the budget.

Exhibit 37
Materials & Supplies Expenses by Type (in Thousands)

Object Classification	FY22 Budget	FY23 Proposed	\$ Variance	% Variance
Vehicle Repair Parts (Bus & Rail)	\$24,341	\$27,368	\$3,027	12.4%
Fuel (CNG, Diesel, Gasoline)	7,387	9,439	2,052	27.8%
Facilities, Systems & Equipment Repair Parts	5,332	5,653	321	6.0%
Uniforms, Shoes & Tools	2,576	2,727	151	5.9%
Computer/Printer Equip. and Supplies	1,075	1,211	136	12.6%
Office Supplies	734	759	25	3.3%
All Other Materials & Supplies	106	110	3	3.1%
Total Materials & Supplies	\$41,552	\$47,266	\$5,714	13.8%

Exhibit 38
FY 2023 Materials & Supplies Budget by Component (in Millions)



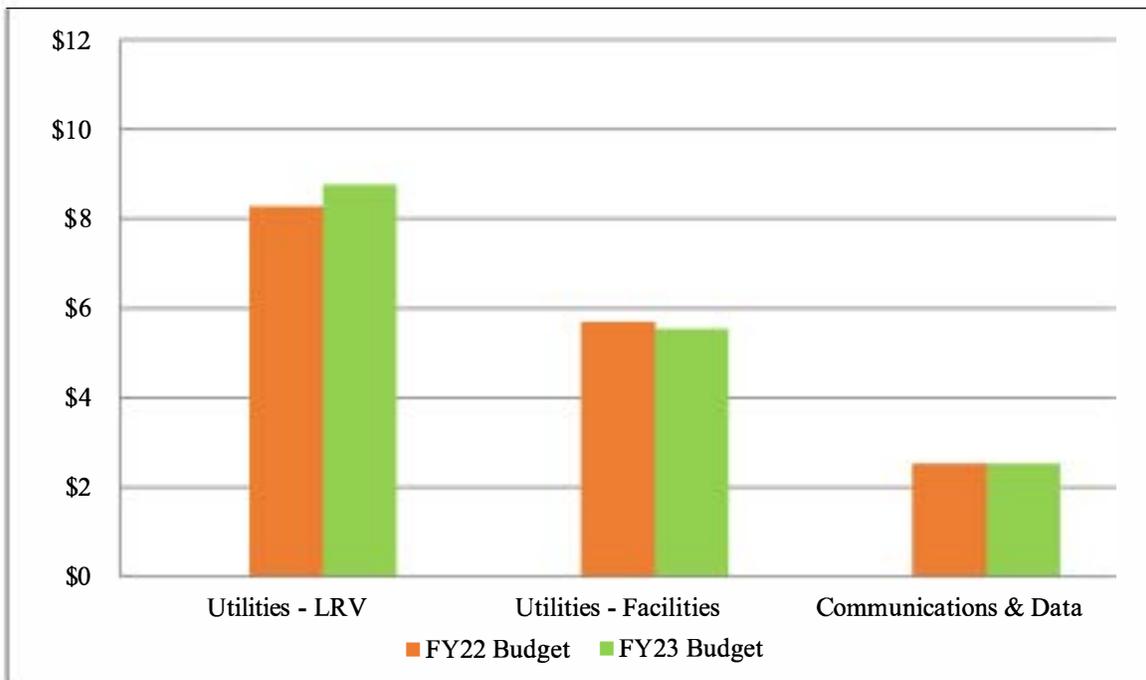
- Vehicle Repair Parts (Bus & Rail) - \$27.4
- Fuel (CNG, Diesel, Gasoline) - \$9.4
- Facilities, Systems & Equipment Repair Parts - \$5.7
- Uniforms, Shoes & Tools - \$2.7
- Computer/Printer Equip. and Supplies - \$1.2
- Office Supplies - \$0.8
- All Other Materials & Supplies - \$0.1



Utilities and Communications – This category includes electricity for the Light Rail System and DART facilities, as well as phone and data services for the agency. The Proposed Budget for FY 2023 is \$16.8 million, a 2.1% increase year over year. This category represents 2.6% of the total Agency's Operating Budget.

Exhibit 39 compares the Utilities & Communications budgets.

Exhibit 39
FY 2023 Utilities & Communications Expense Comparison (in Millions)



Claims and Insurance – This category includes DART's liability claims and property insurance costs. DART is 100% self-insured for liability claims relating to bus accidents and other operations. On rail operations liability, DART is self-insured for the initial \$3 million per occurrence. DART also carries insurance for Errors and Omissions Liability and other coverage. DART carries property insurance with a \$250,000 deductible per occurrence.

Purchased Transportation – These services are purchased through a third party to provide transportation services for DART. The budget for this category increased by \$6.8 million 9.8% in the FY 2023 Proposed Budget due to increases in service levels for TRE and GoLink and fuel cost paid to the vendor.



Exhibit 40 compares Purchased Transportation expenses between FY 2022 and FY 2023.

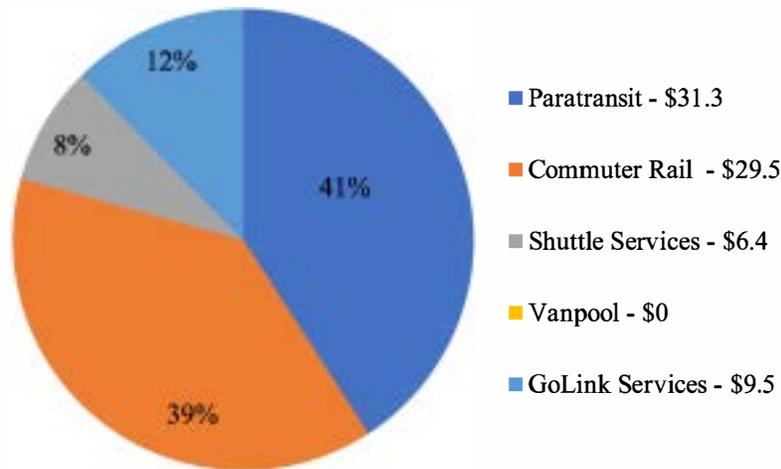
Exhibit 40
Purchased Transportation Expenses by
Type (in Thousands)

Object Classification	FY22 Budget	FY23 Budget	\$ Variance	% Variance
Paratransit	\$30,061	\$31,343	\$1,282	4.3%
Commuter Rail	26,521	29,491	2,971	11.2%
Shuttle Services	7,353	6,394	(959)	(13.0%)
Vanpool	1,033	0	(1,033)	(100.0%)
GoLink Services	4,930	9,498	4,569	92.7%
Total Purchased Transportation	\$69,898	\$76,727	\$6,829	9.8%

- Paratransit costs increased by \$1.3 million 4.3% due to service expansion and fuel cost.
- Trinity Railway Express costs increased by \$3.0 million 11.2% due to increased fuel cost and Positive Train Control cost.
- Shuttle Services decreased 13.0%, primarily due to a portion of the Uber trips’ budget being moved into the GoLink expansion in FY 2023.
- GoLink Services increased \$4.6 million 92.7% due to DARTzoom and expansion to 30 zones.

Exhibit 41 highlights the components of the Purchased Transportation category.

Exhibit 41
FY 2022 Purchased Budget by
Component (in Millions)



Capital and Non-Operating Budget

Exhibit 43 summarizes the Capital and Non-Operating Project Expenditures from FY 2022-FY 2023, which includes: Light Rail Transit (LRT) expansion; TRE track work; vehicle and facility capital maintenance programs; scheduled replacement of vehicles, facilities, infrastructure; etc. A comprehensive list showing all capital and non-operating projects (and associated reserves) is shown in Exhibit 11 in the Financial Plan Section.



Exhibit 42
Capital & Non-Operating Project Expenditure Comparison (in Millions)

Category	FY22 Budget	Proposed FY23 Budget	\$ Variance
Total Capital Projects	\$819.0	\$828.9	\$9.9
Road Improvements	4.2	4.4	0.1
Non-Operating	4.1	4.9	0.8
Capital Planning & Development & Startup Cost	14.6	16.0	1.4
Total Capital / Non-Operating	\$841.9	\$854.1	\$12.2



Debt Service Budget

The FY 2023 Debt Service Budget is shown on the following page in Exhibit 43. Additional information on DART's Debt Program can be found in the Financial Plan Section.

Exhibit 43
Debt Service Expense Comparison (in Millions)

Description	FY 2022 Budget	FY 2022 Projected	Proposed FY 2023
Long-Term Debt Interest Expense*	\$134.6	\$125.6	\$145.2
Commercial Paper Program & Other Expenses	0.5	6.8	0.5
Total Expenses	\$135.2	\$132.4	\$145.7
Principal Repayments - Bonds**	\$71.4	\$71.4	\$78.0
Total Debt Service Budget	\$206.5	\$203.7	\$223.7

**Includes Build-America Bonds (BABs) interest expense net of 32% federal subsidy.*

*** Refunding bonds replace existing debt with an equal amount of new debt and are counted here as zero net new debt issued.*