



METRO

Approved Budget Fiscal Year 2009

October 1, 2008 – September 30, 2009

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Comments regarding any of the information contained in this document may be addressed to:

Executive Vice President, Finance and Administration
Capital Metropolitan Transportation Authority
2910 E. 5th Street
Austin, TX 78702



Transmittal Letter

To the Capital Metro Board and Members of the Capital Metro Service Area:

It is my pleasure to submit the Proposed Budget for the 2009 fiscal year. This thoughtfully planned budget allows Capital Metro to continue to offer new and expanded services as demand in mass transit grows, while providing for the increased costs of fuel, infrastructure, and labor.

Over the past several months, Capital Metro has undergone a strategic overhaul designed to galvanize every level of our organization behind the strategic vision to double ridership by 2025. The fiscal year 2009 budget will fund services to meet fifteen objectives under three strategic themes:

- 1) Customer Driven Service Excellence
- 2) Sustainable Business Growth
- 3) Strategic Partnering

As the population in our region increases and gas prices remain high, Capital Metro will continue to offer new and expanded services, providing the citizens of central Texas a variety of mobility options.

During FY 2009, Capital Metro will spend \$182.6 million on public transportation services and projects for the Central Texas Region. Included in the planned projects is the completion of Capital Metro's MetroRail Red Line, continuing implementation of the intelligent transportation system that will provide real-time information about specific buses to riders, new vehicle purchases, passenger amenities and continued progress towards reaching the goals of the communitywide long-range transit plan *All Systems Go*.

Quality Service

Capital Metro values quality service. Our efforts have been paying off, with sustained ridership increases in nearly every category and a recent overall satisfaction rating of more than 90 percent. Our efforts continue in fiscal year 2009 as we embark on a our comprehensive operational analysis of every aspect of the transit system.

All Systems Go

Capital Metro and the Austin community have come a long way working together over the past four years to implement the *All Systems Go* Long range transit plan to cut through traffic congestion and meet the needs of our rapidly-growing region. Capital Metro launched the plan in 2004, as thousands of citizens contributed to shaping it. *All Systems Go* Includes plans for passenger rail service, expanded local and express bus service, new and improved park & ride facilities, and rapid bus service.

Now, four years down the line, we are putting the finishing touches on Capital MetroRail, the region's first passenger rail line. We can celebrate the opening of the South Congress Transit Center and the expansion of the Pavilion Park & Ride.



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All Systems Go is our roadmap to provide the transportation services that will meet the explosive population growth in our region and help ensure that our communities remain great places to live, work and play. This budget reflects ongoing community education, outreach and involvement in developing these efforts as well as related implementation costs.

The FY 2009 budget includes an approved fare increase. The base fare will increase from \$.50 to \$.75 with similar increases in multi-ride passes.

I look forward to working with each of you and our staff to accomplish our goals during the next year. I know that working together we can all make a difference to shape the future of transportation in Central Texas.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred M. Gilliam".

Fred M. Gilliam
President/CEO



Organization of the Budget Document

This document is the annual budget for Capital Metropolitan Transportation Authority (Capital Metro) proposed for the period October 1, 2008 – September 30, 2009. A budget is a formal plan of action, expressed in monetary terms, for a specified period of time. This document details Capital Metro's plan for fiscal year (FY) 2009.

Major sections of the budget document

Capital Metro's document is divided into five sections; Introduction, Financial policies, Financial & Budget Summary, Capital Budget, Department Operating Budgets, and Appendix. Each section contains information related to the budget process or the approved budget.

Introduction.....	5
This section provides an overview of Capital Metro's history, infrastructure, service area, descriptions of each type of service, mission and long range strategic goals. A listing of positions by department and a company organizational chart is also included. The business planning and budgeting processes as well as various assumptions used in developing the budget are discussed in this section	
Financial Policies.....	23
Grouped in this section are various policies that assist with guiding the decisions of Capital Metro. This section delineates handling of capital assets and investments, as well as discussing fare structure, designated and restricted reserves and debt.	
Financial & Budget Summary.....	29
This section of the budget document includes a summary of the annual budget, financial highlights, and detailed information including service levels for each type of service Capital Metro provides. This section also includes performance trends, financial statements and explains factors affecting revenues and expenses and capital budget.	
Department Operating Budgets.....	41
The operating budget is presented as a whole and by individual departmental overviews. Each departmental section contains a definition of that department's functions and responsibilities as well as a chart of anticipated expenses.	
Appendix.....	125
The Appendix contains the glossary, attachments and index to assist with the use of this document.	

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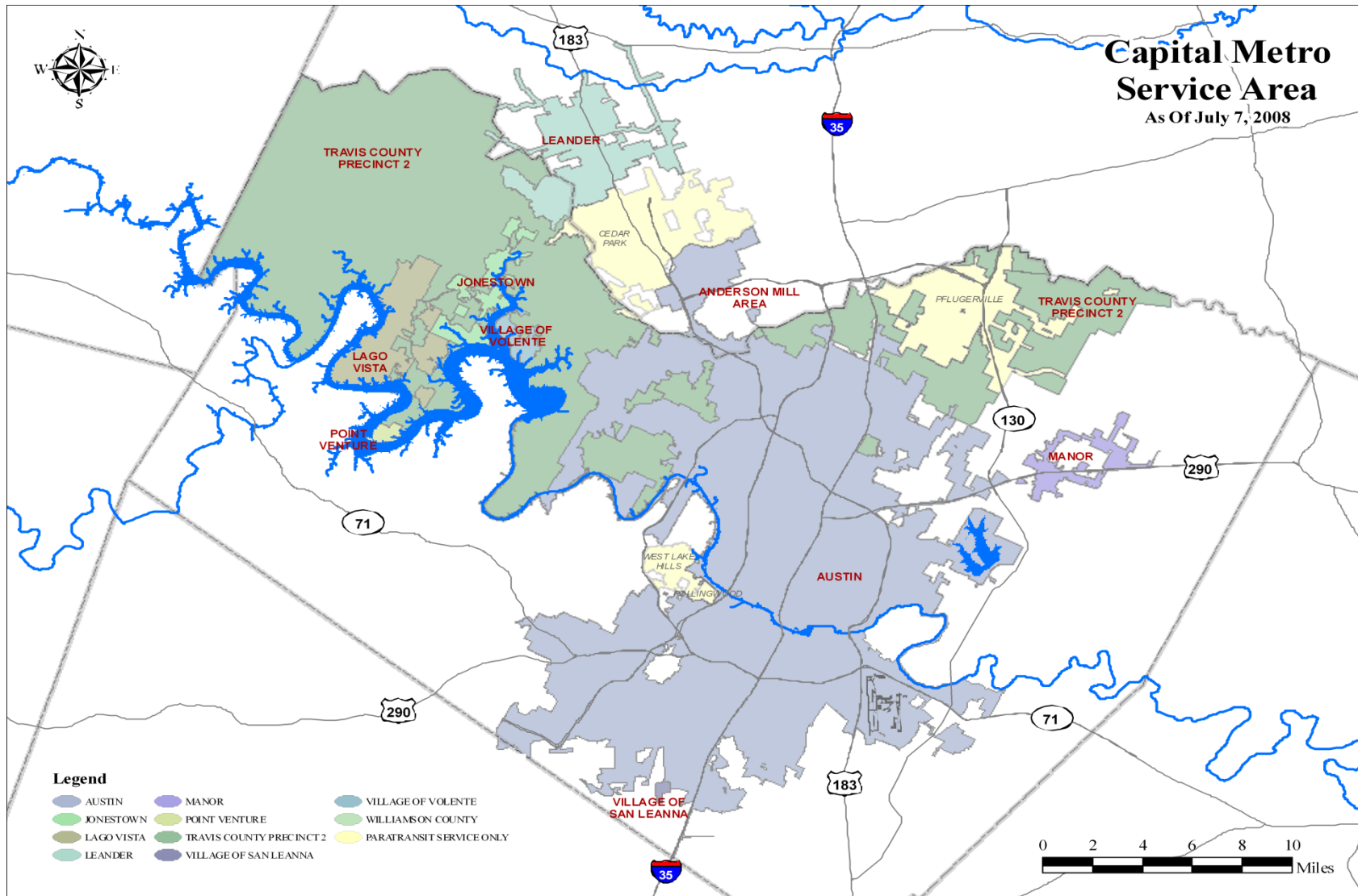


History

Capital Metropolitan Transportation Authority is a corporate body and political subdivision of the State of Texas, created in 1985 in accordance with Chapter 451 of the Texas Transportation Code. Capital Metro was established by a referendum on January 19, 1985 to provide mass transportation service to the greater Austin metropolitan area. Voters in Austin and the surrounding area approved the creation of Capital Metro, to be funded in part by a one percent (1%) sales tax. Capital Metro commenced operations on July 1, 1985.

Service Area Member Cities and Communities

Nine areas initially voted to participate in the Authority, including the Cities of Austin, West Lake Hills, Rollingwood, San Leanna, Cedar Park, Leander, Lago Vista, Pflugerville, and the Anderson Mill area of Williamson County. Since that time, Precinct Two of Travis County and the suburban cities of Jonestown and Manor have voted to join the service area. Residents of West Lake Hills, Rollingwood, Cedar Park, and Pflugerville voted to withdraw from the Capital Metro service area. During FY 2004, service area member jurisdictions Volente and Point Venture went from being unincorporated to incorporated. Service area communities participate in the one percent (1%) sales tax for funding support and participation with Capital Metro. The Capital Metro service area extends over 560 square miles including nearly one million residents. The following map illustrates areas included in Capital Metro's service area.





Community Information & Capital Metro Involvement

Austin, the state's capital and largest city in the Capital Metro service area, is the fourth largest city in Texas with a year 2000 population of 656,562, a 41% growth over the 1990 census. Austin is frequently recognized as a great place to live and work. Top employers in the area include state and local governments, colleges, public schools, semiconductor and computer manufacturers, and computer and software wholesalers. Strengths of the city include a highly capable workforce, innovation and entrepreneurship, clusters in knowledge industries, the presence of a world-class research university and several other institutions of higher learning, a rich creative musical and artistic community, strong community assets and a superior quality of life.

Capital Metro prioritizes strong community involvement. Capital Metro has developed a program that seeks input from all levels of the community through designated regional representatives, who serve as the direct connection between the community and Capital Metro. Capital Metro also relies upon two Board-appointed committees to provide recommendations and feedback on planning, operations and services from the regular passengers, the Customer Satisfaction Advisory Committee (CSAC) and the Access Advisory Committee (AAC).

Capital Metro, the City of Austin, and 10 suburban communities within the Capital Metro service area are participants in the Build Central Texas program. Initiated in 1994 as "Build Greater Austin" by Capital Metro, the program is dedicated to investing in infrastructure that supports transportation, such as funding street rehabilitation and reconstruction, transit corridor improvements, sidewalks, curb ramps and hike-and-bike trails. Capital Metro's FY 2009 annual contribution to the program is approximately \$1.1 million.

Capital Metro has been a generous partner for many non-profit groups serving the Austin community. For example, for the last five years, Capital Metro has helped recognize National Domestic Violence Awareness Month with free ad space on its buses. Bilingual signs on buses boosted awareness of SafePlace, a local domestic violence and sexual assault survival center. In 1991, Capital Metro implemented a 50% Discount Pass Program for social service agencies. Over the last two years (2005-2007) alone, it has contributed over \$1 Million to 113 participating agencies. Capital Metro also has free fares for seniors and for the mobility impaired through its Disability Fare Card Program on fixed route services.

Capital Metro also partners with the Austin Police and Fire departments by sending buses to be used by emergency personnel as temporary shelters during floods, fires and other emergencies. Also, when temperatures fall below 32 degrees, Capital Metro sends "cold weather buses" as a haven for the homeless, transporting them to local emergency shelters for the night in cooperation with the City of Austin's Office of Emergency Management.

Benefits of Mass Transit

Central Texas continues to be one of the fastest growing regions in the United States. Data from the 2000 Census shows Central Texas as the thirty-eighth largest metropolitan area in the country, with a population of 1.16 million. By the year 2030, the Capital Area Metropolitan Planning Organization (CAMPO) estimates that the population will reach 2.75 million residents. Employment will also continue to grow with estimated jobs in excess of 1.1 million by 2025. A recent survey revealed that Austin area residents view mobility problems as the most significant negative consequence of the area's rapid growth. Over 70% of the respondents said that congestion and traffic are the most serious problems resulting from this rapid growth.

In the past year, the price of fuel has continued to increase; consequently, Central Texas commuters have continued to re-evaluate their view and use of mass transit. As a result, ridership is budgeted to increase almost 4% versus 2008 forecast, to approximately 36.1 million passenger trips.

Information from the Texas Commission on Environmental Quality indicates that the largest source of pollution in the Austin area is on-road vehicles. Capital Metro's role in providing viable transportation alternatives to the single occupancy vehicle is fundamental to helping reduce congestion, air pollution and improve mobility. Capital



Metro is working closely with CAMPO to support a regional transportation plan and programs that have a positive impact on the environment, air quality and area communities.

Less Air Pollution

Public transportation moves people efficiently while producing significantly less air pollution to move a single passenger one mile (passenger mile) compared to moving a person one mile in a single occupant automobile, which represents the typical commuting situation. The following depicts this comparison per passenger mile:

- Buses emit only 20% as much carbon monoxide as a single occupant automobile
- Buses emit only 10% as much hydrocarbon as a single occupant automobile
- Buses emit only 75% as much nitrogen oxide as a single occupant automobile

Capital Metro complies with Federal and State regulations for use of Ultra-Low Sulfur Diesel (ULSD) and TXLED. Ultra-Low Sulfur Diesel is a diesel fuel requirement regulated by the EPA that on-highway vehicles use a diesel fuel that contains no more than 15 parts per million of sulfur. Beginning October 15, 2006, ULSD was the only type of diesel fuel available. In addition, the state of Texas requires a fuel additive, TXLED, to address fuel content that affects exhaust emissions of Nitrous Oxide (NOx). The TXLED requirement went in to effect January 31, 2006; however, these requirements have not dramatically affected the cost of fuel.

Traffic Congestion

One full 40-foot bus is equivalent to a line of 58 moving automobiles stretching:

- 6 city blocks - more than half a mile if traffic is moving at 25 mph
- 4.5 city blocks - just under half a mile if traffic is moving at 15 mph



Governance

Capital Metro is governed by a seven-member Board of Directors (Board) which has governance responsibilities over all activities related to Capital Metro. All of the members serving on the Board are appointed in accordance with Section 451.5021, Transportation Code.

The Board structure is comprised of the following members:

- ◆ Two council members appointed by the Austin City Council
- ◆ One Commissioner appointed by the Travis County Commissioners Court
- ◆ One mayoral representative appointed by the mayors of the suburban cities of Travis County
- ◆ One representative appointed by a panel made up of the mayors of the suburban cities of Williamson County, The County Judge, and the presiding officer of each municipal utility district located outside Travis County but within Capital Metro’s service area
- ◆ Two members at large appointed by the Capital Area Metropolitan Planning Organization

Board Member	Appointing Body	Term Expiration
Mike Manor Secretary of the Board	Capital Area Metropolitan Planning Organization	9/15/09
Mayor Pro Tem John Trevino, Jr.	Capital Area Metropolitan Planning Organization	9/15/09
Council Member Mike Martinez	Austin City Council	7/24/10
Mayor Pro Tem Brewster McCracken	Austin City Council	7/24/10
Commissioner Margaret Gomez Chair of the Board	Travis County Commissioners Court	9/15/09
Council Member Jamie Jatzlau Vice Chair of the Board	Travis County Suburban Cities Appointing Committee	8/18/09
Mayor, Leander John Cowman	Williamson County Appointing Committee	8/15/10



Management

Capital Metro's executive leadership team provides diverse experience and skills in order to lead the organization in to the future.

Executive Leadership Team	Name
President/Chief Executive Officer	Fred Gilliam
Acting Executive Vice President, Chief Operating Officer	Andrea Lofye
Chief Counsel	Sallie Crosby
Executive Vice President, Chief Development Officer	Doug Allen
Executive Vice President, Finance and Administration	Randall Hume
Executive Vice President, Performance and Quality	Elaine Timbes
Vice President, Strategic Planning & Development	Todd Hemingson
Vice President, Internal Audit	Caroline Beyer, CPA, CISA
Vice President, Marketing	Rick L'Amie
Vice President, Business & Community Development	Dianne Mendoza, PhD
StarTran General Manager	Terry GarciaCrews
Project Director, Commuter Rail	John Almond, P.E.
Acting Chief of Staff	Kerri Davidson



System Facility Characteristics

Since Capital Metro's inception in 1985, the focus of the capital improvement program has primarily been on the replacement of buses and garage facilities. In 1986, the current Capital Metro headquarters was completed, which includes 140,000 square feet in garage facilities and also houses administrative staff in the main building.

Capital Metro Facilities

Capital Metro Headquarters
2910 East Fifth Street
Austin, Texas
Administration: 30,000 square feet, 1989
Maintenance: 140,000 square feet, 1989

Customer Service Center
323 Congress Avenue
Austin, Texas
12171 square feet, 2003

Northeast Operations Facility
5316 Ed Bluestein Boulevard
Austin, Texas
14,700 square feet, 2000

MetroAccess Services Facility
59 Thompson Lane
Austin, Texas
19,738 square feet, 2000

Capital Metro Headquarters Annex / Daycare Facility
624 Pleasant Valley
Austin, Texas
50,000 square feet, 2006

North Operations Facility
9315 McNeil Road
Austin, Texas
137,377 square feet, 2008

Transportation and Transit Centers

7th & Pleasant Valley Neighborhood Transit Center
12th & Chicon Neighborhood Transit Center
Austin Community College/Riverside Transit Center
Highland Mall Neighborhood Transit Center
North Lamar Transit Center
Northcross Mall Transit Center
Rogge/Manor Neighborhood Transit Center
Rundberg/Lamar Neighborhood Transit Center
South Congress Transit Center
Woodward/Parker Neighborhood Transit Center



Park and Ride Facilities

Austin

Great Hills Baptist Church
Harris Branch
Hyde Park United Methodist Church
Northwest – Lakeline
Oak Hill Plaza
Pavilion - Hwy 183 and Spicewood Springs
Tech Ridge
The Triangle

Jonestown

Park Drive/Crestview

Lago Vista

Thunderbird Drive/Dawn Drive

Leander

Leander Park and Ride

Manor

Burnet/Townes
San Marcos/Burton

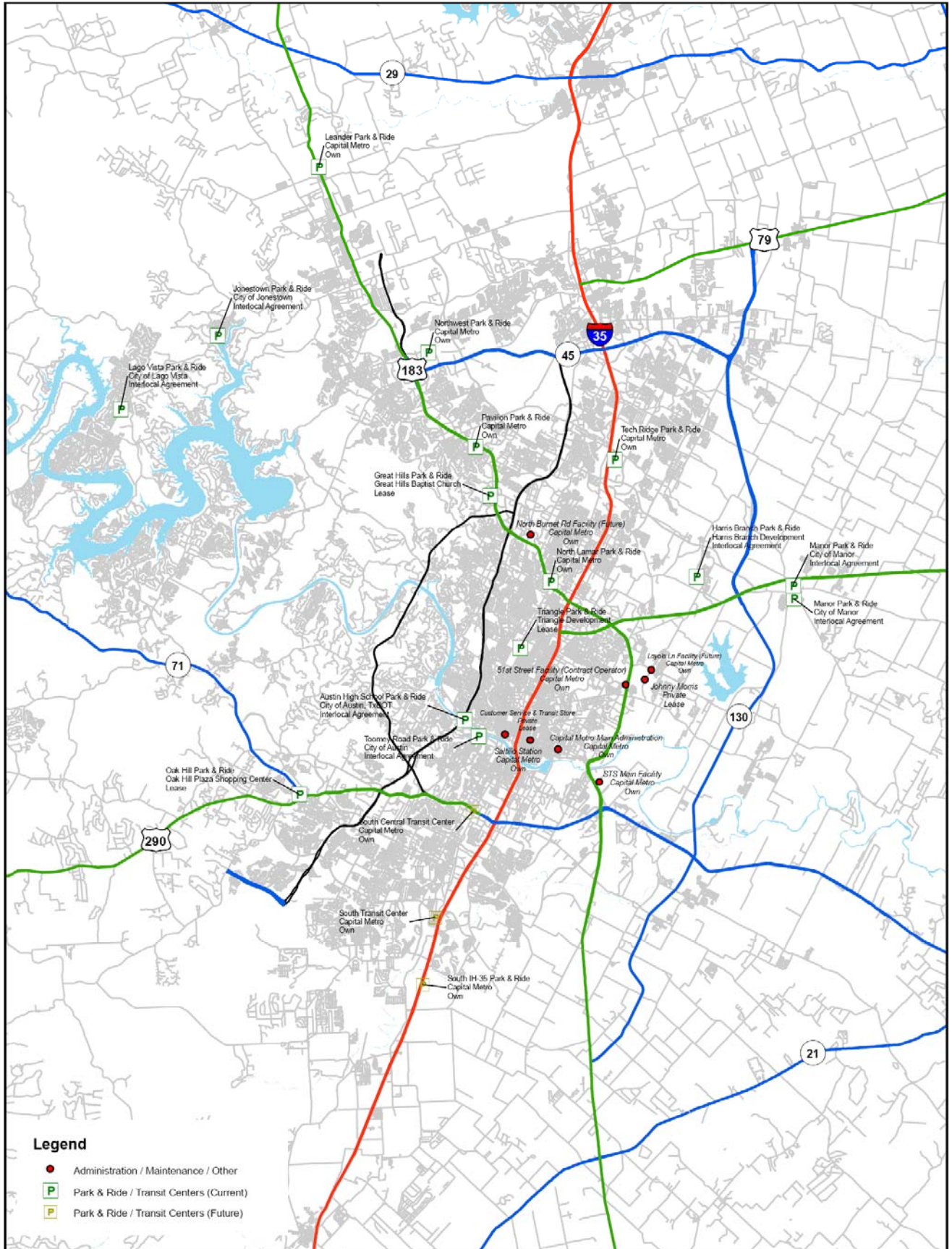
System Service Characteristics

Current Service Delivery

- ◆ Fixed Route Services, including express park and ride, flyers, and trolleys (“the ‘Dillo”)
- ◆ The University of Texas shuttle
- ◆ Paratransit services
- ◆ Vanpool & carpool program
- ◆ Apple (shuttle service between Austin’s magnet schools)
- ◆ Special events service
- ◆ Dial-a-ride

Fleet Description

- | | |
|----------------------------------|-----|
| ◆ Buses (including 14 Trolleys): | 409 |
| ◆ Paratransit Vans: | 49 |
| ◆ Paratransit sedans: | 39 |





Mission and Strategic Goals

Capital Metro's strategic management team developed the following mission and strategic goals:

Strategic Vision

Double ridership by 2025

Strategic Goals

- ◆ Customer Driven Service Excellence
Result: Increased Market Share and exceed expectations of new and existing customers
- ◆ Sustainable Business Growth
Result: Efficient use of resources that create a financially sustainable future to improve quality of life for Central Texas
- ◆ Strategic Partnering
Result: Mutually beneficial relationships that result in seamless, cost-effective operations and transit supportive region

The FY 2009 budget includes the following *All Systems Go* programs to support the strategic vision:

- ◆ Beginning of MetroRail Red Line service, the region's first passenger rail, from Downtown Austin to Leander in Spring 2009.
- ◆ Expansion of key routes associated with the opening of the South Congress Transit Center to meet service demands
- ◆ Increase in frequency and service for Express Park & Ride service to meet demands
- ◆ Initialization of connector services from new rail stations to key destinations
- ◆ Re-design of the Dillo service to improve routes and frequency for the downtown area
- ◆ Design of MetroRapid bus service along two corridors, North Lamar/South Congress and Burnet/South Lamar



Business Planning & Budget Process

Overview

Chapter 451 of the Texas Transportation Code mandates that Capital Metro's Board of Directors adopt an annual operating budget of all major expenditures by type and amount. The budget must be adopted before the beginning of each fiscal year and before Capital Metro conducts any business in the new fiscal year. Capital Metro's fiscal year begins on October 1st.

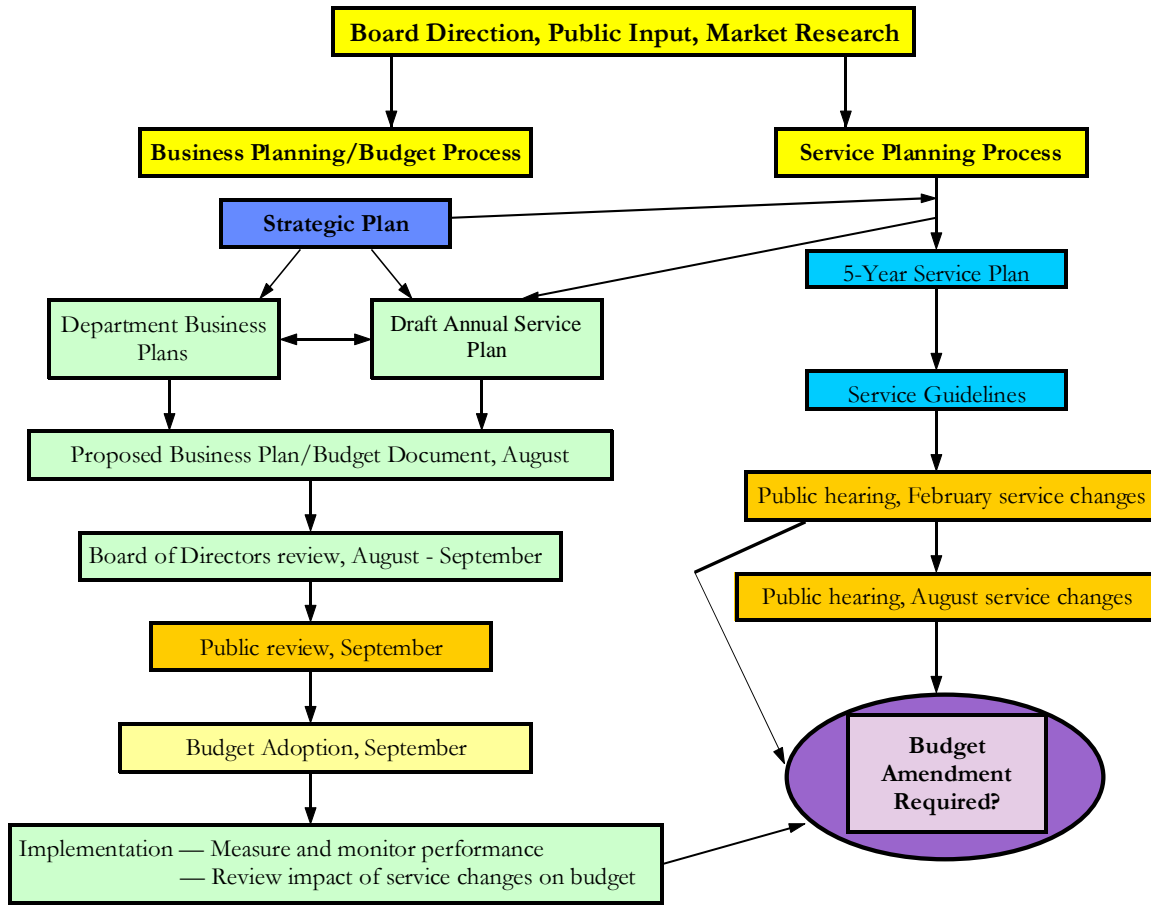
Capital Metro's governing legislation further provides that the Board of Directors shall hold a public hearing on the proposed operating budget prior to its adoption and shall, at least fourteen days before the date of the hearing, make the proposed budget available to the public. After adoption, the Board may subsequently amend the budget after public notice and hearing. The budget is amended if operating expenditures exceed the budgeted amount. The expenditure of reserve funds must have the advanced approval of the Board of Directors, but does not constitute a budget amendment in the opinion of Capital Metro's legal counsel.

Business and Service Planning Linked to Strategic Goals

The annual strategic planning process begins when the Board of Directors and management meet to review and discuss Capital Metro's long-range vision and organizational mission and goals.

Capital Metro's management team incorporated the Board of Director's strategic guidance during the development of objectives for FY 2009. The Board of Directors and the management team worked together to set priorities for FY 2009 with the aim of focusing current resources in areas identified as most critical to Capital Metro's customers and communities in its service area.

Annual service levels are developed with a focus on the strategic objectives and goals. Each department develops a business plan and budget that supports the service levels and the objectives in the strategic plan. The process, including periodic service changes, is outlined in the flow chart on the following page.





Annual Calendar	Month
Board of Directors generally conducts a retreat to focus on direction for the coming year and long-range strategic goals.	January — February
Management team develops objectives and strategies to achieve organizational goals.	April — May
Cross-functional teams develop work plans to achieve objectives. Department managers develop business plans that support achievement of objectives.	May — June
Budget development begins.	May — June
Board of Directors reviews strategic and business planning results. Budget proposal is refined based on Board direction.	June
Board of Directors releases proposed budget for public review (14-day requirement).	Late August
Board of Directors holds public hearing on proposed budget.	Mid-September
Board of Directors adopts budget.	Late September
Approved budget document is issued.	October — December



Detailed Budget Calendar Fiscal Year 2009

5/19/08	Present general FY2009 budget assumptions to Board
5/30/08	Proposed service levels due
5/30/08	5 Year Capital Plan due
6/6/08	Ridership projections due (All modes)
6/13/08	Admin Departments' Budgets due to Finance
6/13/08	Revenue assumptions/calculations due
6/20/08	Operations Departments' Budgets due to Finance
6/20/08	Operating expenses and business plans due
6/16-6/27/08	Meetings with EVP of Finance and Administration and Budget staff to review department budgets
6/30/08	Budget assumptions and preliminary revenue projections presentation to the Board
6/30-7/11/08	Revisions to operating budgets due
7/30/08	Preliminary FY 2009 budget presentation to Board
7/31-8/8/08	Preparation of final proposed budget
8/18/08	Proposed budget document to Board
8/27/08	Formal presentation of proposed budget to Board
8/29/08	Proposed budget document available to public
9/22/08	Work session budget presentation to Board/Public Hearing
9/29/08	Board adoption of Budget

Note: Additional work sessions could be scheduled in July and August as needed.



Basis of Budget and Basis of Accounting

Capital Metro has one fund and uses the enterprise fund system. Enterprise funds are used to account for operations (a) that are financed and operated in a similar manner to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

As an enterprise fund, the budget is prepared on a full accrual basis of accounting. This means that expenses are recognized as they are incurred and revenues are recognized when they are earned. Accounting records and financial statements are developed and maintained in accordance with generally accepted accounting principles (GAAP).

To prepare the budget, Capital Metro uses a zero-based budgeting concept. Each year, every proposed expense must be justified to the Executive Vice President of Finance and Administration, the Executive Team and budget staff. Also, revenue projections are developed and projected based on service levels and estimates of subsidized funding. Expenses are then adjusted to balance to or to be less than projected revenues.

Budget Assumptions

Service Area

It is assumed that the service area will sustain minimal changes as it has since 2000.

Fare Policy

It is assumed that the approved base fare increase to \$.75 will go in to effect on October 13, 2008. This will result in 67% more fare revenue.

MetroRail

The beginning of revenue service is projected MetroRail Red Line service, the first passenger rail service in the Central Texas Region.

Sales Tax Rate

The sales tax rate is anticipated to remain at 1% as it has since 1995.

Service levels

It is assumed that there will be a slight increase in total bus service hours and miles traveled. Further details available on page 35.

Staffing Levels

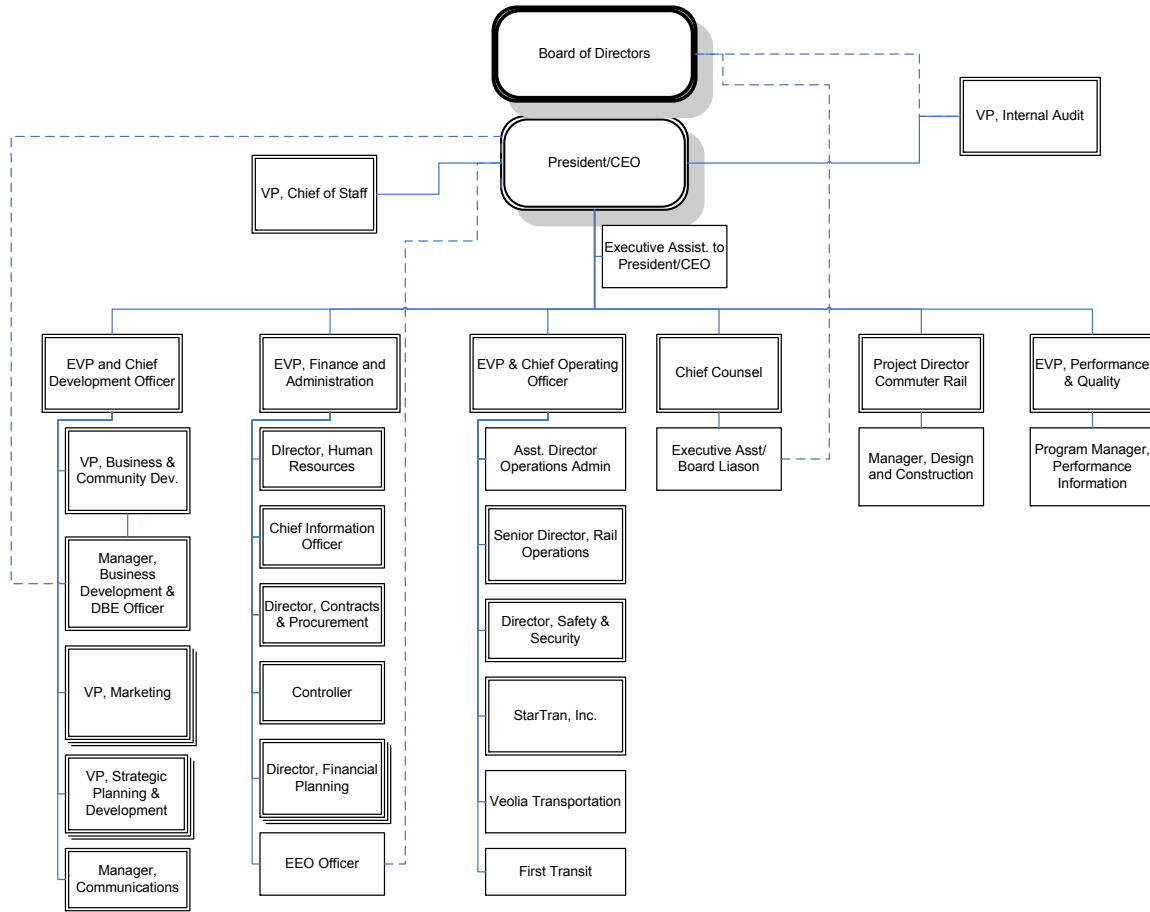
The Full time Equivalent Chart on the following page shows the staffing levels by department. Positions are continually evaluated to derive the highest level of operating efficiency. For FY09, significant changes include 11 FTEs transferred from Fixed Route Services, nine to the newly-created department, Operations Training, and two into Operations Administration (formerly Labor Relations). Additionally, nine mechanics will be added to the Running Repair department during FY09.



Department	FY 2007 Budget	FY 2008 Budget	FY 2008 Adds/Cuts	FY 2008 Transfers	FY 2009 Adds/Cuts	FY 2009 Budget
Wellness		0.0				0.0
Child Care Center	0	0.0				0.0
Business Center		0.0				0.0
President/CEO	4	5.0				5.0
Communications	3	3.0				3.0
Board of Directors	1	1.0		-1.0		0.0
Internal Audit	3	3.0			0.5	3.5
Chief Operating Officer (COO)	3	3.0				3.0
Strategic Management		2.0			1.0	3.0
Safety & Security	7	7.0				7.0
Security - APD Officers	12.85	12.9				12.4
Legal - w/Board Support	4	5.0		1.0		6.0
Finance	20	21.0				21.0
Information Technology (IT)	23	23.0				23.0
Procurement	15	15.0				15.0
Purchased Transportation	1	1.0				1.0
RideShare	4	3.0				3.0
Operations Admin (formerly Labor Relations)	2	2.0		5.0		7.0
Planning	21	22.0		1.5		23.5
Marketing	7	7.0				7.0
BC&D-	16	15.5		-0.5		15.0
Customer Service	22	22.0				22.0
Human Resources (HR)	16	13.0				13.0
Risk Management	5	6.0				6.0
MetroAccess	13	15.0		-2.0		13.0
Operations Training		0.0		9.0		9.0
Fixed Route Services	49	49.0		-11.0		38.0
Running Repair	16	16.0		-2.0		14.0
Service Island	3	3.0				3.0
Vehicle Maintenance	14	14.0		1.0	1.0	16.0
Stores	2	2.0				2.0
Public Facilities	11	11.0				11.0
Building Maintenance	2	4.0				4.0
Rapid Transit	2	2.0				2.0
Railroad Administration	4	4.0				4.0
Railroad APD Officers	1.75	1.8				1.8
Commuter Rail	6	5.0				5.0
Commuter Rail APD Officers	6	1.2				1.2
Facilities Design & Constr. (FD&C)	10	10.0	-1.0			9.0
T.C.D.	4	4.0		-1.0		3.0
Real Estate	2	2.0				2.0
Property Management	1	1.0				1.0
Total Non-Bargaining FTE's	336.6	337.3	-1.0	0.0	2.5	338.3
IUE - STS Reservation Staff	25	23.5				23.5
StarTran - STS Sedan Drivers	60	66.0	2.0			68.0
StarTran - STS Van Drivers	79	79.0			3.5	82.5
StarTran - Bus Operators	515	535.0	-11.0			524.0
Running Repair Mechanics	112	112.0			9.0	121.0
Service Island Attendants	35	35.0			4.0	39.0
Stores Clerks	10	10.0				10.0
Building Maintenance Technicians	12	18.0				18.0
Total Bargaining FTE's	848	878.5	-9.0	0.0	16.5	886.0
Total FTE's	1184.6	1215.8	-10.0	0.0	19.0	1224.3



Organizational Chart





METRO

Capital Metropolitan Transportation Authority
Approved Fiscal Year 2009 Budget

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Summary of Financial Policies

Capital Metro and its component unit, StarTran, Inc. (StarTran), is a corporation organized under the Nonprofit Corporation Act of the State of Texas. Although, legally separate from Capital Metro, StarTran is reported as if it were part of Capital Metro because it was incorporated for the purpose of providing employee services to operate mass transit service on behalf of Capital Metro. Capital Metro provides all resources needed for operations and necessary administrative support for StarTran's operations. StarTran is accounted for as a blended component unit in budget and financial statements of Capital Metro.

Capital Metro is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of governmental Accounting and Financial Reporting Standards. The appointed members of the Board have the authority to make decisions, possess the power to designate management, have the responsibility to significantly influence operations, and maintain primary accountability for fiscal matters.

Capital Metro's primary financial goal focuses around providing effective and efficient transportation services and systems to the public using a balanced budget. In short, the broad financial goals of Capital Metro are to:

- ◆ Operate under a balanced budget
- ◆ Safeguard and maximize resources

The following guidance and policies are in place in order to achieve these goals:

- ◆ **Balanced Budget** -- Capital Metro operates under a balanced budget. Capital Metro's definition of a balanced budget is in accordance with the Texas Transportation Code, Section 451.103.
- ◆ **Zero-based Budgeting** -- Capital Metro utilizes the zero-based budgeting concept.
- ◆ **Capital assets** are recorded at cost and are depreciated over their useful lives using the straight-line method.
- ◆ **Fixed assets** for capitalization and financial reporting purposes are all items purchased that have a useful life or more than one year, are of a tangible nature and have a value of \$5,000 or more, net cost, not including trade-ins or any taxes, licenses, etc.
- ◆ **Operating Revenue** -- Passenger fares and charter services are recorded as revenue when the ticket is sold, regardless of when it is used.
- ◆ **Sales Tax Revenue** -- Sales tax revenue is accrued on a monthly basis based on information provided by the Comptroller of Public Accounts.
- ◆ **Capital Replacement and Improvement Grants** -- Capital Metro funds its capital improvements with sales taxes and grants from the Federal Transit Administration (FTA). Revenue is recognized when all eligibility requirements have been met. The grantor retains a reversionary interest in the capital asset over the estimated useful life of that asset.
- ◆ **Debt** -- Section 451.352 of the Texas Transportation Code authorizes an authority to issue bonds at any time and for any amounts it considers necessary or appropriate for the acquisition, construction, repair, equipping, improvement or extension of its transit authority system. There is no limit on Capital Metro's ability to incur bonded indebtedness as long as the bonds are issued in accordance with the law.



Capital Metro will introduce a fare increase in FY 2009. The base fare will increase from \$.50 to \$.75 and multi-ride passes will also increase. New fares are listed below:

One-way Fares Summary of Fares Effective October 13, 2008

- Local bus fare \$0.75
- Local Day Pass \$1.50
- Express fare \$1.50
- MetroRail Adult (1 Zone \$1.00, 2 Zones \$1.50)
- All Services Day Pass \$3.00
- Stored Value Card (\$15.00 value) for \$12.00 (formerly "Half-Priced Farecard")
- Adult 31-day pass \$18.00 for local service; \$36.00 for an All Services pass
- Adult 7-day Local Metro Pass \$7.00
- `Dillo fare \$0.50 (2 hour pass) & \$5.00 for a 31-day pass
- RideShare monthly pass \$45.00
- MetroAccess certified individuals, seniors (65 and older), disability fare card holders, children under six, and law enforcement, fire and military personnel in uniform ride free on Local, `Dillos, Express, and MetroRail
- MetroAccess 10-ride Ticket Book \$7.00
- MetroAccess monthly pass \$22.50
- Reduced fare (`Dillos \$.25, FRS \$.35, Express & Rail \$.75) for the following:
 - Students 18 years and under with student ID
 - Active duty and reserve military personnel with ID
- In fall 2010, local bus fare increases to \$1.00 with similar increases for other fares



Designated Reserves

Reserve Contributions					
Dollars in \$000's					
	FY 2007 Actual	FY 2008 Forecast	Additions	Deductions	FY 2009 Proposed Budget
Designated:					
Mobility Planning	73,679	37,694	0	12,600	25,094
Self Insurance	7,778	7,778	0	0	7,778
Total Reserves	81,457	45,472	0	12,600	32,872

Planned reserve contributions are outlined in the table above. The level of contributions is consistent with the approach begun by the Board of Directors in fiscal year 1998. The table above reflects changes from prior years in order to correspond with the audited financial statements for FY 2007.

The expenditure of reserve funds for the purposes outlined above must have the advance approval of the Board of Directors but does not constitute a budget amendment in the opinion of Capital Metro legal counsel.

Mobility Planning Reserve

This reserve includes funding for mobility projects and programs and the one-quarter of the one percent sales tax approved by Capital Metro's Board of Directors. Deductions represent payments on these commitments.

In FY 2000, the Board resolved to invest up to \$91 million to help fund future transportation projects consistent with Capital Metro's core transportation mission. The Board's action enabled Capital Metro to partner with the City of Austin and other communities to accelerate the development of a cooperative regional transportation plan with Capital Metro as the first public entity to formally commit funding and support.

For FY 2001, 2002, 2003, and 2004 the Board of Directors of Capital Metro resolved to commit one-quarter of the one percent sales tax earned for transportation projects in its member cities and counties: \$31 million, \$29 million, \$26.6 million, and \$28.6 million, respectively.

Self Insurance

Prior to January 1, 2003, Capital Metro paid monthly health and dental premiums to an insurance company. Thorough analysis spurred the Board of Directors and the Capital Metro Executive Team to advance self insurance for Capital Metro. The current self insurance administrator to manage and oversee medical and dental benefits for Capital Metro and StarTran is Corporate Benefit Services of America, Inc.

Expense Policies

Compensated Leave – Substantially all employees of Capital Metro and StarTran are eligible to receive compensation for vacations, holidays, illness and certain other qualifying leave. For certain kinds of leave, the number of days compensated is generally based on length of service. Vacation leave, which has been earned and vested but not paid, has been accrued in the accompanying financial statements. Sick leave for Capital Metro and StarTran administrative employees, which has been earned and vested but not paid, has been accrued in the accompanying financial statements for those employees with five years or more of service.

Income Taxes – StarTran was incorporated to operate as a nonprofit corporation and does not intend to earn a profit during its association with Capital Metro. However, for federal income tax purposes, StarTran is required to



file the necessary federal income tax returns under a for-profit status, and is therefore subject to income tax on any profit earned during the year.

Accordingly, StarTran accounts for income taxes under the guidance of Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes". During 2008, there was no material difference between the recognition of revenues and expenses for tax and financial statement purposes.

Procurement

Capital Metro's Procurement department is responsible for purchasing all goods and services required by Capital Metro in accordance with sound public contracting policies and procedures.

These policies are designed to provide timely delivery of goods and services, quality customer service and savings through:

- Obtaining most competitive market price to meet or exceed agency's needs,
- Maintaining effective and user-friendly processes and systems,
- Building strategic partnerships with internal customers,
- Maintaining a pool of qualified suppliers and obtaining maximum value from supplier relationships, and
- Providing education tools for procurement team, customers and suppliers.

Procurement Methods

Capital Metro uses a variety of procurement methods. Selecting the correct one is dependent on several factors. One important factor is the estimated price. Items expected to cost less than \$25,000 are purchased via Capital Metro's "small purchases" method of procurement.

Small Purchases

Purchases under \$3,000, including delivery charges, or micro-purchases, may be accomplished without securing competitive quotations if the prices are considered to be fair and reasonable. Procurement staff and employees using purchasing cards for micro-purchases, are required to equitably distribute the purchase of like goods and services among qualified suppliers. Micro-purchase procedures may not be used for construction contracts with a value of \$2,000 or more.

Request for Quotes (RFQs) are used for all purchases expected to cost between \$2,500 and \$25,000. A brief description of the item needed is provided to vendors, who submit written quotes to Capital Metro by an established deadline. Capital Metro distributes RFQs to registered vendors on Onvia Demand Star, or through the Quotewire functionality of Demand Star. Vendors registered with Demand Star receive a free agency-level subscription. Capital Metro adds sources to the Demand Star notification list obtained from the user department's source lists, internet, phone books, industrial guides, etc.

Large Purchases

Purchases in excess of \$25,000 require more sophisticated methods than those used for small purchases. Special efforts are made to make the vendor community aware of Capital Metro's requirements. Capital Metro generally accepts bids or proposals from any vendor who wishes to participate in a competition. Solicitations are



advertised in newspapers, and Capital Metro distributes solicitation notifications to registered vendors on Onvia Demand Star.

The basic types of procurement methods used for large purchases are *Invitation for Bids* (IFB) and *Request for Proposals* (RFP). Generally, goods/commodities are purchased via IFB, whereas, services are generally purchased via RFP. In both cases, Capital Metro develops and faxes an advance notice to registered vendors on Onvia Demand Star. The notice gives a basic description of the item to be purchased, the order of magnitude and prompts vendors to return the notice to Capital Metro.

The solicitation is developed and includes a detailed purchase description and/or statement of work, contractual terms and conditions, and instructions on how to submit an offer to Capital Metro. Solicitations generally remain open for 21 days so that vendors may have enough time to respond.

For IFB's, Capital Metro awards contracts to the responsive, responsible bidder offering the lowest price. A bid is responsive if it meets all the material requirements of a solicitation; in other words, the bid submitted by the vendor doesn't vary from Capital Metro's original requirement. A bidder is responsible if she/he can demonstrate the capacity and the willingness to perform (i.e., proper equipment, manpower, financial resources, technical expertise, etc.). Therefore, when the IFB method of procurement is used, the "low bidder" does not necessarily receive the award. An award is made to the "low bidder" only if the bidder meets both tests of responsiveness and responsibility.

For RFP's, award is not based on price alone, but other weighted factors of importance specified in the solicitation. Selection for award is done by an evaluation team that independently evaluates the proposals submitted.

For each solicitation issued, Capital Metro assigns a Contracts Administrator as primary point of contact to assist vendors. In addition, a conference is generally scheduled well in advance of the bid/proposal submission deadline so vendors may obtain clarification from Capital Metro.

After receipt of proposals, none of the information contained in the proposals or concerning the number or identity of offerors is available to the public or to anyone in Capital Metro not having a legitimate interest or need to know prior to the recommendation of award of a contract.

After evaluation of all offers, Capital Metro awards a contract. Contracts in excess of \$100,000 require approval by Capital Metro's Board of Directors prior to award.

Other Procurement Methods

There are other infrequently used procurement methods. They include sole source, Statement of Qualifications (SOQs) for statutory professional services for disciplines that require State of Texas licensing, and emergency procurements.



Expenditure Accountability

All invoices are reviewed on multiple levels. Monthly budget variance reports provide operational accountability. Capital projects' budgets are monitored and reported to the respective Executive Team leader. Capital Metro has created an Internal Audit department for greater accountability as well as full compliance with the Single Audit Act.

Debt

Section 451.352 of the Texas Transportation Code authorizes an authority to issue bonds at any time and for any amounts it considers necessary or appropriate for the acquisition, construction, repair, equipping, improvement, or extension of its transit authority system. There is no limit on Capital Metro's ability to incur bonded indebtedness as long as the bonds are issued in accordance with the law. The current obligation is 2.5 percent of the total operating budget for FY09.

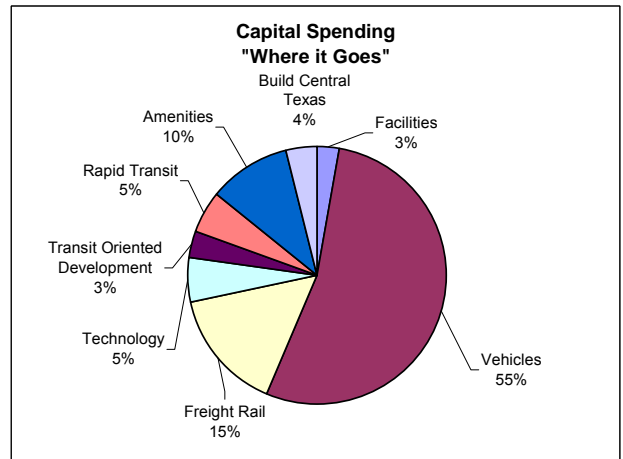
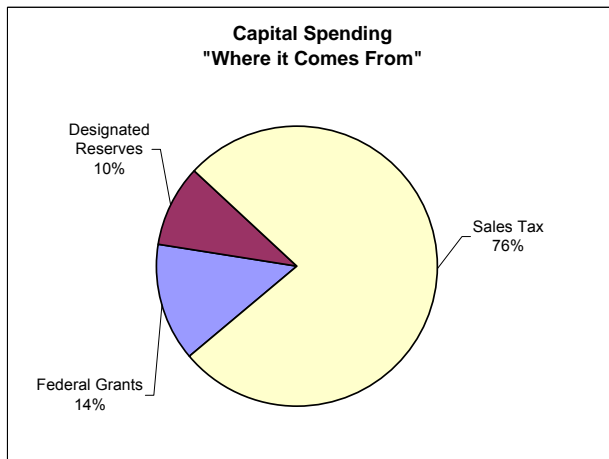
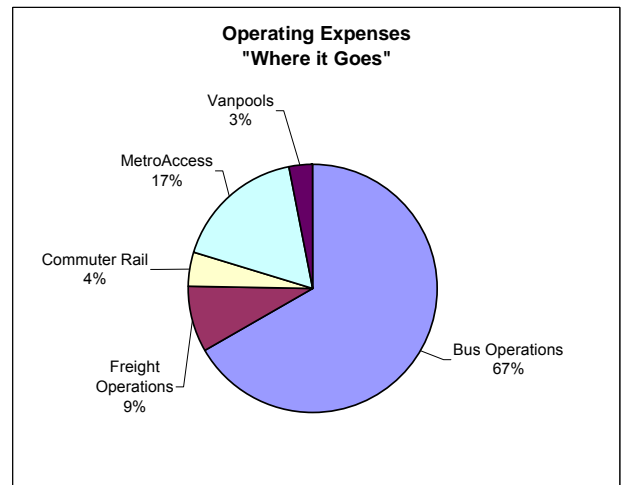
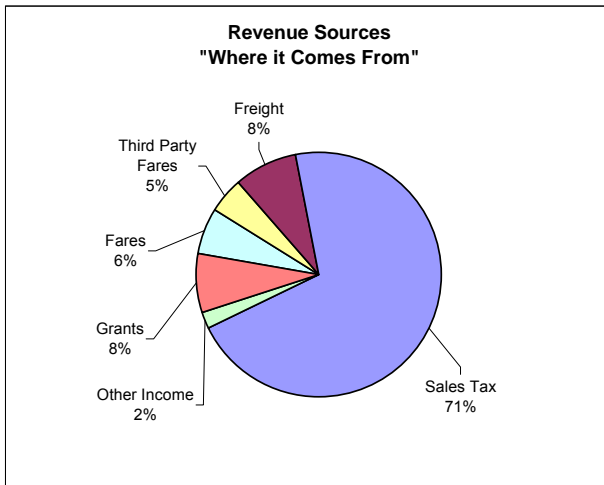
In November 2004, the citizens of the Capital Metro service area voted to allow Capital Metro to operate urban commuter rail service from Leander, Texas to downtown Austin, Texas. In February 2006, the Capital Metro Board of Directors approved a tax exempt lease/purchase financing agreement for the funding of rail vehicles. The Master Lease/Purchase Financing Agreement dated March 1, 2006 between Banc of America Leasing and Capital, LLC and Capital Metro was executed to purchase six rail cars from Stadler Bussnang AG, a corporation organized under the laws of Switzerland. The financed amount was 36,044,935 with an interest rate of 3.7747%, payments due quarterly beginning in October 2006 for 10 years.

Yearly Service Requirements	Note Payable		Master Lease Financing Agreement		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ -	111,786	2,594,031	1,807,093	2,594,031	1,918,879
2008	-	149,048	3,183,158	1,217,966	3,183,158	1,367,014
2009	-	149,048	3,305,024	1,096,100	3,305,024	1,245,148
2010	-	149,048	3,431,556	969,568	3,431,556	1,118,616
2011	2,484,164	149,048	3,562,931	838,192	6,047,095	987,240
2012-2016	-	-	19,968,235	2,037,384		2,037,384
Total	2,484,164	707,978	36,044,935	7,966,303	38,529,099	8,674,281



Budget at a Glance

Capital Metro's budget is in two parts, the operating budget and the capital budget. Operating Revenue is projected to be \$182M and expenditures for the operating budget are \$182M. The Capital budget includes \$3.5M for investments in capital and \$5.1M in capital grant revenue. The pie charts below illustrate the breakdown.





External Sources and Uses of Funds Summary

Sources Summary				
Description of Sources	FY07 Actual	FY08 Budget	FY08 Forecast	FY09 Budget
Passenger Fares	\$5,720,241	\$6,396,506	\$5,877,721	\$10,942,474
Third Party Operator Fares	6,462,091	7,363,129	7,332,186	8,344,386
MetroRail Service	0	0	0	371,681
Freight Rail Revenue	6,435,664	10,448,089	8,927,320	15,307,500
Interest Income	6,116,977	4,168,000	3,402,528	2,210,474
Federal Operating Assist Grants	12,162,343	14,640,000	7,047,326	14,200,000
Federal Capital Assist Grants	3,701,649	0	11,965,171	5,067,600
State Capital Assist Grants	995,290	350,000	0	0
Sales Taxes from Service Area Communities	150,295,291	157,964,487	156,945,791	161,654,165
Other Non-Operating Revenue	1,278,055	1,417,464	1,451,808	1,977,267
Sub-Total Revenues	193,167,601	202,747,675	202,949,851	220,075,547
Use of Reserves	23,634,760	16,316,512	40,021,142	2,598,079
Available Revenues/Reserves	\$216,802,361	\$219,064,187	\$242,970,993	\$222,673,626

Uses Summary				
Description of Uses	FY07 Actual	FY08 Budget	FY08 Forecast	FY09 Budget
Wages & Salaries	\$46,852,821	\$49,392,467	\$49,294,399	\$52,170,753
Benefits	33,098,052	36,202,701	34,828,425	37,518,003
Outside Services	24,725,612	31,685,447	23,719,627	29,161,166
Materials & Supplies	6,672,032	7,822,874	7,958,564	8,777,604
Fuel (Materials & Supplies)	11,690,427	15,814,249	20,030,713	24,084,576
Utilities	1,349,665	1,506,343	1,619,441	2,102,384
Insurance (Claims & Premiums)	1,278,551	1,486,496	1,084,104	1,248,500
Taxes	1,017,896	1,068,167	999,723	1,150,821
Purchased Transportation Services	18,700,183	19,650,636	19,607,484	22,340,800
Other Operating Expenses	2,598,900	2,816,955	2,575,523	2,033,778
Interest Expense	1,265,324	1,191,377	1,201,725	1,246,100
Lease Payments	703,558	596,945	728,556	768,857
Payments on Long-Term Commitments ⁽¹⁾	2,594,031	3,183,000	3,183,000	4,133,079
Capital Expenditures ⁽²⁾	59,546,713	34,046,530	63,539,709	28,837,205
Sub-Total of Expenses, Commitments & Capital	212,093,765	206,464,187	230,370,993	215,573,626
Designations ⁽³⁾	4,708,596	12,600,000	12,600,000	7,100,000
Total Uses of Funds	\$216,802,361	\$219,064,187	\$242,970,993	\$222,673,626

⁽¹⁾ Payments on Long-term commitments include rail car lease principal payment and for Loyola property payment.

⁽²⁾ The difference between budgeted Capital Expenditures and actual Capital Expenditures is the capital spending for projects budgeted in previous years

⁽³⁾ Designations include the Build Central Texas program that provides mobility funds to the Austin and Suburban communities.



Combined Statement of Revenues, Expenses and Changes in Net Assets

	<u>Actual 2007</u>	<u>Forecasted 2008</u>	<u>Budget 2009</u>
<u>OPERATING REVENUES</u>			
Transportation Fares	\$ 5,720,241	\$ 5,877,721	\$ 10,942,474
Contract Revenue	6,462,091	7,332,186	8,716,067
Rail - Freight	6,435,664	8,927,320	15,307,500
Total Operating Revenue	<u>\$ 18,617,996</u>	<u>\$ 22,137,227</u>	<u>\$ 34,966,041</u>
<u>OPERATING EXPENSES</u>			
Labor	\$ 46,852,821	\$ 49,294,399	\$ 52,170,753
Fringe Benefits	33,098,052	34,828,425	37,518,003
Services	24,725,612	24,547,860	29,161,166
Materials and Supplies	18,362,459	27,328,300	32,862,180
Utilities	1,349,665	1,619,441	2,102,384
Casualty and Liability	1,278,551	1,084,104	1,248,500
Taxes	1,017,896	999,723	1,150,821
Purchased Transportation	18,700,183	19,607,484	22,340,800
Other	3,864,224	3,609,992	3,279,877
Lease/Rentals	703,558	728,556	768,857
Operating Expenses	<u>\$ 149,953,021</u>	<u>\$ 163,648,284</u>	<u>\$ 182,603,341</u>
Operating Profit/(Loss)	\$ (131,335,025)	\$ (141,511,057)	\$ (147,637,300)
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment Income	\$ 6,116,977	\$ 3,402,528	\$ 2,210,474
Sales and Use Tax	150,295,291	156,945,791	161,654,165
Grant Revenues	16,859,282	19,012,497	19,267,600
Other Income, net	1,278,055	1,451,808	1,977,267
Total Non-Operating Revenues	<u>\$ 174,549,605</u>	<u>\$ 180,812,624</u>	<u>\$ 185,109,506</u>
Net Profit/(Loss)	<u>\$ 43,214,580</u>	<u>\$ 39,301,567</u>	<u>\$ 37,472,206</u>
Build Central Texas Program	(4,934,014)	(1,180,000)	(1,180,000)
Mobility Programs	(13,300,396)	(12,500,000)	(12,500,000)
Depreciation and Amortization	<u>(27,556,288)</u>	<u>(30,500,000)</u>	<u>(31,720,000)</u>
Change in Net Assets	<u>(2,576,118)</u>	<u>(4,878,433)</u>	<u>(7,927,794)</u>
Net Assets at Beginning of Period	342,539,024	339,962,906	335,084,473
Net Assets at End of Period	<u>\$ 339,962,906</u>	<u>\$ 335,084,473</u>	<u>\$ 327,156,679</u>

Capital Metro operates from a single proprietary fund. The net asset balances above reflect the fund equity balance, which includes designated and restricted reserves. Fund equity captures the aggregate of accumulated revenues and expenses from previous years.



Factors Affecting Revenue

Sales Tax Revenue

Sales taxes represent the largest component of Capital Metro's revenue. Sales taxes are budgeted at 3% over expected FY 2008 collections.

Passenger Revenue

A fare increase, effective October 13, 2009, will increase the base fare from \$.50 to \$.75. The fare increase results in over \$4M in additional revenue.

Third Party/Contract Revenue

This revenue source includes University of Texas shuttle services and special events. Variances are a direct result of service hours and contracted rates.

Freight Revenue

Railroad revenue is received from negotiated fees with customers who utilize the authority-owned freight line from Llano to Giddings. All rates are negotiated and include car movements, fuel surcharges and rebates from Union Pacific. Increased freight rail revenue is anticipated due to increased freight volume.

Other Revenue

Grant operating revenues for the following programs are included:

- o Capital Cost of Contracting...\$6,000,000
- o Preventive Maintenance..... \$6,000,000
- o ADA Service..... \$1,900,000
- o JARC..... \$300,000

Grant capital revenues include the following:

- o Amenities.....\$2,325,600
- o Bus and Bus Facilities.....\$2,742,000

Investment income projected to earn 3%.

Advertising revenue and other miscellaneous revenue are in this category.

**Revenue**

The following schedule shows details of the FY 2009 budgeted revenue along with comparisons from the FY 2008 budget and annualized projected actuals for FY 2008. Sales tax revenue is the primary revenue driver for Capital Metro, contributing 74.6% of the total operating revenue budget.

REVENUE CATEGORIES	2008 Budget	FY 2008 Annualized Forecast	2009 Budget	% Variance 2008 Forecast to Budget	% Variance Budget 2009 vs 2008
Passenger Fares	\$6,691,506	\$5,877,721	\$10,942,474	-12.2%	63.5%
Third Party Fares	7,068,129	7,332,186	8,344,386	3.7%	18.1%
MetroRail			371,681	-	100%
Rail Freight	10,448,089	8,927,320	15,307,500	-14.6%	46.5%
Sales Tax	157,964,487	156,945,791	161,654,165	-0.6%	2.3%
Investment Income	4,168,000	3,402,528	2,210,474	-18.4%	-47.0%
Grant Revenue	14,990,000	19,012,497	19,267,600	26.8%	28.5%
Other	1,417,463	1,451,808	1,977,267	2.4%	39.5%
TOTAL REVENUE	\$202,747,674	\$202,949,850	\$220,075,546	0.10%	8.5%



Salaries and Benefits

Salaries and benefits are expected to increase as a result of several factors, bus and paratransit service level increases, an estimated 5.6% increase in health care costs and an average 3% salary increase for non-bargaining employees. Step increases for StarTran bargaining employees are included, but no further increases are included.

Services

Overall, professional services decrease as management reduces administrative costs.

Fuel

Diesel fuel costs are projected at \$3.60 per gallon, unleaded gasoline is budgeted at \$3.49. Capital Metro will begin hedging a portion of its diesel fuel costs in FY 2009 to help control volatility in costs.

MetroRail

With completion of testing and start-up, in FY 2009, Capital Metro will begin revenue service on a 32-mile commuter rail line from Leander to downtown Austin.

Utilities

The completion of the North Operations facility and the South Congress Transit Center increase the facility capacity for the organization. In addition, the costs for electricity and natural gas continue to increase.

Purchased Transportation

Expenses in this category will increase due to service level changes for contractors of Fixed Route.

Other Expenses

Last year, Capital Metro hosted the APTA Bus and Paratransit conference in Austin. The majority of the expenses for the conference were in this category; therefore, this category is reduced in FY 2009.

Operating Expenses

The following schedule shows the details of the FY 2009 budget along with comparisons from the FY 2008 budget and projected actual expenses for FY 2008.

EXPENSE CATEGORIES	2008 Budget	FY 2008 Annualized Forecast	2009 Budget	% Variance 2008 Forecast to Budget	% Variance Budget 2009 vs 2008
Salaries & Benefits	\$85,595,164	\$84,122,824	\$89,704,656	-1.7%	4.8%
Services	12,489,151	7,858,727	9,625,127	-37.1%	-22.9%
Materials & Supplies	7,702,874	7,958,564	8,781,879	3.3%	14.0%
Fuel	15,814,249	20,030,713	24,084,576	26.7%	52.3%
Utilities	1,506,343	1,619,441	2,026,586	7.5%	34.5%
MetroRail	7,158,071	5,021,619	6,691,544	-29.8%	-6.5%
Freight Rail	11,714,642	10,839,281	12,906,168	-7.5%	10.2%
Purchased Transportation	19,650,636	19,607,484	22,340,800	-0.2%	13.7%
Other	7,603,523	6,589,631	6,442,005	-13.3%	-15.3%
TOTAL EXPENSES	\$169,234,653	\$163,648,284	\$182,603,341	-3.3%	7.9%



**Ridership and Service Levels by Type
FY 2009 Budget**

Growth in ridership is the strategic goal of Capital Metro. For FY 2009, Capital Metro is projecting a growth in ridership to over 36 million, or over 138,000 rides per weekday. This is an increase of approximately 2.6 million rides over the forecast for FY 2008.

Fixed Route	28.7 million
Paratransit (MetroAccess)	0.8 million
RideShare	0.4 million
University of Texas	5.2 million
MetroRail	0.5 million
Other	<u>0.5 million</u>
Total	36.1 million

Capital Metro is a multi-modal service provider that provides comprehensive public transportation throughout approximately 560 square miles of service area. The hours and miles of service comprise a majority of the budget.

Fixed Route

Capital Metro Fixed Route service is the mainline service of the transportation system. There are over 152 routes. Capital Metro's 409 fixed route buses, including 14 trolleys, operate seven days per week, providing service to over one million residents of the service area. Each weekday, the transit authority operates approximately 53,000 total bus miles over its fixed route system. The fleet of buses and trolleys provides riders with an average of 120,000 one-way trips each weekday.

MetroAccess Paratransit Service

Capital Metro's MetroAccess, provides services for eligible persons with disabilities who are not able to use fixed route service. Individuals can register for this service, and if they qualify, can make travel arrangements within Capital Metro's service area.

Rideshare Program

Capital Metro's vanpool/carpool program currently has 145 active vanpools, 14 of which use Toyota Prius electric-gas hybrid sedans.

University of Texas Shuttle

Student shuttle service is provided for the University of Texas (UT). There are 20 dedicated routes that provide connections between housing and the University, between the Pickle Research Center and the downtown campus. Routes transfer students around the greater UT campus area and from city areas with high density student populations.

AISD Service

Capital Metro provides transportation for students attending "magnet" schools within the Austin Independent School District (AISD).

Suburban Service

Capital Metro provides service to suburban communities within the service area such as Lago Vista, Jonestown and Manor.

MetroRail

Capital Metro plans to begin passenger rail revenue service in FY 2009. The MetroRail Red Line will run on 32 miles of existing freight tracks between Downtown Austin and Leander. The Red Line will provide convenient service for suburban and central Austin residents.



The following charts show details of the proposed FY 2009 service levels and compare with FY 2008:

Hours of Service

	FY 2008 Budget	FY 2008 Forecast	FY 2009 Budget	% Variance 2008 Budget to Actual	% Variance Budget 2009 vs 2008
Fixed Route	1,041,789	1,044,516	1,105,394	0.26%	6.11%
UT Service	142,965	142,265	139,287	(0.49%)	(2.57%)
AISD	20,171	19,771	22,546	(1.98%)	11.78%
Suburban	10,988	10,988	13,999	0.00%	27.40%
Special Events/Charters	9,496	7,597	5,237	(20.00%)	(44.85%)
Out of Service Area Express & Local	0	0	10,325	0.00%	100.00%
MetroAccess	268,552	279,756	315,970	4.17%	17.66%
MetroRail	0	0	9,240	100.00%	100.00%
Total	1,493,961	1,504,893	1,621,999	0.73%	8.57%

Miles of Service

	FY 2008 Budget	FY 2008 Forecast	FY 2009 Budget	% Variance 2008 Budget to Actual	% Variance Budget 2009 vs 2008
Fixed Route	13,648,876	13,684,795	14,418,546	0.26%	5.64%
UT Service	1,960,013	1,950,416	1,882,774	(0.49%)	(3.94%)
AISD	348,597	342,868	373,058	(1.67%)	7.02%
Suburban	264,239	264,239	335,947	0.00%	27.14%
Special Events/Charters	82,590	66,072	45,419	(25.00%)	(45.01%)
Out of Service Area Express & Local	0	0	242,736	0.00%	100.00%
MetroAccess	3,975,047	4,140,891	4,676,918	4.01%	17.66%
MetroRail	0	0	287,596	100.00%	100.00%
Total	20,279,363	20,449,281	22,262,994	8.87%	9.78%



Passengers

	FY 2008 Budget	FY 2008 Forecast	FY 2009 Budget	Budget to Forecast % Variance	Budget to Budget % Variance
Fixed Route	27,041,563	27,974,774	28,680,651	3.45%	6.06%
UT Service	4,932,679	5,306,695	5,243,187	7.58%	6.29%
AISD	291,598	284,701	292,843	(2.37%)	0.43%
Suburban	23,748	26,771	28,990	12.73%	22.07%
Special Events/Charters	275,033	230,714	159,053	(16.11%)	(42.17%)
Out of Service Area Express & Local	-	-	67,457	100.00%	100.00%
MetroRail	-	-	527,986	100.00%	100.00%
MetroAccess	674,525	702,667	774,549	4.17%	14.83%
Vanpool	325,541	338,427	363,352	3.96%	11.61%
Total	33,564,687	34,864,749	36,138,069	3.87%	7.67%

Ridership trend for the past five years and FY 2009 budgeted number of passengers:

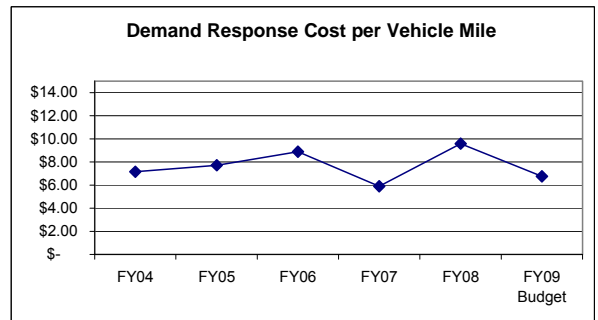
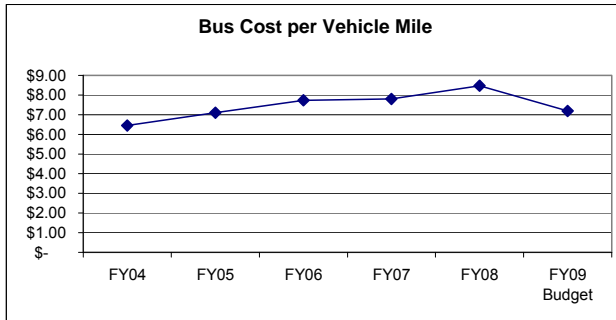
Annual Systemwide Ridership		
	Actual	Forecast
FY04	33,997,096	35,021,656
FY05	33,873,006	34,435,293
FY06	35,177,560	35,428,246
FY07	33,393,382	37,163,591
FY08	35,347,382	33,564,687
FY09 Budget		36,168,039



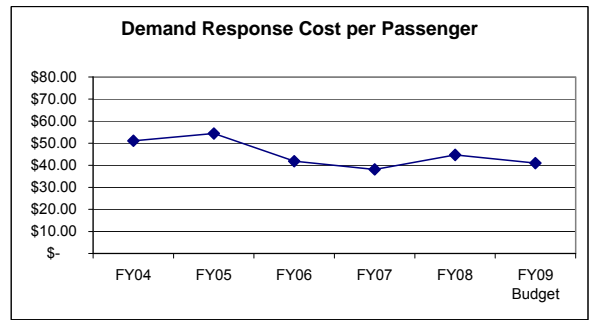
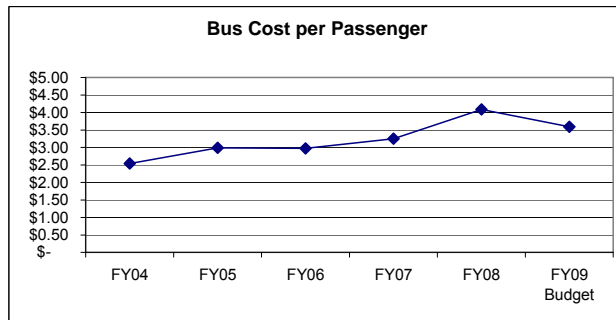
Performance Trends

The six graphs below depict trends for both bus and demand response modes in effectiveness and efficiencies for the preceding five years' actuals and current year budget.

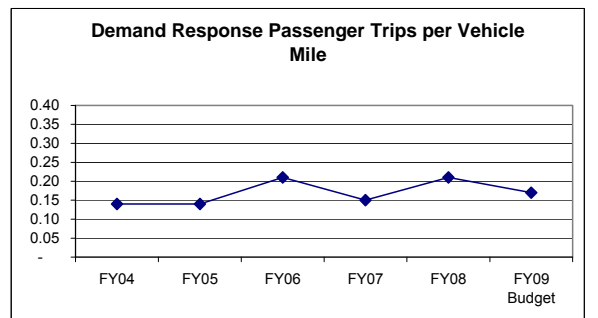
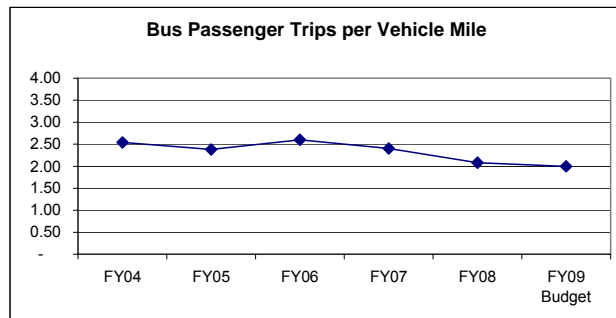
Service Efficiency – Cost per vehicle mile



Cost Effectiveness – Cost per passenger

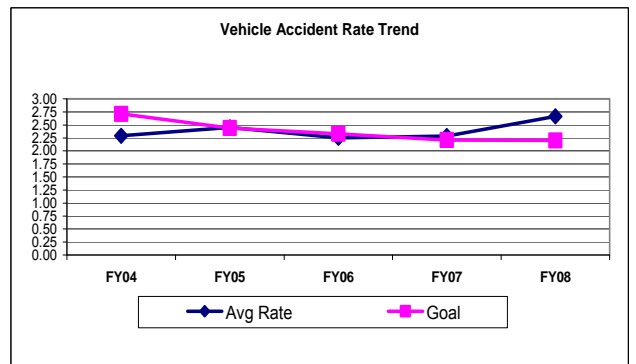
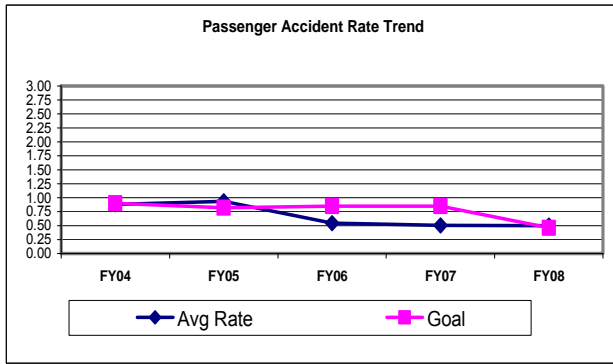
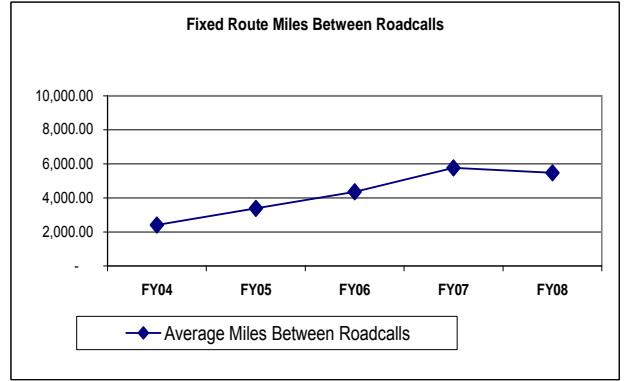
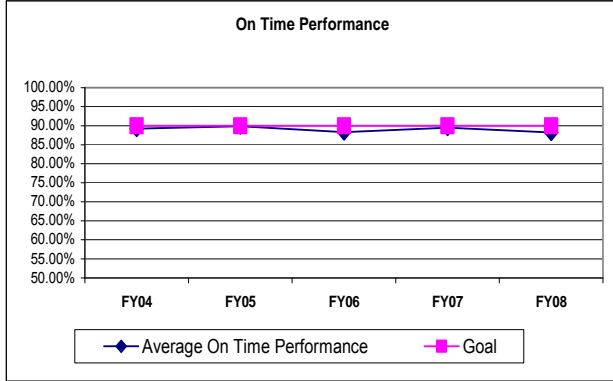


Service Effectiveness – Passenger trips per vehicle mile





The following graphs depict trends in additional performance indicators:





Capital Budget

The capital program includes two basic spending categories:

- ◆ Capital expenditures represent the purchase of equipment and other assets in excess of \$5,000 and which have a useful life greater than one year.
- ◆ Capital projects typically involve construction or are developmental in nature and span more than one fiscal year.

Projects in the capital budget will be funded with federal money, where available. The remaining projects will be funded with local money. As each new project is started, a determination of the best funding method will be made.

Other Capital Requirements

Build Central Texas

This program captures activities of both Build Central Texas and the Suburban Community Equity Adjustment Program. In May 2004, the Board extended the program.

Suburban Community Equity Adjustment Program

This program ensures that suburban communities in Capital Metro’s service area have access to equitable and effective regional mobility solutions, with each community receiving value for their sales tax contributions. These funds covered expenses associated with supplementing the Build Greater Austin Program or providing additional service to those communities.

FY 2009 Capital Recommendations

Facilities	\$ 815,000
Vehicles	15,472,205
Freight Rail	4,400,000
Technology	1,550,000
Transit Oriented Development	1,000,000
Rapid Transit	1,500,000
Build Central Texas	1,100,000
Amenities	<u>3,000,000</u>
 Total Projects	 \$ 28,837,205

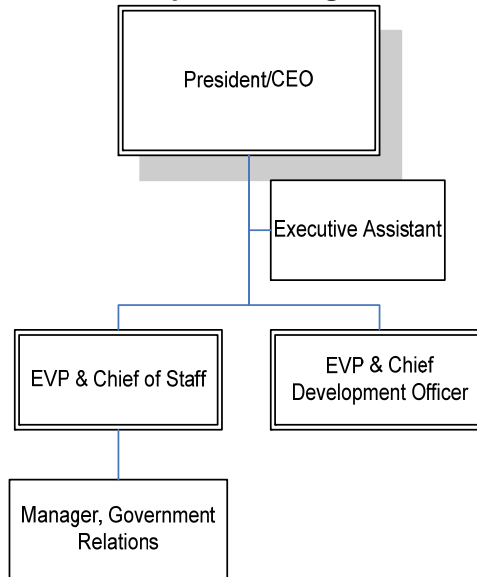


President/CEO's Office

Functions and Responsibilities

The President/CEO provides leadership and direction to ensure Capital Metro meets its mission, goals, and objectives. A key area of focus is the quality initiative which determines quality standards for the organization and identifies initiatives for ongoing improvement to customer service. The President/CEO ensures sound ethics and fiscal management for the agency consistent with federal, state, and local laws and sound public practices and emphasizes the most effective use of taxpayer funds through continuous improvements of the agency's efficiency. The President/CEO's office also serves as a liaison with local, state and federal elected officials, preparing and gaining approval of legislative initiatives on behalf of Capital Metro.

President/CEO Department Organizational Chart



FY 2008 Accomplishments

- ◆ Continued the implementation of a five-year bus service plan and improvements to passenger amenities
- ◆ Continued the implementation of Capital Metro's MetroRail services
- ◆ Worked with the Operations departments to improve service to customers in the areas of on-time performance and the reliability and cleanliness of fleet
- ◆ Continued Capital Metro's role as a regional mobility leader and further developed strong working partnerships with the City of Austin and other Capital Metro partners
- ◆ Completed Future Connections Study to analyze the impact of the Long Range Transit Plan

Planned Initiatives

- ◆ Begin revenue service of Capital Metro's MetroRail services
- ◆ Improve service to customers and increase efficiency by reallocation of bus service to better match the demand for service
- ◆ Continue to provide support to Operations department to improve existing and future bus and rail service
- ◆ Continue increased community outreach and work on the improvement of amenities for customers
- ◆ Continue work on identifying cost savings/efficiency enhancements and the improvement of internal communication

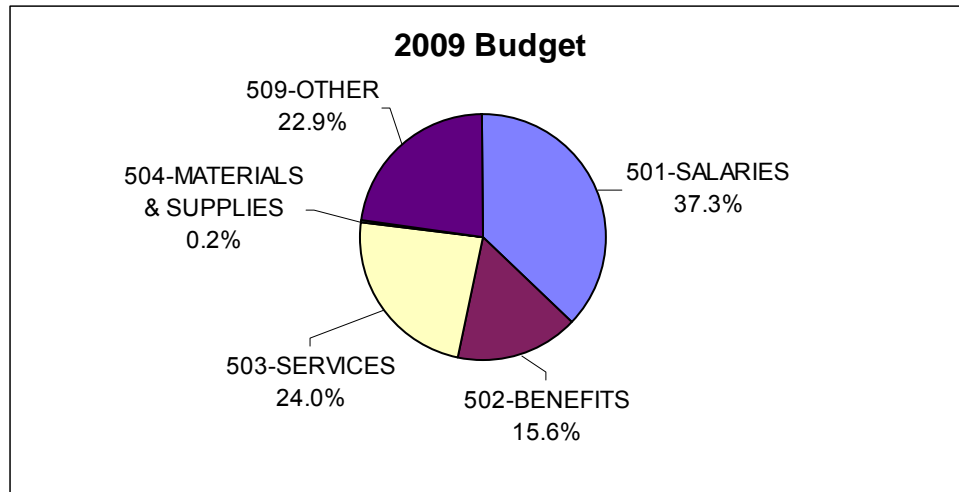


President/CEO's Office

Major Budgetary Changes

- ◆ **Salaries and Benefits** – Deferred compensation now included in benefits
- ◆ **Services** – Decreased due to completion in FY 08 of the CAMPO Peer Review

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 585,583	\$ 575,189	\$ 638,285	-1.78%	9.0%
502-BENEFITS	156,310	217,937	267,698	39.43%	71.3%
503-SERVICES	645,000	365,857	411,000	-43.28%	-36.3%
504-MATERIALS & SUPPLIES	3,000	2,465	2,580	-17.84%	-14.0%
509-OTHER	381,910	409,560	391,231	7.24%	2.4%
TOTAL	\$ 1,771,803	\$ 1,571,008	\$1,710,794	-11.33%	-3.4%

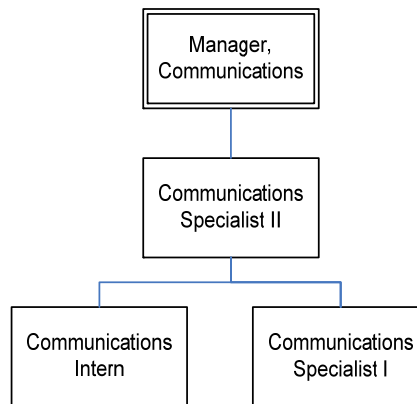


Communications

Functions and Responsibilities

The Communications department is the primary source of contact for all incoming news media inquiries about Capital Metro. The department works with print, broadcast and online media to promote the Authority's services, initiatives and special events. Staff coordinates internal and external communications including print and electronic publications, and provides communications support to all departments and the Board of Directors. The Communications department also works with public relations contractors to carry out its mission through proactive communications efforts.

Communications Department Organizational Chart



FY 2008 Accomplishments

- ◆ Provided ongoing strategic communications, key message development, speeches, presentations and crisis communications support for key leadership team members, executives and board members
- ◆ Coordinated media and communications outreach for the Capital MetroRail project and other components of the All Systems Go Long-Range Transit Plan
- ◆ Enhanced internal communications efforts in collaboration with Route 2025 initiative
- ◆ Managed media issues with due diligence, care and accuracy

Planned Initiatives

- ◆ Coordinate media and communications outreach for the launch of Capital MetroRail in March 2009
- ◆ Work with Marketing, Planning, Community Relations and other key departments to increase overall ridership and improve customer service
- ◆ Increase awareness of Capital Metro products, programs and services through proactive media and public relations initiatives
- ◆ Continue to enhance internal communication efforts

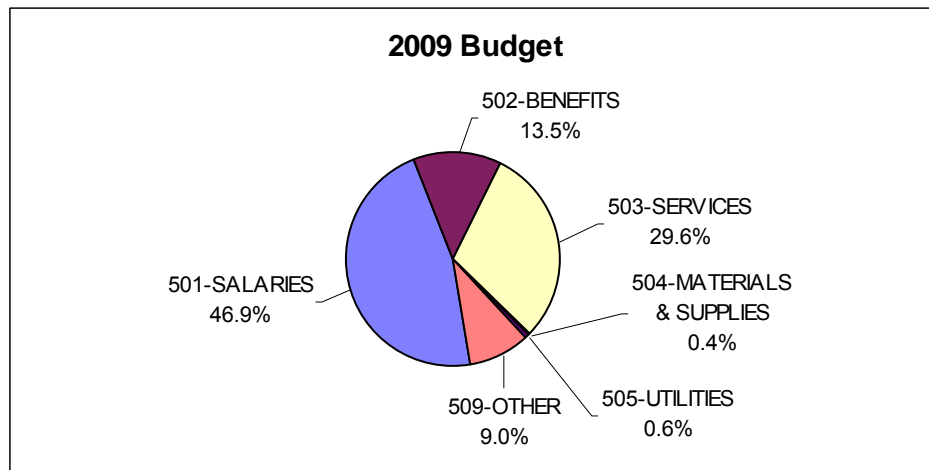


Communications

Major Budgetary Changes

- ◆ **Salaries and Benefits** – Reduced expenses due to departmental transfer of personnel to other functions
- ◆ **Services** – Reduced expenses for consultation fees
- ◆ **Other** – Reduced expenses for advertising and promotions for FY 2009

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 172,870	\$ 125,299	\$ 152,006	-27.52%	-12.1%
502-BENEFITS	46,093	30,710	43,609	-33.37%	-5.4%
503-SERVICES	106,308	51,312	96,108	-51.73%	-9.6%
504-MATERIALS & SUPPLIES	3,300	535	1,200	-83.78%	-63.6%
505-UTILITIES	-	-	2,006	0.00%	100.0%
509-OTHER	45,480	4,195	29,280	-90.78%	-35.6%
TOTAL	\$ 374,051	\$ 212,052	\$ 324,209	-43.31%	-13.3%

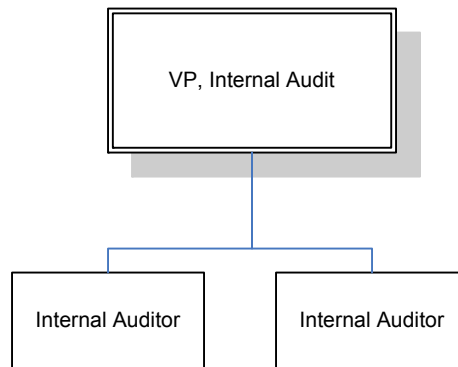


Internal Audit

Functions and Responsibilities

Capital Metro's independent Internal Audit Department provides a broad range of audit services designed to help Capital Metro meet its goals and objectives. One of the Department's key roles is to monitor risks and ensure that the controls in place are adequate to mitigate those risks. The Internal Audit Team also counsels for improving controls, processes and procedures, performance, and risk management. As part of services, we look for and share "best practices" and will also suggest ways for reducing costs and enhancing revenues.

Internal Audit Organizational Chart



FY 2008 Accomplishments

- ◆ Completed five comprehensive program audits: mobile device security, fuel controls, accounts receivable, risk management, and security. Completed two contract audits on Austin Area Terminal Railroad and the IKON Business Center contracts. Issued one project monitoring report for the Intelligent Transportation Systems (ITS) implementation project
- ◆ Prepared two comprehensive bi-annual status updates which covered 21 outstanding internal and external reviews; 76% of recommendations were fully addressed and 18% of corrective action plans were actively being implemented as of the last completed status update
- ◆ Successfully completed and passed a Quality Assurance Review (QAR) with Independent Validation of Internal Audit operations. Government Auditing Standards require that a QAR be completed every three years
- ◆ Performed project management of statutorily required Quadrennial Review of Capital Metro operations
- ◆ Provided ongoing customer-focused support and assistance to the Capital Metro management team, e.g., served on Strategic Management Team and provided training for the "Route 2025" Balanced Scorecard, member of Policy Committee, Rail Activation Team monitoring, provided cost analysis and served as a non-voting evaluator for Business Center contractor proposals

Planned Initiatives

- ◆ Continue to perform planned audits and ensure ongoing risk assessment of Capital Metro operations and target internal audit resources in the most cost-effective and efficient manner

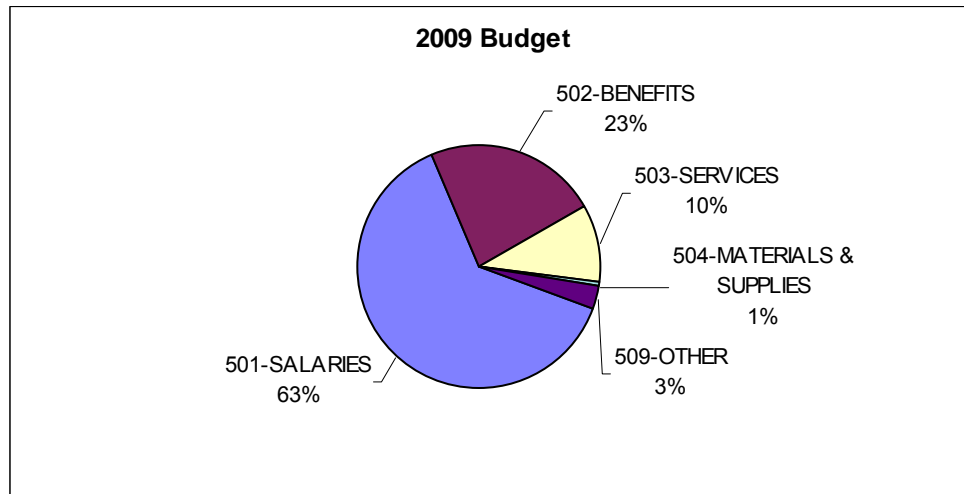


Internal Audit

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Salary expense was increased to accommodate a half-time FTE to address increased management risks. Additionally, executive deferred compensation is now budgeted in benefits.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 195,003	\$ 193,722	\$ 214,631	-0.66%	10.1%
502-BENEFITS	56,026	78,625	79,959	40.34%	42.7%
503-SERVICES	38,000	2	35,000	-99.99%	-7.9%
504-MATERIALS & SUPPLIES	1,800	934	1,800	-48.13%	0.0%
509-OTHER	10,075	5,574	9,453	-44.67%	-6.2%
TOTAL	\$ 300,904	\$ 278,857	\$ 340,843	-7.33%	13.3%



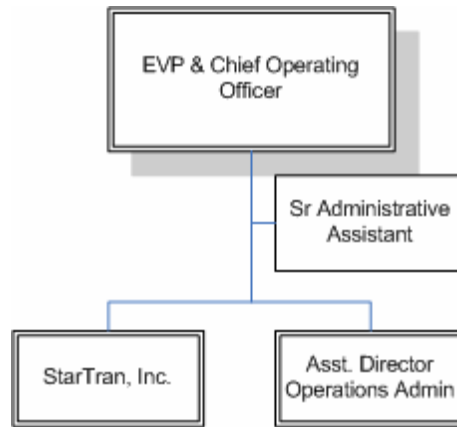


Chief Operating Officer

Functions and Responsibilities

The Chief Operating Officer provides oversight and guidance for all Capital Metro operations, including the authority's bus, paratransit, freight rail, passenger rail, maintenance, safety and security functions.

Chief Operating Officer Department Organizational Chart



FY 2008 Accomplishments

- ◆ Oversaw operational planning and staffing for future MetroRail service
- ◆ Oversaw \$119.5M operating budget that completed the fiscal year under budget
- ◆ Achieved a total vehicle accident rate of 2.64 and total passenger accident rate of 0.46 per 100,000 miles of service, respectively
- ◆ Accommodated all ADA-eligible trips

Planned Initiatives

- ◆ Implement MetroRail service, beginning in March 2009
- ◆ Develop and implement standards for cleanliness, comfort, safety, security and accessibility
- ◆ Clarify operations oversight and direction
- ◆ Provide cost-effective ADA-compliant service to eligible participants
- ◆ Implement Intelligent Transportation Systems and Asset Management Software

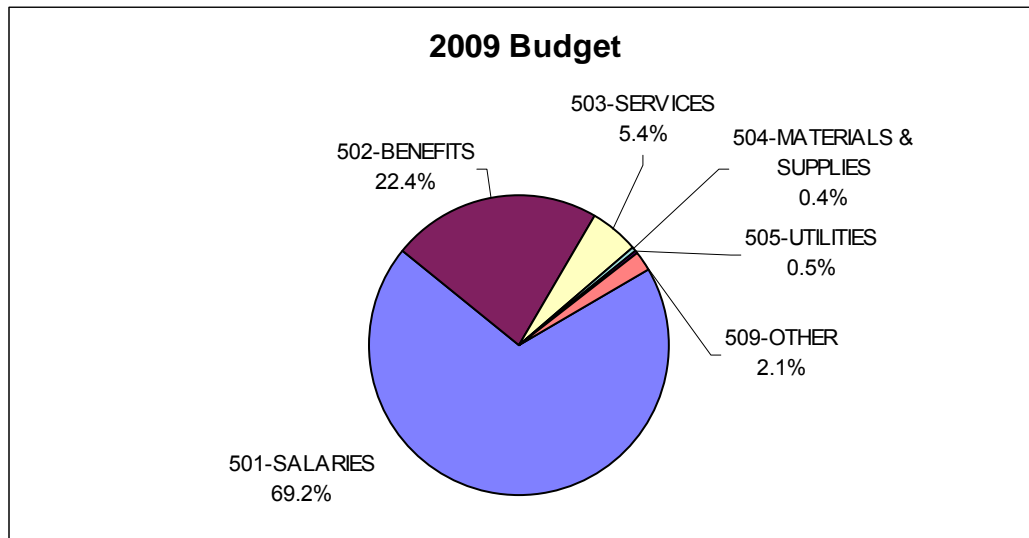


Capital Metropolitan Transportation Authority
 Approved Fiscal Year 2009 Budget
Chief Operating Officer

Major Budgetary Changes

- ◆ **Salaries and Benefits** – Decreased as a result of not filling an open position until second quarter in FY 2009.
- ◆ **Services** – Reduced amount of consulting services.
- ◆ **Other** – Reduced the number of industry-related conferences being attended.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 232,955	\$ 207,856	\$ 193,985	-10.77%	-16.7%
502-BENEFITS	101,796	91,237	62,836	-10.37%	-38.3%
503-SERVICES	25,075	-	15,100	-100.00%	-39.8%
504-MATERIALS & SUPPLIES	250	876	1,114	250.40%	345.7%
505-UTILITIES	-	-	1422	0.00%	100.0%
509-OTHER	16,305	14,969	5,850	-8.20%	-64.1%
TOTAL	\$ 376,381	\$ 314,938	\$ 280,307	-16.32%	-25.5%





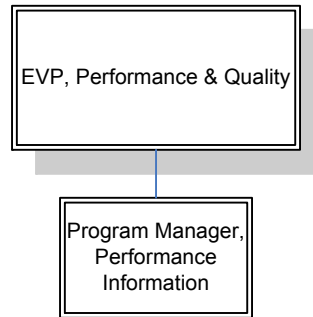
Office of Strategic Management

Functions and Responsibilities

The Office of Strategic Management (OSM) was created to serve as the centralized area for strategic plan management and reporting. The OSM is responsible for the coordination, oversight and facilitation of Route 2025 objectives, measurement and initiatives. In addition, the OSM is also responsible for the following programs:

- Recognizing Resourcefulness Program (R2)
- Customer Comment Analysis
- Leading Steering Team for Human Side of Metro
- Policy Review and Updating
- Mapping Key Critical Business Processes

Office of Strategic Management Department Organizational Chart



FY 2008 Accomplishments

- ◆ Completion and Board approval of Strategic Plan Route 2025 Tier I, Corporate Objectives
- ◆ Completion of Route 2025 Tier II, Business Units; Alignment to Corporate Objectives
- ◆ Installation, data entry, testing & training related to the automation of Route 2025 (Spider Software)
- ◆ Centralized all Inter-Local Agreements and Memorandums of Understanding using our records management system
- ◆ Developed a centralized database and review process for all Corporate policies.

Planned Initiatives

- ◆ Begin reporting Route 2025 measures and initiatives
- ◆ Support execution of strategic initiatives
- ◆ Process map and re-map key/critical processes to improve efficiencies and service delivery
- ◆ Develop and implement a standardized Project Management program for Capital Metro
- ◆ Regular reporting and analyzing of customer comment data (Trend Analysis)

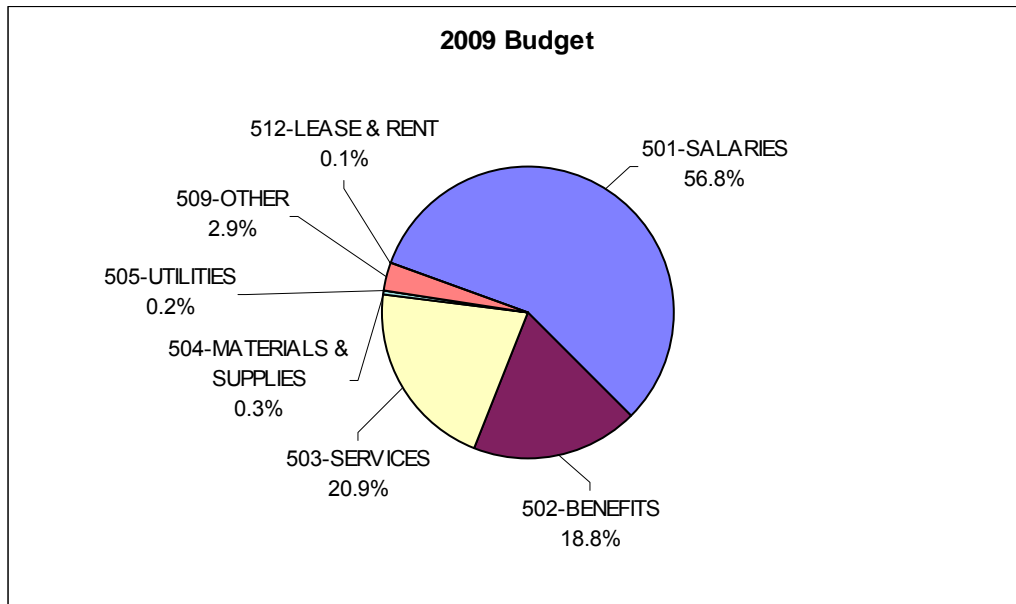


Office of Strategic Management

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Addition of administrative support staff. Also, executive deferred compensation is now budgeted in benefits.
- ◆ **Services** – Reduction in professional service and consultation fees
- ◆ **Other** – Travel has been reduced as less will be needed in FY 2009.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 181,870	\$ 191,927	\$ 210,354	5.53%	15.7%
502-BENEFITS	55,517	63,968	69,486	15.22%	25.2%
503-SERVICES	360,800	292,355	77,392	-18.97%	-78.5%
504-MATERIALS & SUPPLIES	1,410	5,269	1,250	273.70%	-11.3%
505-UTILITIES	-	-	800	0.00%	100.0%
509-OTHER	40,300	37,564	10,574	-6.79%	-73.8%
512-LEASE & RENT	-	-	250	0.00%	100.0%
TOTAL	\$ 639,897	\$ 591,083	\$ 370,106	-7.63%	-42.2%



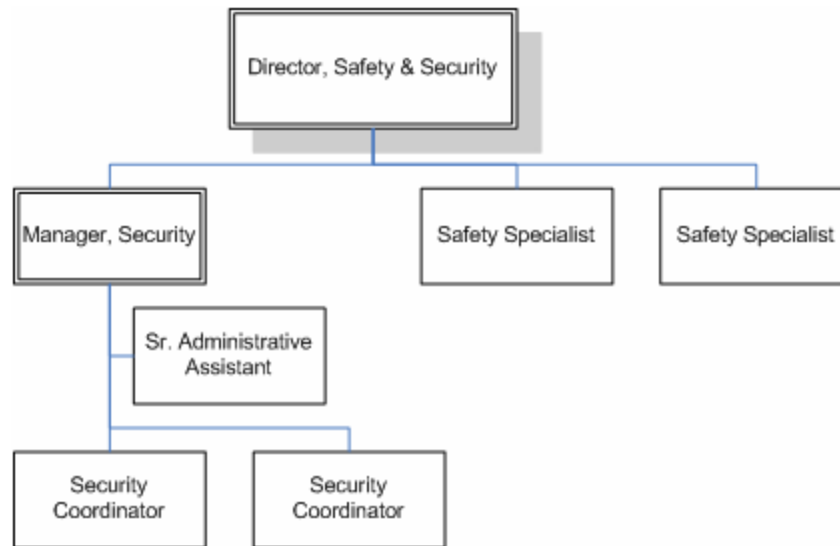


Security

Functions and Responsibilities

The Security department's primary goal is to enhance the personal safety of customers and employees, and to protect transit property. To accomplish these goals, staff develops policies, conducts and issues educational programs, and performs audits. Officers initiate random patrols throughout the service area via mobile patrol and/or onboard rides in uniform or plainclothes.

Security Department Organizational Chart



FY 2008 Accomplishments

- ◆ Reduced the Crimes Against Persons per 100,000 Passengers rate by 26%
- ◆ Reduced the Crimes Against Property per 100,000 Passengers by 47%
- ◆ Reduced Employee Injuries by 10.6%
- ◆ Installed DriveCam systems across the fleet

Planned Initiatives

- ◆ Install Security systems at all nine rail stations
- ◆ Install Security systems at the Rail Maintenance facility
- ◆ Create System Security Plan for rail

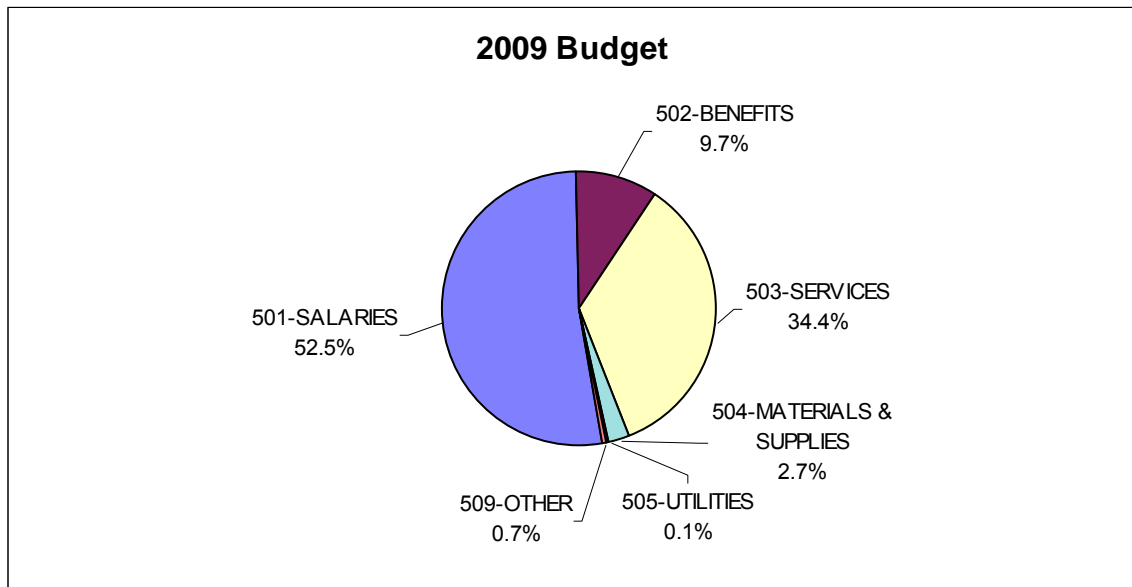


Security

Major Budgetary Changes

- ◆ **Salaries & Benefits** – The start up of the Commuter Rail Line will necessitate an increase in Security services to provide for the safety of the employees and passengers on the train, at the rail stations and along the rail right of way, as well as at the new Rail Maintenance facility at North Ops. Security will be installing hardware at the rail stations and maintenance facility (such as CCTV and electronic access systems) to increase security and monitor activities at these locations. Additional manpower in the guard services is required to both monitor and respond to these additional responsibilities, and additional manpower in the APD workforce is required in order to provide security on the trains, at the rail stations and along the right of way.
- ◆ **Services** – Reduction due to the transfer of the DriveCam project to Training department.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 1,107,548	\$ 1,008,500	\$1,522,358	-8.94%	37.5%
502-BENEFITS	258,619	208,746	281,156	-19.28%	8.7%
503-SERVICES	1,339,305	898,910	997,228	-32.88%	-25.5%
504-MATERIALS & SUPPLIES	86,996	40,841	78,950	-53.05%	-9.2%
505-UTILITIES	-	-	1,863	0.00%	100.0%
509-OTHER	22,740	19,722	19,240	-13.27%	-15.4%
TOTAL	\$ 2,815,208	\$ 2,176,720	\$2,900,795	-22.68%	3.0%





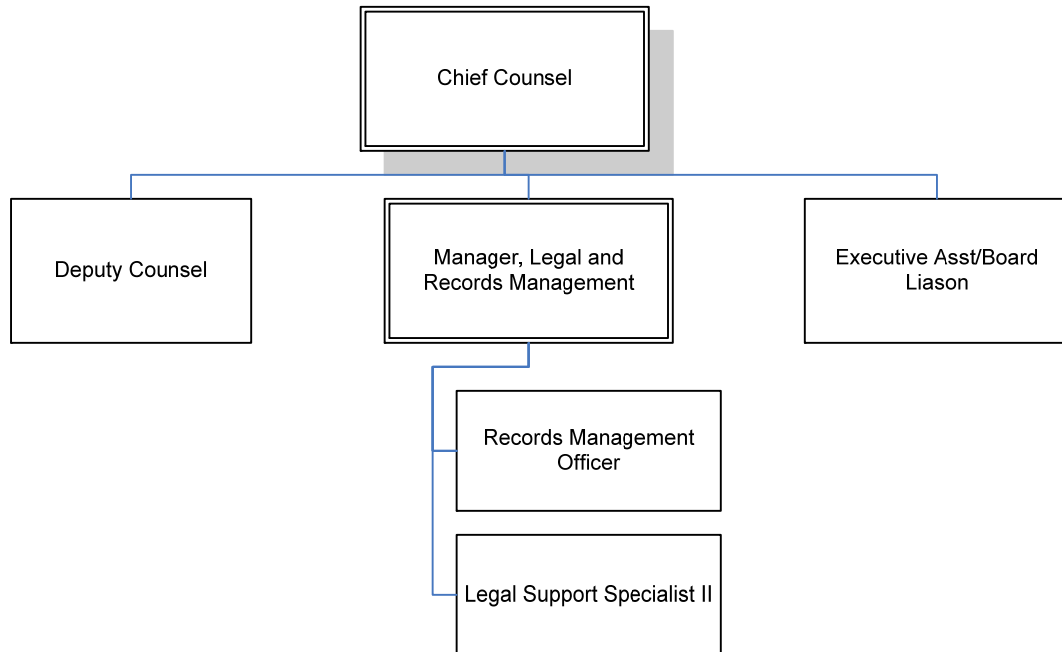
Legal

Functions and Responsibilities

The Legal department ensures that Capital Metro conducts its activities ethically and consistently with federal and state laws, providing sound legal advice and reducing the risk of legal action. The Legal department provides legal support on applicable federal, state and local laws; ensures compliance with the Texas Public Information Act, Open Meetings Act and State Records Retention Act; monitors and enhances Capital Metro's ethics program to help ensure responsible stewardship of public funds; manages outside legal services; and manages the agency's record management program.

Beginning in FY 2009, the Board of Directors Support department has merged with Legal.

Legal Department Organizational Chart



FY 2008 Accomplishments

- ◆ Hired a Records Management Officer to implement the Records Management Program
- ◆ Acquired and implemented a Board Agenda Management Software System
- ◆ Efficiently and effectively managed legal issues

Planned Initiatives

- ◆ Continue training and upgrade of the Agenda Management Software System
- ◆ Minimize use of outside storage through improvements in the Records Management Program
- ◆ Efficiently and effectively manage of legal issues

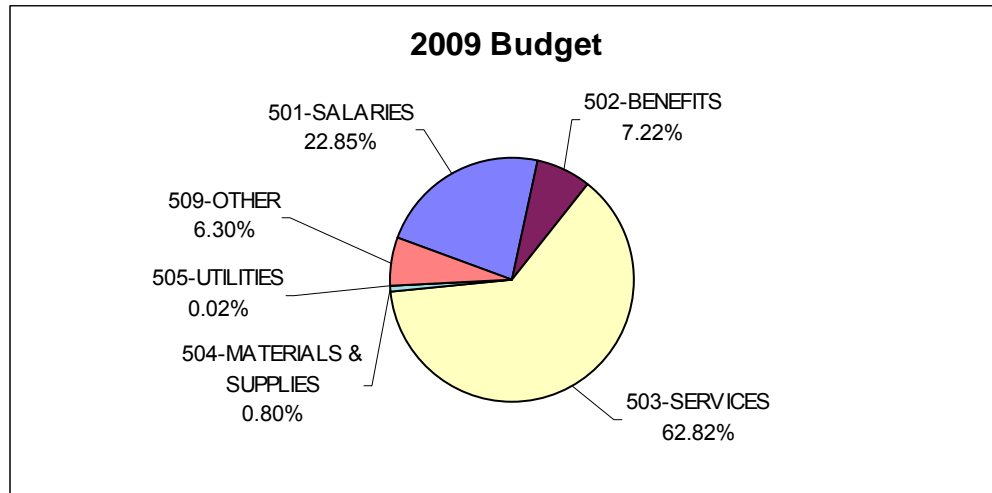


Legal

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Executive Deferred compensation is now budgeted in benefits
- ◆ **Other** – Increased due to the combination of two departments

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 380,170	\$ 354,784	\$ 393,688	-6.68%	3.6%
502-BENEFITS	107,288	94,987	124,348	-11.47%	15.9%
503-SERVICES	1,112,294	1,183,284	1,082,120	6.38%	-2.7%
504-MATERIALS & SUPPLIES	13,750	17,755	13,750	29.13%	0.0%
505-UTILITIES	-	-	320	0.00%	100.0%
509-OTHER	91,510	66,905	108,444	-26.89%	18.5%
TOTAL	\$ 1,705,012	\$ 1,717,715	\$1,722,670	0.75%	1.0%



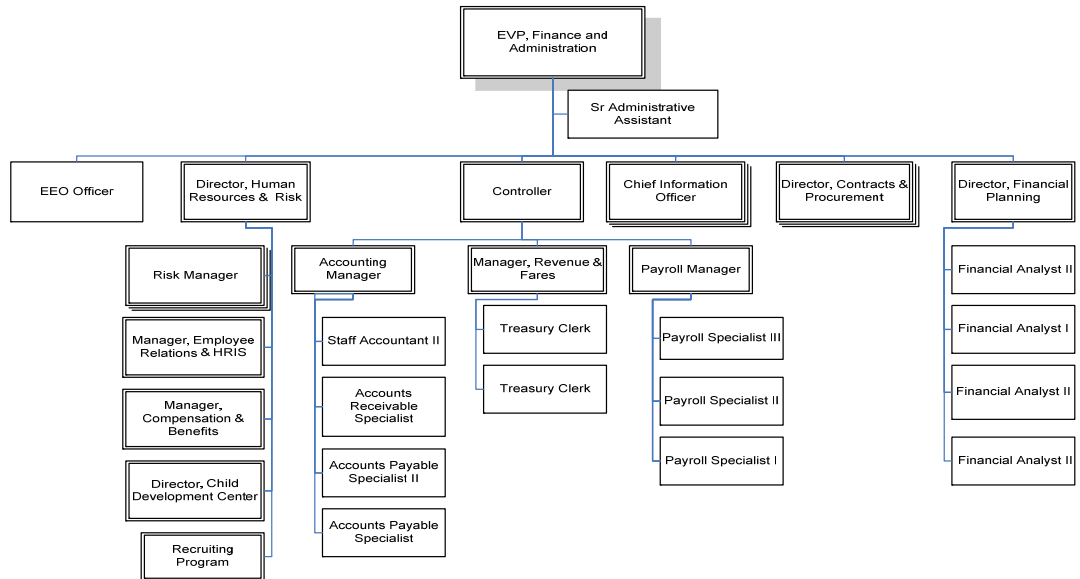


Finance

Functions and Responsibilities

The Finance department is responsible for monitoring Capital Metro's financial performance, making recommendations regarding the effective allocation of financial resources, ensuring accurate and timely financial accounting and reporting, ensuring the timely payment of goods and services procured for Capital Metro, developing and monitoring annual operating and capital budgets, administering federal grant programs, safeguarding assets, and facilitating strategic financial and information technology planning.

Finance Department Organizational Chart



FY 2008 Accomplishments

- ◆ Implemented new payroll and related human resource information system
- ◆ Revised and enhanced report format for monthly Chief Executive Officer report to the Board of Directors
- ◆ Developed Long Range Financial Sustainability Plan and model for forecasting future service and capital project spending
- ◆ Gained approval and prepared to implement a major change in Capital Metro's fare structure

Planned Initiatives

- ◆ Develop and implement a strategic fuel risk management plan to mitigate fuel price risks, reduce fuel price volatility and introduce price predictability
- ◆ Revise process for evaluation and approval of Capital Project requests
- ◆ Implement fare collection and control system for new MetroRail system utilizing ticket vending machines and barrier-free fare zones

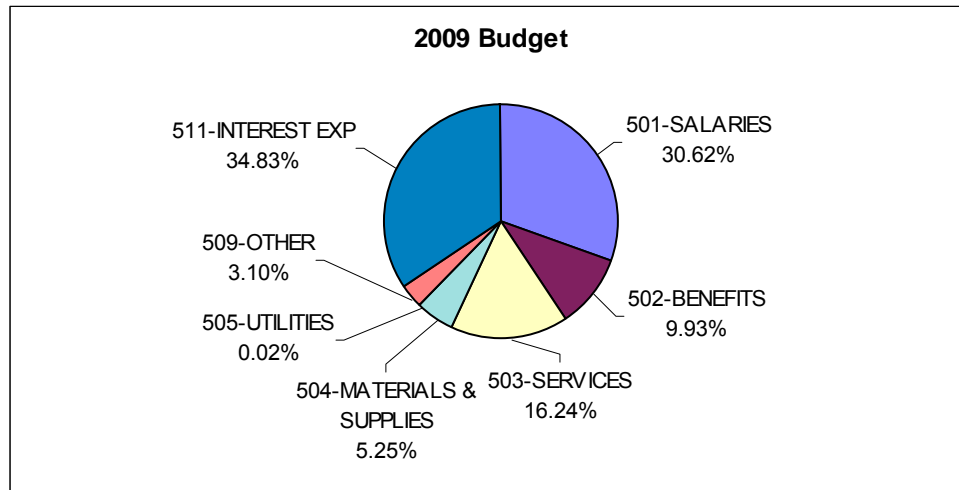


Finance

Major Budgetary Changes

- ◆ **Services** – Decrease due to completion of peer review performed by CAMPO
- ◆ **Materials & Supplies** – Purchase of passes for MetroRail service for sale to riders
- ◆ **Interest Expense** – Interest payments for MetroRail vehicles

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 1,009,763	\$ 1,065,296	\$1,095,524	5.50%	8.5%
502-BENEFITS	338,728	317,944	355,357	-6.14%	4.9%
503-SERVICES	604,955	470,166	584,820	-22.28%	-3.3%
504-MATERIALS & SUPPLIES	122,566	121,114	187,975	-1.18%	53.4%
505-UTILITIES	-	-	780	0.00%	100.0%
509-OTHER	100,153	70,302	101,980	-29.81%	1.8%
511-INTEREST EXP	1,191,377	1,198,850	1,246,100	0.63%	4.6%
TOTALS	\$ 3,367,542	\$ 3,243,672	\$3,572,535	-3.68%	6.1%



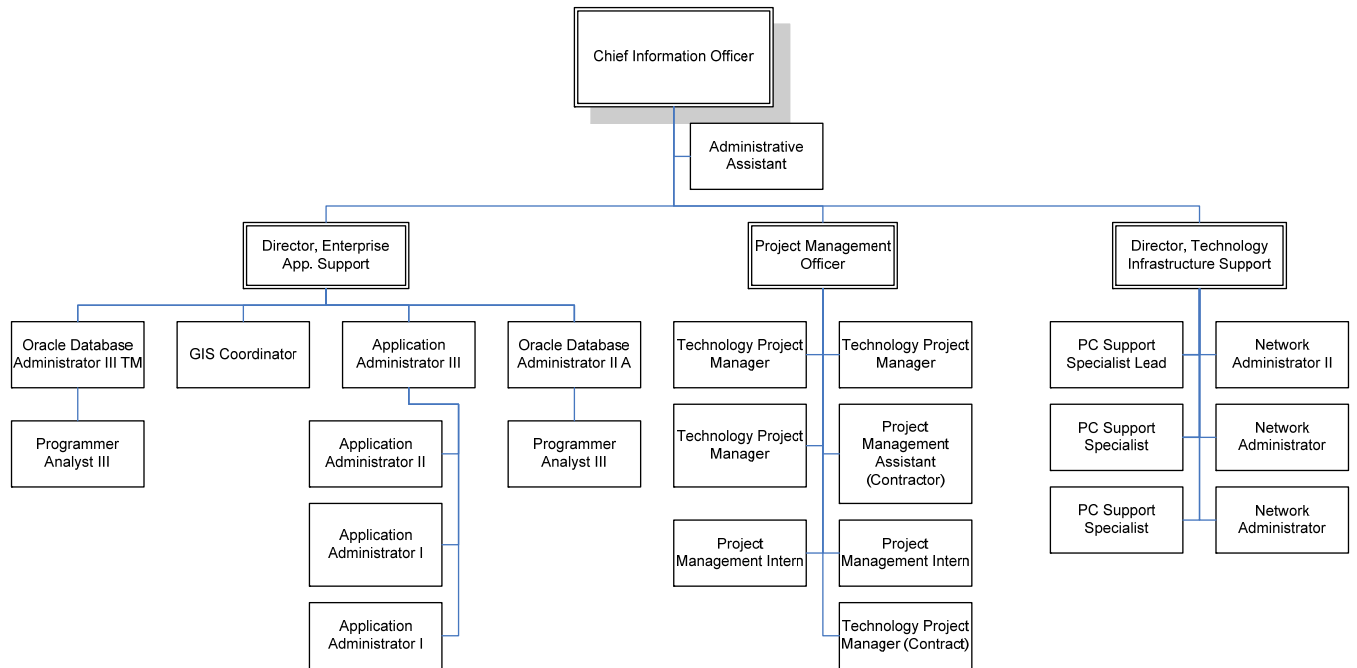


Information Technology

Functions and Responsibilities

The Information Technology (IT) department provides strategic planning and implementation of all technology projects, ensures the integrity, availability, and security of all Capital Metro data systems, and provides reliable network and telephone services. In addition, the IT department is responsible for procurement, installation and day-to-day support of all installed hardware and software and 24/7 support of mission critical systems.

Information Technology Department Organizational Chart



FY 2008 Accomplishments

- ◆ Migrated agency datacenter to shared County Emergency facility saving \$50K per year
- ◆ Built the South Central Transit Center
- ◆ Finished and occupied the North Operations facility
- ◆ Implemented automated Train Control system in anticipation of Rail service

Planned Initiatives

- ◆ Start Rail System
- ◆ Finish Automatic Vehicle Location Implementation Project
- ◆ Enhance Rider Information Systems (IVR, Web Page, Next Bus, etc.)
- ◆ Expand Wireless Internet service to all Express and Rail vehicles
- ◆ Overhaul and expand Agency-wide security video systems

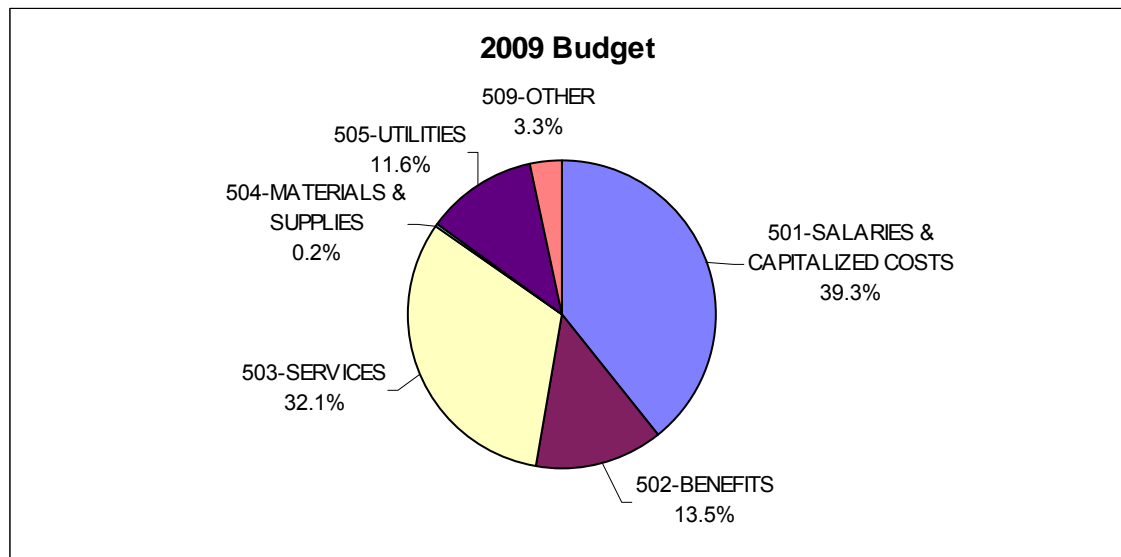


Information Technology

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Minor increases are expected in FY 2009 to support the new mode of rail transit and to support expanded use of technology across all fleets.
- ◆ **Services** – While additional technology assets will be introduced in FY 2009 (TVM, Rail Control, ITS), service costs have been kept flat.
- ◆ **Utilities** – Increases are expected in FY 2009 to support new rail stations.
- ◆ **Other** – Several accounts in this category have been budgeted for FY 2009 in other departments where the effort occurs.

<i>Account Category</i>	<i>FY 2007 Actual</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES & CAPITALIZED COSTS	\$ 1,221,480	\$ 1,146,476	\$ 1,261,062	\$1,310,215	9.99%	14.3%
502-BENEFITS	333,468	462,638	381,025	449,034	-17.64%	-2.9%
503-SERVICES	762,016	1,225,020	821,344	1,070,704	-32.95%	-12.6%
504-MATERIALS & SUPPLIES	8,553	10,385	6,343	8,085	-38.92%	-22.1%
505-UTILITIES	234,510	348,556	243,020	388,059	-30.28%	11.3%
509-OTHER	171,387	195,504	228,955	109,589	17.11%	-43.9%
TOTAL	\$ 2,731,414	\$ 3,388,579	\$ 2,941,750	\$3,335,686	-13.19%	-1.6%



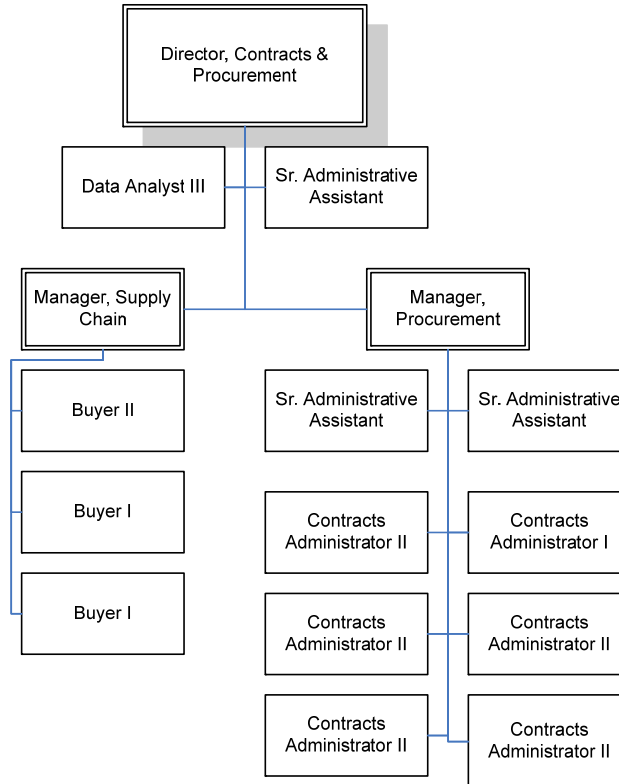


Procurement

Functions and Responsibilities

The Procurement Department is responsible for the acquisition of all goods, services, and construction needed by Capital Metro at fair and reasonable prices, on time, and in compliance with sound public purchasing policies and procedures.

Procurement Department Organizational Chart



FY 2008 Accomplishments

- ◆ Implemented pilot Vendor Managed Inventory (VMI) Program on select vehicle maintenance parts
- ◆ Completed biennial internal customer satisfaction survey: Meets User Departments Needs – 100%, Individual Very Favorable and Favorable ratings -- 96% to 67%
- ◆ Earned the 13th Annual *Achievement of Excellence in Procurement Award* sponsored by the National Purchasing Institute

Planned Initiatives

- ◆ Map, Analyze and Improve the Procurement Planning Process
- ◆ Develop stakeholder lists for major projects
- ◆ Update procedures manual to provide intradepartmental cross training on procedures

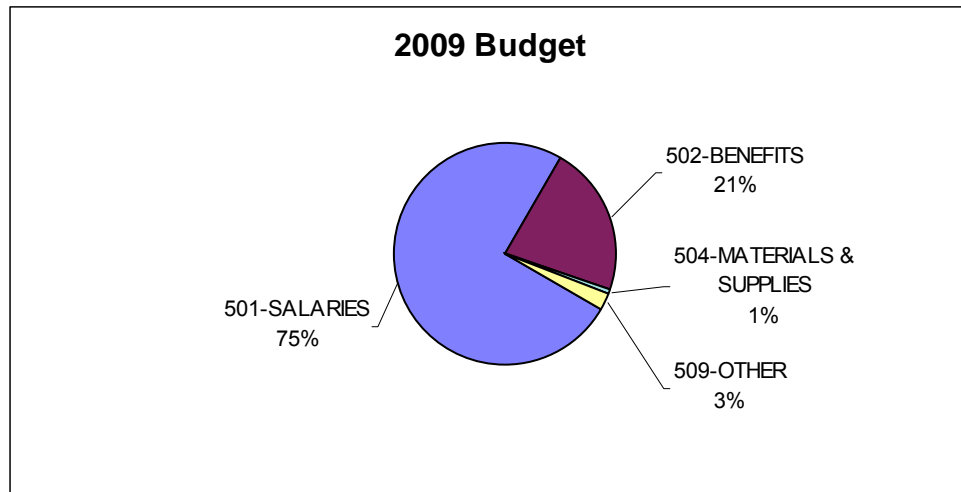


Procurement

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Increase related to movement of employee in department job family and two position reclassifications. All related to increased proficiency of experience, obtaining advanced degrees and/or certification, or assignment of additional duties.
- ◆ **Materials & Supplies** – In FY 2009 budgeted the anticipated purchase price variance between quoted price and final received price based on actual quantities purchased.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 765,782	\$ 776,879	\$ 792,217	1.45%	3.5%
502-BENEFITS	220,760	198,323	225,823	-10.16%	2.3%
503-SERVICES	-	25	-	100.00%	0.0%
504-MATERIALS & SUPPLIES	9,100	29	-5,504	-99.68%	-160.5%
509-OTHER	29,749	29,064	27,350	-2.30%	-8.1%
TOTAL	\$ 1,025,391	\$ 1,004,320	\$ 1,039,886	-2.05%	1.4%





Purchased Transportation

Functions and Responsibilities

The Purchased Transportation department manages oversight of Capital Metro's fixed route services contractors. Costs related to Contracted Fixed Route Local Service, Rural Services, UT Services, and AISD Services are captured in the Purchased Transportation Department.

Purchased Transportation Department Organizational Chart



FY 2008 Accomplishments

- ◆ Met or exceeded most contractual performance standards, including on-time performance, customer comments, and scheduled maintenance
- ◆ Transitioned supervision of Football Shuttles to First Transit (who also provides the operators)
- ◆ Incorporated Veolia and First Transit employees in Capital Metro-wide events and programs (example, Rodeo, Picnic, Holiday Banquet, Wellness Program)

Planned Initiatives

- ◆ Implement ITS technologies, including appropriate business process changes
- ◆ Manage re-procurement of Fixed Route Contract
- ◆ Establish an action plan for long-term vision for oversight of contracted services

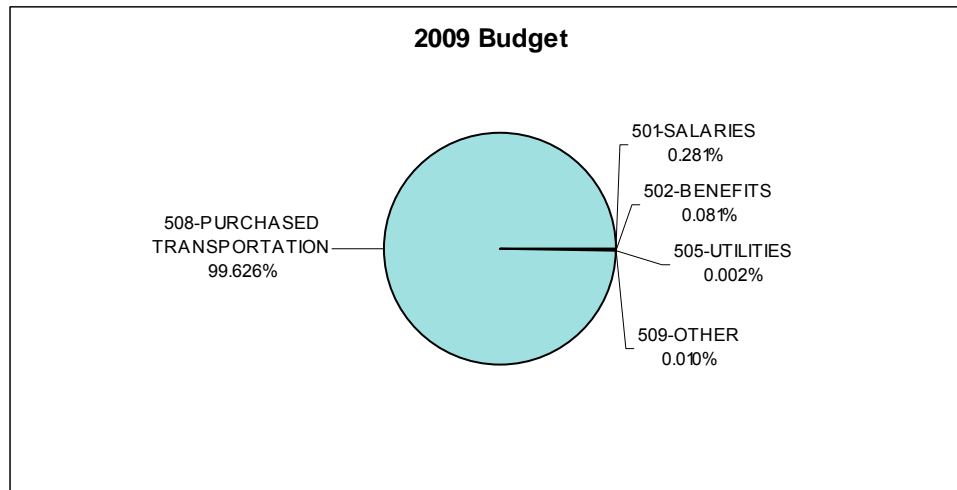


Purchased Transportation

Major Budgetary Changes

- ◆ **Purchased Transportation** – Hourly billing rates with contractors increased per contract agreements.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 48,836	\$ 54,121	\$ 50,833	10.82%	4.1%
502-BENEFITS	14,227	13,474	14,583	-5.30%	2.5%
505-UTILITIES	-	-	300	0.00%	100.0%
508-PURCHASED TRANSPORTATION	16,562,770	16,176,568	18,012,473	-2.33%	8.8%
509-OTHER	1,500	929	1,850	-38.08%	23.3%
TOTAL	\$ 16,627,333	\$16,245,091	\$ 18,080,039	-2.30%	8.7%





METRO

Capital Metropolitan Transportation Authority
Approved Fiscal Year 2009 Budget

Purchased Transportation Contracted Services

Contracted Fixed Route – Local Service

Functions and Responsibilities

Contracted Fixed Route – Local Service operates under the Purchased Transportation department. The contract provides service on routes in neighborhoods that typically require a smaller bus. Since August 2003, Contracted Fixed Route – Local Service has been operated by Veolia Transportation. Veolia operates and maintains buses provided by Capital Metro out of a Capital Metro facility. The Purchased Transportation department ensures that all performance standards established in the contract are met; researches and responds to customer comments regarding contracted fixed route – local service, and monitors, inspects, and reviews technical work, deliverables, reports, and payment requests for all contracted van services.

Rural Services

Functions and Responsibilities

Rural Services operates under the Purchased Transportation department. Rural Services provide fixed route feeder service in the outlying service area. Limited demand response service is also provided in Jonestown, Lago Vista, and Leander. The Purchased Transportation department ensures that all performance standards established in the contract are met; researches and responds to customer comments regarding rural service, and monitors, inspects and reviews all technical work, deliverables, reports, and payments requests for rural transportation services. Capital Metro's current contractor is the Capital Area Rural Transportation Service (CARTS).

University of Texas Services

Functions and Responsibilities

The University of Texas (UT) service contract operates under the Purchased Transportation department. This service contract provides UT student shuttle service to the downtown campus and the Pickle Research Center. Fifteen dedicated routes are served with full-size transit buses provided to the contractor by Capital Metro. The Purchased Transportation department ensures that all performance standards are met, researches and responds to customer comments regarding UT service, and monitors, inspects, and reviews all technical work, deliverables, reports, and payment requests for UT student shuttle services. Additionally, this contractor provides some fixed route local bus service. Capital Metro's current provider is First Transit.

Austin Independent School District (AISD) Services

Functions and Responsibilities

Austin Independent School District (AISD) services contract operates under the Purchased Transportation department. This contract provides service to students attending "magnet" schools. Full-size transit buses provided by Capital Metro to the contractor are utilized on routes throughout the service area. The AISD Services department ensures that the program operates effectively and efficiently, researches and responds to customer comments, and interacts with AISD Transportation, academic staff, and parents. Capital Metro provides these services using StarTran and First Transit.

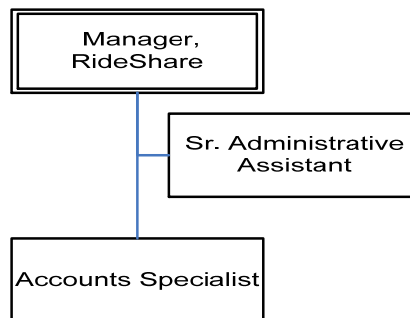


Rideshare

Functions and Responsibilities

The RideShare department provides alternative mass transportation solutions that reduce the number of single occupancy vehicles on area roads. The RideShare department manages van/carpool operations, including the ongoing assessment of performance, and conducts marketing and outreach activities with employers, the general public and individual groups to form new vanpools/carpools and recruits members for existing van/carpool groups. RideShare program staff also promotes all Capital Metro services in the community, monitors, inspects, and reviews all technical work, deliverables, reports, payments, and requests for van/carpools and alternative transportation services. Reports and data are provided from the regional rideshare database the program is responsible to maintain.

Rideshare Department Organizational Chart



FY 2008 Accomplishments

- ◆ Achieved a 6% increase in ridership over FY 2007
- ◆ Membership increased 3% over last year
- ◆ Experienced a 100% increase in waiting list groups from previous year

Planned Initiatives

- ◆ Continue to increase Ridership
- ◆ Eliminate FTA sampling, using 100% reporting
- ◆ Increase membership requirements
- ◆ Develop and implement new RideShare program operating model

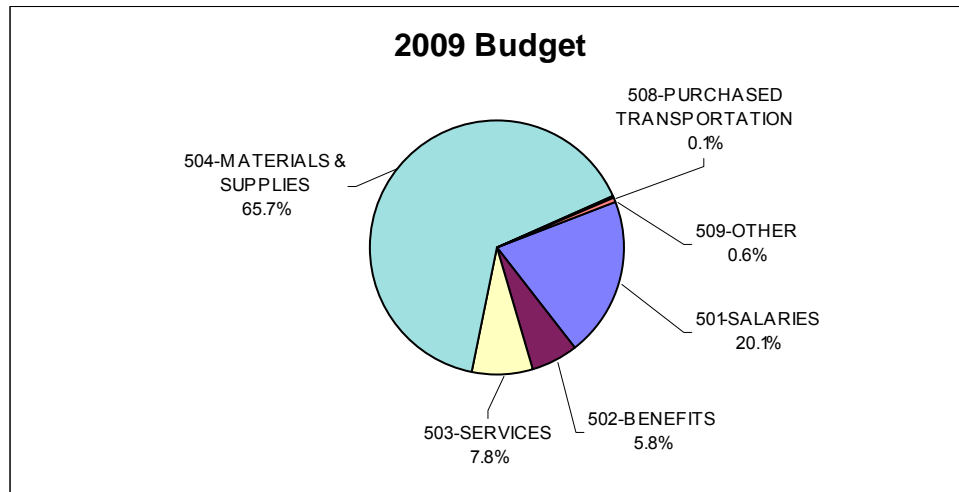


Rideshare

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Decreased due to reduction of position
- ◆ **Services** – Proposed implementation of new RideShare program
- ◆ **Materials & Supplies** – Fuel line item was transferred from Service Island Department
- ◆ **Other** – Marketing promotion to supplement RideShare program and all Capital Metro services

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 127,057	\$ 121,826	\$ 134,847	-4.12%	6.1%
502-BENEFITS	36,916	54,707	38,706	48.19%	4.8%
503-SERVICES	31,930	72,524	52,132	127.14%	63.3%
504-MATERIALS & SUPPLIES	1,800	972	441,522	-46.00%	24429.0%
508-PURCHASED TRANSPORTATION	37,125	348	1,008	-99.06%	-97.3%
509-OTHER	4,797	1,730	4,260	-63.93%	-11.2%
TOTAL	\$ 239,625	\$ 252,108	\$ 672,475	5.21%	180.6%



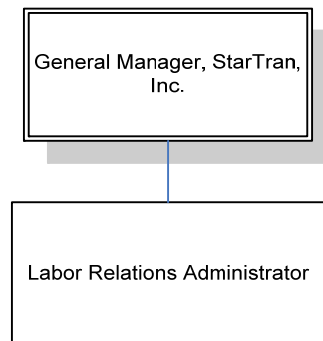


Operations Administration (formerly Labor Relations)

Functions and Responsibilities

Labor Relations is a main component of StarTran. However, due to a reorganization, the department will be renamed Administration. The change reflects the overall direction and strategy focusing on the administration and management of the organization. The intent in this reorganization is to delineate those functions from Capital Metro that directly support the operations of StarTran, and provide for long-term growth of the organization's ability to serve its customers. In other words, tasks and responsibilities primarily accomplished for StarTran will now be responsible to StarTran and the appropriate staffing/management functions.

Operations Administration Department Organizational Chart



FY 2008 Accomplishments

- ◆ Completed 18-month labor negotiation process and reached a contract settlement with an emphasis on financial sustainability
- ◆ Developed a plan for autonomy as a separate StarTran entity and consolidated positions for enhanced operating efficiency
- ◆ Achieved performance benchmarks for service reliability related to fixed route and paratransit services through on-time maintenance inspections
- ◆ Supported Capital Metro in showcasing the Transit Authority to national industry leaders and colleagues during the Bus and Paratransit Conference hosted by the American Public Transit Association

Planned Initiatives

- ◆ Delineate cost saving strategies and revenue enhancements for the StarTran operation
- ◆ Foster team building and communication methods for enhanced operational consistency
- ◆ Implement the action plan that improves the management and operation of StarTran as an independent entity
- ◆ Develop policies and procedures that substantiate consistent application of work rules and contract language

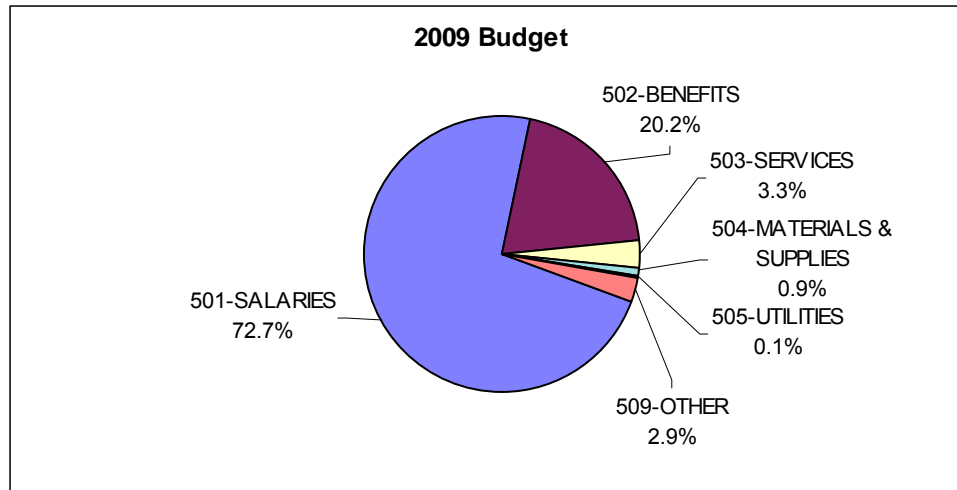


Operations Administration

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Increase due to a re-organization of StarTran in support of the long-term growth of the authority.
- ◆ **Services** – Increased costs for arbitration during the fiscal year.
- ◆ **Other** – Increase due to training and development for department personnel due to reorganization

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 135,266	\$ 138,247	\$ 530,960	2.20%	292.5%
502-BENEFITS	38,870	26,946	147,365	-30.68%	279.1%
503-SERVICES	5,200	1,374	24,000	-73.58%	361.5%
504-MATERIALS & SUPPLIES	5,660	1,487	6,496	-73.73%	14.8%
505-UTILITIES	-	-	600	0.00%	100.0%
509-OTHER	6,000	14,502	20,900	141.70%	248.3%
TOTAL	\$ 190,996	\$ 182,556	\$ 730,321	-4.42%	282.4%



Planning

Functions and Responsibilities

Planning functions are divided into four major areas of responsibility:

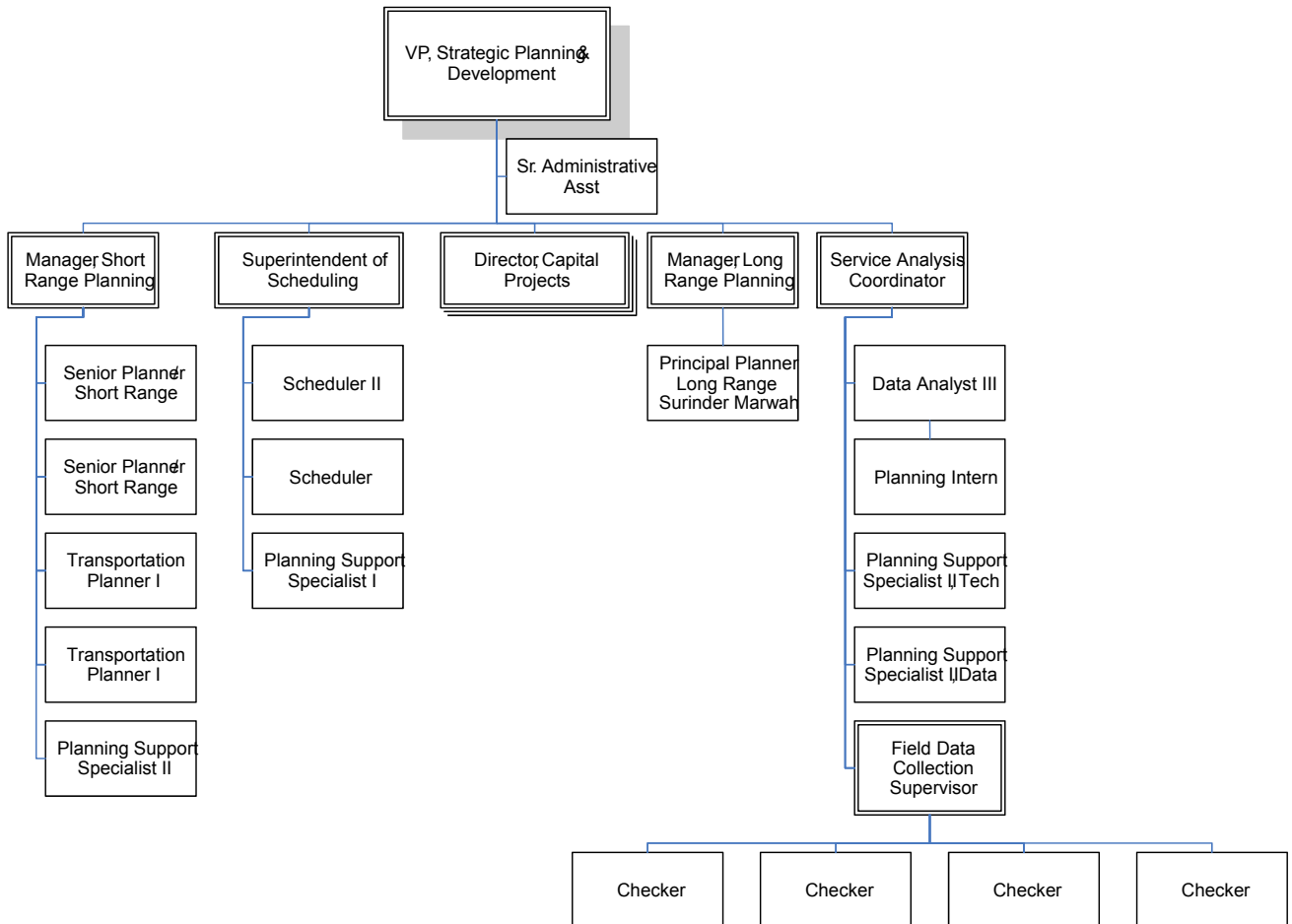
Service Planning: Plan current services and changes within a five-year horizon, which includes: reviewing and analyzing services, preparing and communicating service changes, developing short-range plan documents, handling service and bus stop-related issues and requests, helping manage the Capital Metro Geographic Information System (GIS), and other related activities. Support community and neighborhood planning initiatives in the Service Area.

Long-Range Planning: Plan future services and major facility projects over a long-term horizon, including the development and review of long-range service and facility projects, travel demand forecasting, land use reviews, and other related activities.

Scheduling: Develop schedules for fixed-route bus operations and bus operators, including work schedules. Perform data analysis, running time identification, schedule development, blocking, and run-cutting.

Service Analysis: Collect and analyze service-related information to support planning and other Capital Metro functions. Data collected and processed include farebox ridership data, automated passenger counter (APC) data, service data, and field data collection, including ride checks, point checks (for on-time performance), and various special passenger surveys.

Planning Department Organizational Chart





FY 2008 Accomplishments

- ◆ Successfully implemented major route adjustments, including restructuring of the 'Dillo system
- ◆ Prepared Capital MetroRail Green Line project submittal for Capital Area Metropolitan Planning Organization Transit Working Group Decision Tree process, and received approval to move project forward
- ◆ Completed planning and development of MetroRail Red Line Connector Bus system and related service adjustments
- ◆ Prepared and submitted project applications for two Capital MetroRapid corridors for funding through the Federal Transit Administration Very Small Starts program

Planned Initiatives

- ◆ Initiate Comprehensive Operational Analysis to assess and restructure fixed route bus system
- ◆ Initiate MetroRail Red Line and related bus service, monitor performance and make adjustments as needed
- ◆ Revise and update Service Standards for Executive Team and Board of Director approval
- ◆ Update All Systems Go Long Range Plan

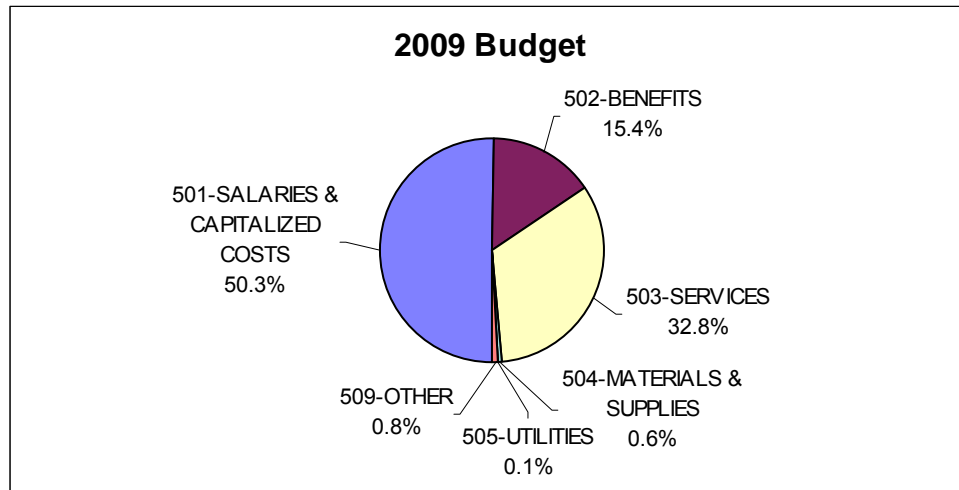


Planning

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Increase due to personnel transfer
- ◆ **Services** – Reduction in consulting fees
- ◆ **Other** – Reduction in software maintenance contracts

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES & CAPITALIZED COSTS	\$ 892,114	\$ 925,638	\$1,037,087	3.76%	292.5%
502-BENEFITS	271,363	242,962	316,927	-10.47%	16.8%
503-SERVICES	1,129,711	81,637	676,946	-92.77%	-40.1%
504-MATERIALS & SUPPLIES	15,217	13,752	13,089	-9.63%	-14.0%
505-UTILITIES	0	0	1,800	0.00%	100.0%
509-OTHER	21,288	27,686	16,011	30.06%	-24.8%
TOTAL	\$ 2,329,693	\$ 1,291,675	\$2,061,860	-44.56%	292.5%

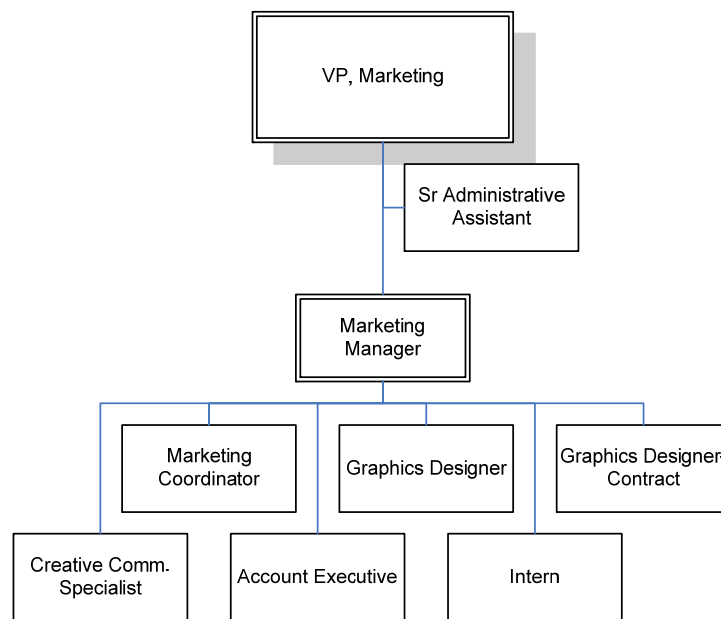


Marketing

Functions and Responsibilities

The Marketing department oversees strategic marketing, brand management, graphic design, customer literature production and distribution, special events planning and implementation. Major responsibilities include increasing ridership through the promotion of routes and services, working with public relations and business and community development, informing the public of planned initiatives and improvements, communicating routes and services to customers at point of sale, and increasing awareness of Capital Metro’s services through advertising, collateral development, website, and promotions. The department carries out market research to measure levels of awareness and customer satisfaction with specific products. Internal marketing, schedule design and production, signage design and management and fleet graphics are also key roles played by the department.

Marketing Department Organizational Chart



FY 2008 Accomplishments

- ◆ Conducted the “i-Ride” campaign which used rider testimonials to promote the benefits of transit and tapped into the interactive media of blogs, YouTube, Flickr and text messaging as well as the Capital Metro website
- ◆ Completed a customer satisfaction survey and phase one of a market research study
- ◆ Provided customers with more detailed collateral for special events (SXSW, APTA Convention) and accomplished the most comprehensive service change in the Authority’s history
- ◆ Produced collateral, website and messaging for system-wide fare change

Planned Initiatives

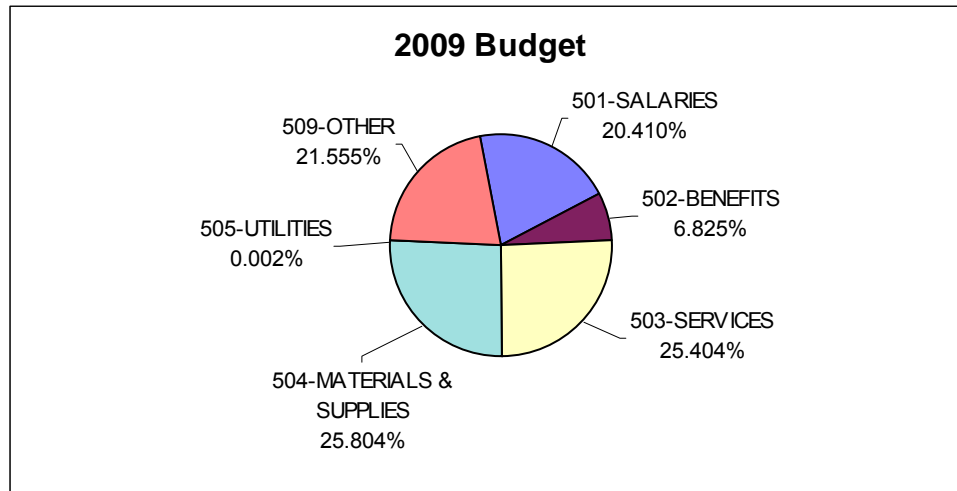
- ◆ Development of campaign, collateral, station information, grand opening and open house events in conjunction with the launch of MetroRail
- ◆ Redesign of Capital Metro website
- ◆ Preparation of all schedules, maps and information necessary for customers to navigate the transit system
- ◆ Execution of the annual customer satisfaction survey

Marketing

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Increase due to addition of contract position.
- ◆ **Services** – Decreases due to completion of studies requiring consultants and professional services.
- ◆ **Other** – Lowered budget for advertising and promotions.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 394,217	\$ 441,436	\$ 514,359	11.98%	30.5%
502-BENEFITS	143,129	99,686	171,992	-30.35%	20.2%
503-SERVICES	1,102,400	722,776	640,208	-34.44%	-41.9%
504-MATERIALS & SUPPLIES	727,000	587,230	650,300	-19.23%	-10.6%
505-UTILITIES	-	-	63	0.00%	100.0%
509-OTHER	812,250	375,517	543,211	-53.77%	-33.1%
TOTAL	\$ 3,178,996	\$ 2,226,644	\$2,520,133	-29.96%	-20.7%



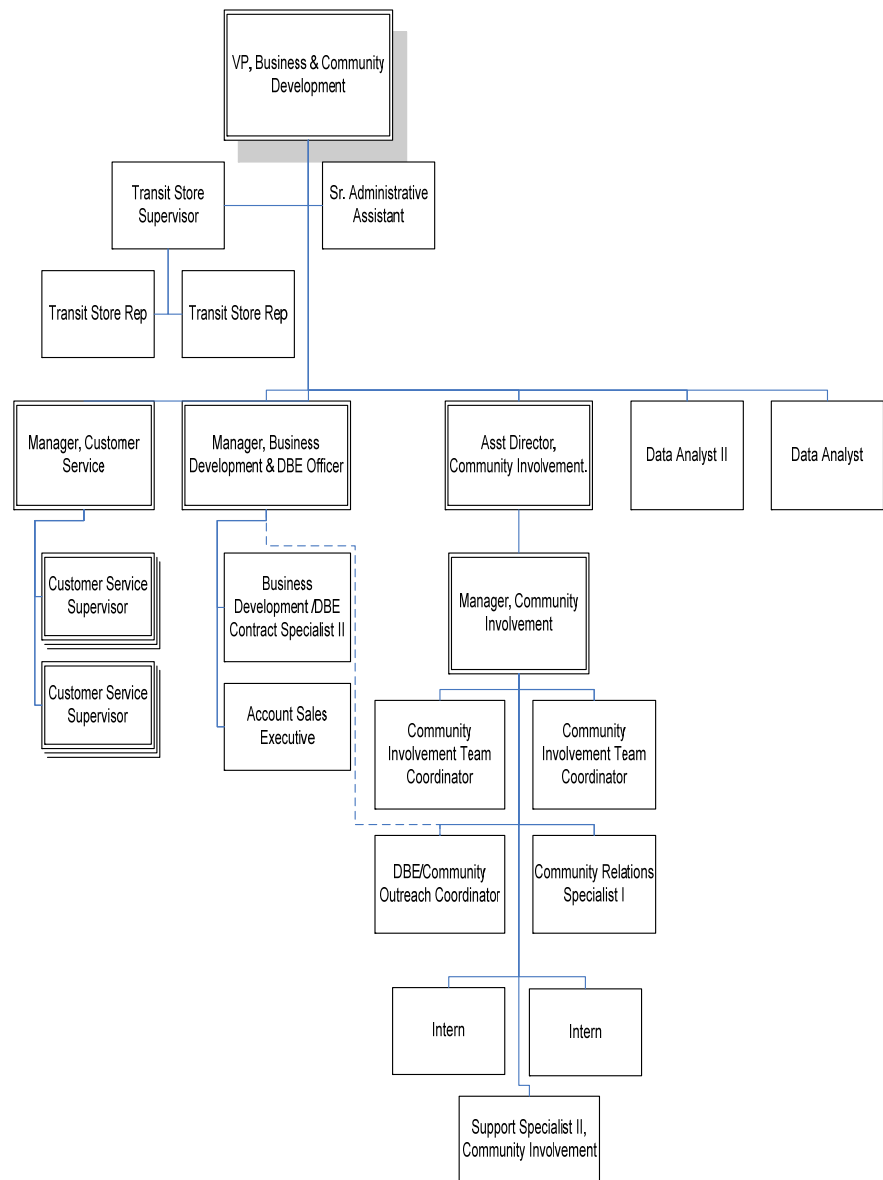


Business & Community Development

Functions and Responsibilities

The Business & Community Development department includes community relations, business development, customer service and the disadvantaged business enterprise (DBE) program. Major responsibilities include increasing public awareness about the value of public transportation, increasing transit advertising revenue, increasing ticket and pass sales, developing “pilot” programs that provide enhanced customer service, creating community partnerships that promote Capital Metro products and services and increasing procurement opportunities with certified DBEs. All of these activities increase ridership and enhance community partnerships for a return on taxpayer investment.

Business & Community Development Department Organizational Chart





FY 2008 Accomplishments

- ◆ Expanded the Community Involvement Program Model to include community engagement activities resulting in over 300 presentations on All Systems Go in preparation for MetroRail service and for the submittal of the Very Small Starts federal grant program application.
- ◆ Continued the implementation of a comprehensive Transit in School Education Program on Rail Safety with over 20 community partners in 81 schools along the rail ROW and by forming strategic partnerships with Amtrak, FRA, Boy Scouts of America and the Girl Scouts.
- ◆ Conducted the public review process for the Fare Adjustment proposal and the public education process for the subsequent fare structure implementation.
- ◆ Expanded the Business Diversity Program (Disadvantaged Business Enterprise and Supplier Diversity) by meeting the agency's annual 25% FTA goal and providing procurement information and DBE counseling.
- ◆ Expanded the Retail Sales Program and Transit Advertising Program by finalizing pricing, policies, procedures and other collateral sales information.

Planned Initiatives

- ◆ Implement the public education process on "Customer Experience" in preparation for the MetroRail Grand Opening and during the Comprehensive Operational Analysis.
- ◆ Continue the expansion of the Community Involvement Program Model to prepare for the MetroRail Grand Opening and expanded Capital Metro services by providing presentations as requested.
- ◆ Implement a "Transit Ambassadors" program for customer service enhancements needed for MetroRail Grand Opening in FY09.
- ◆ Negotiate major community partnerships to align with Route 2025 strategic initiatives and to support the MetroRail Grand Opening.
- ◆ Implement Title VI and Title VI-Dependent Guidelines in preparation for FTA Triennial Review.

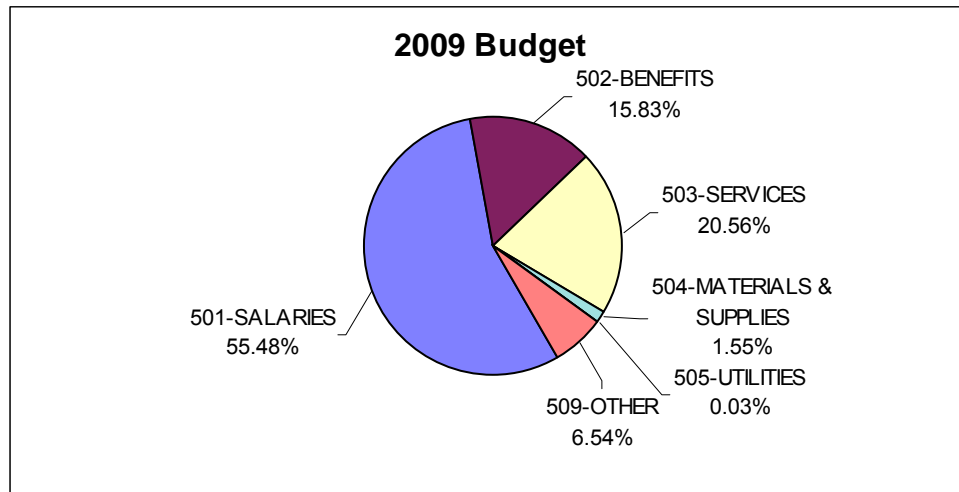


Business & Community Development

Major Budgetary Changes

- ◆ **Services** – Lowered budget for professional and contracted services.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 780,351	\$ 751,458	\$ 741,069	-3.70%	-5.0%
502-BENEFITS	232,419	175,352	211,512	-24.55%	-9.0%
503-SERVICES	382,155	130,529	274,688	-65.84%	-28.1%
504-MATERIALS & SUPPLIES	18,199	14,201	20,724	-21.97%	13.9%
505-UTILITIES	-	-	363	0.00%	100.0%
509-OTHER	90,325	88,622	87,421	-1.88%	-3.2%
TOTAL	\$ 1,503,449	\$ 1,160,162	\$1,335,777	-22.83%	-11.2%





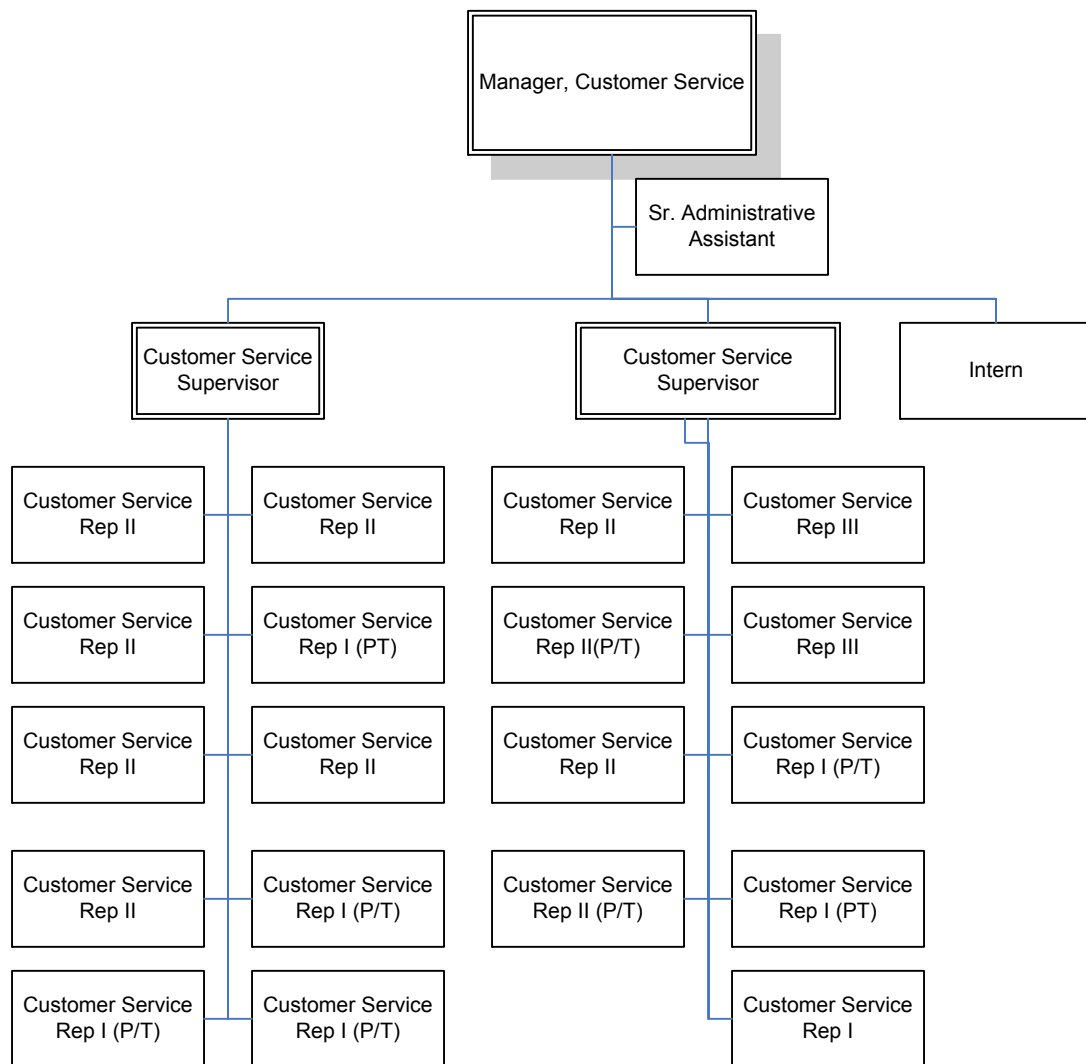
Customer Service

Functions and Responsibilities

The mission of the Customer Service department is to furnish quality customer service by delivering accurate bus route and scheduling information, providing timely responses and resolution to customer comments, and educating the public on Capital Metro products and services.

Customer service representatives provide the most efficient transit route information (schedules, transfers, delays, special events, etc.), ensure that customer issues are addressed in a timely manner, and route customer comments to the appropriate department action officer for response and resolution.

Customer Service Department Organizational Chart





FY 2008 Accomplishments

- ◆ Answered 835,016 customer calls with live agents, an increase of 26% over 2007, while processing an additional 739,331 calls exclusively through the Interactive Voice Response (IVR) system. Met call abandonment and service level goals nine of twelve months
- ◆ Recorded 10,150 Customer Call Reports, up 16% compared to the prior year
- ◆ Implemented an internal career growth job progression strategy for members of the customer service team

Planned Initiatives

- ◆ Support all telephone customer service facets of starting up MetroRail service
- ◆ Implement the Customer Service portion of the Intelligent Transportation System initiative, currently under development throughout the Authority
- ◆ Re-evaluate the Customer Call Reporting system, with an eye toward implementing an improved system in FY 2010
- ◆ Utilize Customer Service Representatives as 'home agents', testing the technology and process of having representatives work from home

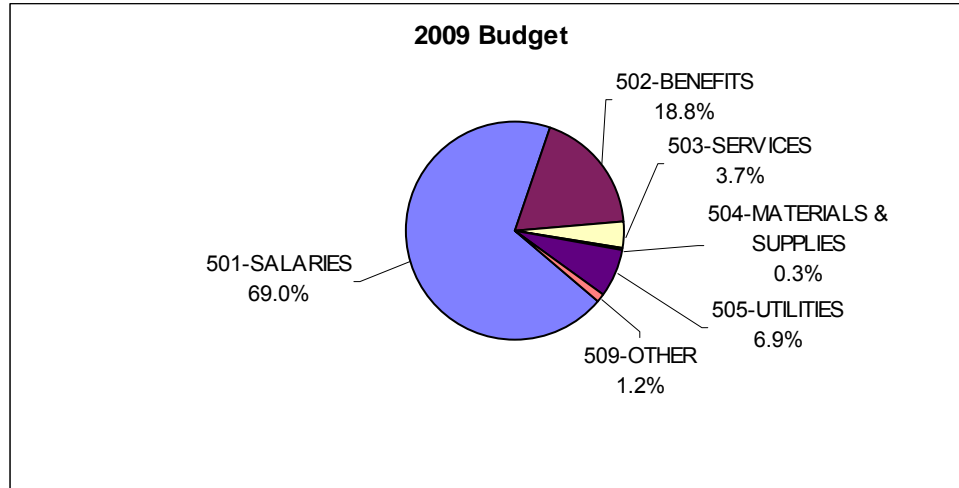


Customer Service

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Increase in FY 2009 budget due to much higher current and anticipated call volumes resulting from major service changes, proposed fare increase, rail activation, and new customers attracted by higher cost of gasoline.
- ◆ **Materials & Supplies** – Decrease due to less non-capital equipment being purchased in FY 2009.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 677,590	\$ 571,142	\$ 780,021	-15.71%	15.1%
502-BENEFITS	194,956	113,833	212,933	-41.61%	9.2%
503-SERVICES	49,996	93,970	41,663	87.95%	-16.7%
504-MATERIALS & SUPPLIES	15,620	4,262	3,500	-72.71%	-77.6%
505-UTILITIES	-	-	78,336	0.00%	100.0%
509-OTHER	14,200	3,305	13,286	-76.73%	-6.4%
TOTAL	\$ 952,362	\$ 786,512	\$1,129,739	-17.41%	18.6%





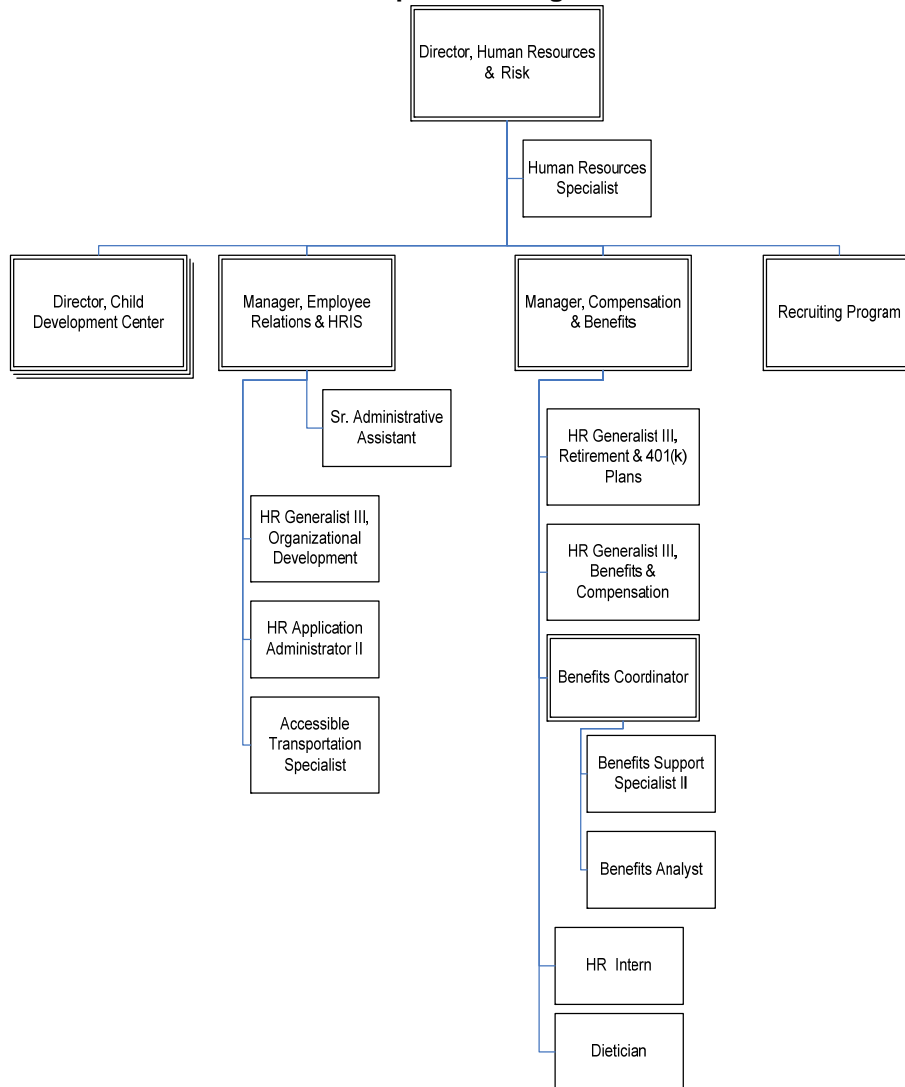
Human Resources

Functions and Responsibilities

The Human Resources department's mission is to partner with our employees to hire, develop, and retain an engaged workforce that fulfills Capital Metro's mission. The Department's primary responsibilities are to:

- Facilitate staffing strategies required to meet Capital Metro and StarTran department needs;
- Manage benefits programs to meet employee needs and satisfy labor agreement requirements;
- Administer compensation and performance management programs;
- Coordinate staff development and training programs to enhance employees' knowledge, skills and abilities;
- Develop and administer human resources policies and procedures to comply with federal, state and local regulations.

Human Resources Department Organizational Chart





FY 2008 Accomplishments

- ◆ Completed request for proposals for transition to a new 401(k) administrator and record keeper to provide improved education and services to employees
- ◆ Implemented online benefits enrollment for bargaining employees for the first time, resulting in increased employee control and improved efficiencies
- ◆ Automated the performance management and job application processes through the new Human Resources Information System (HRIS)
- ◆ Coordinated customer service training program for operations employees
- ◆ Designed work unit specific training solutions for several work groups

Planned Initiatives

- ◆ Revise New Employee Orientation Program and employee on-boarding to better meet new employee needs
- ◆ Implement full work flow features of the new HRIS to further streamline processes
- ◆ Transition to new 401(k) and pension plan administrator to offer improved information, education and services to employees to help them prepare for retirement
- ◆ Complete training needs assessment for managers and supervisors
- ◆ Complete employee survey to establish benchmark for measuring Route 2025 objectives

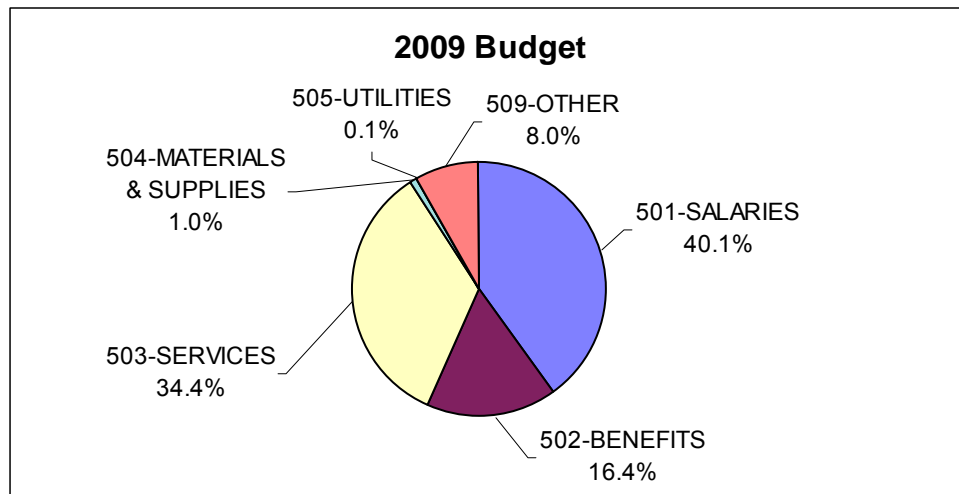


Human Resources

Major Budgetary Changes

- ◆ **Services** – Eliminated contract for training of disabled passengers. This function will be transferred to the StarTran Training Department and will be performed by a full-time staff person at significant savings.
- ◆ **Other** – Decreases in travel, newspaper media, temporary help and relocation reimbursement.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 732,338	\$ 733,625	\$ 734,230	0.18%	0.3%
502-BENEFITS	319,778	211,043	299,301	-34.00%	-6.4%
503-SERVICES	772,958	621,245	630,300	-19.63%	-18.5%
504-MATERIALS & SUPPLIES	12,600	30,396	18,980	141.24%	50.6%
505-UTILITIES	-	-	1,321	0.00%	100.0%
509-OTHER	173,114	112,944	146,325	-34.76%	-15.5%
TOTAL	\$ 2,010,788	\$ 1,709,252	\$1,830,457	-15.00%	-9.0%



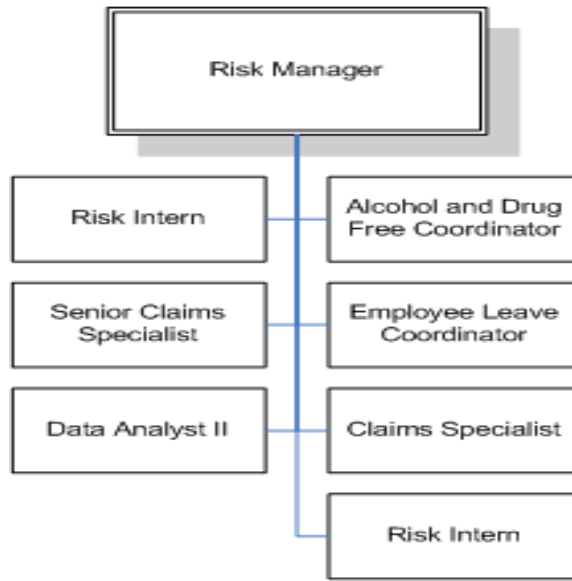


Risk Management

Functions and Responsibilities

The mission of the Risk Management department is to consult with other departments to minimize human and economic losses to the public, employees and Capital Metro, and to identify hazardous conditions and reduce potential injuries, accidents and property damage. Risk Management also obtains cost-effective insurance coverage and processes all liability, subrogation and workers compensation claims. All accidents and injuries are investigated and recommendations made for preventive measures based on identified trends. In addition, Risk works closely with our food services contractor to improve the diet of our employees while raising awareness of the need to eat healthy, nutritious food via our Healthy Options Coupon Program. This department also administers all aspects of the Family Medical Leave Act, Short-Term Disability, Long-Term Disability, Medical Leave of Absence and the Drug and Alcohol Program.

Risk Management Department Organizational Chart



- ◆ Researched, created and implemented a "Healthy Vending" project aimed at improving the nutritional value of foods available to all CMTA employees in our snack and soda machines at all locations. Worked with our Nutritionist to review all foods available in our cafeteria and made suggestions for improvements
- ◆ Recovered a record of \$234,796 in subrogation dollars from other parties that damaged Capital Metro vehicles and property
- ◆ Received a "Return of Equity" payment from our Risk Pool in the amount of \$211,760 due to our excellent claims record and ongoing efforts in investigation and follow-up of all Workers Compensation and liability claims. This achievement was noted in Bus Ride magazine

Planned Initiatives

- ◆ Communicate Enterprise Risk Management concepts across the Authority to reduce losses or their impact
- ◆ Improve and revamp the Healthy Options Coupon Program and the Healthy Vending/Healthy Cafe to promote a healthy lifestyle among our employees
- ◆ Work with transportation contractors to reduce accidents and claims while improving safety

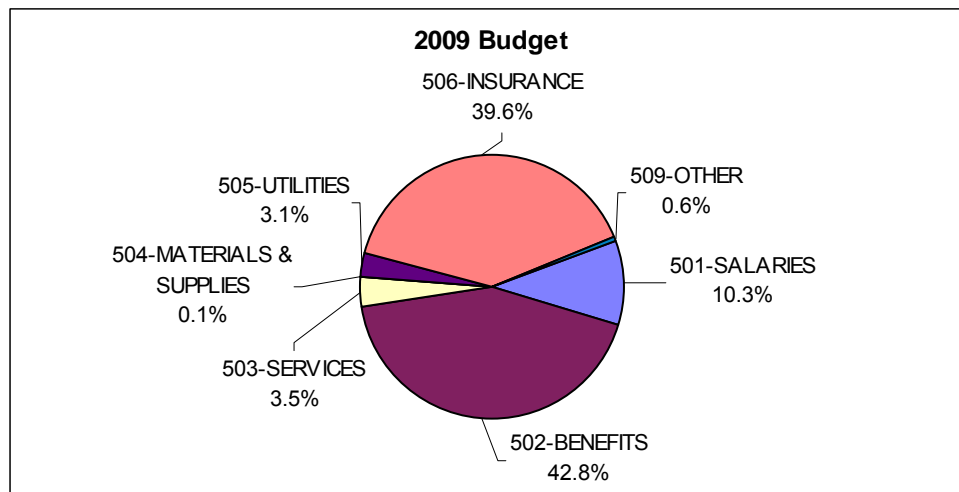


Risk Management

Major Budgetary Changes

- ◆ **Services** – FY 2009 budget for professional fees reduced for expected expenditures.
- ◆ **Insurance** – FY 2009 changes on the following line items:
 - **Worker’s Compensation** – projected increase of losses to \$1.5 million based on Payroll and other loss trends, but due to the efforts associated with the Worker’s Compensation Alliance, costs should be contained at \$924,000
 - **Auto Liability Premiums & Losses** – combined decrease of \$185,000 due to Risk Management’s continuing initiative to contain losses
 - **Property Insurance** – decrease in property insurance premiums due to better than expected claims experience

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 320,506	\$ 339,452	\$ 324,093	5.91%	1.1%
502-BENEFITS	1,259,887	1,045,019	1,349,017	-17.05%	7.1%
503-SERVICES	255,078	197,899	108,996	-22.42%	-57.3%
504-MATERIALS & SUPPLIES	5,000	4,169	3,000	-16.62%	-40.0%
505-UTILITIES	-	-	101,075	0.00%	100.0%
506-INSURANCE	1,486,496	1,220,065	1,248,500	-17.92%	-16.0%
509-OTHER	35,410	19,070	18,038	-46.14%	-49.1%
TOTAL	\$ 3,362,377	\$ 2,825,675	\$3,152,719	-15.96%	-6.2%



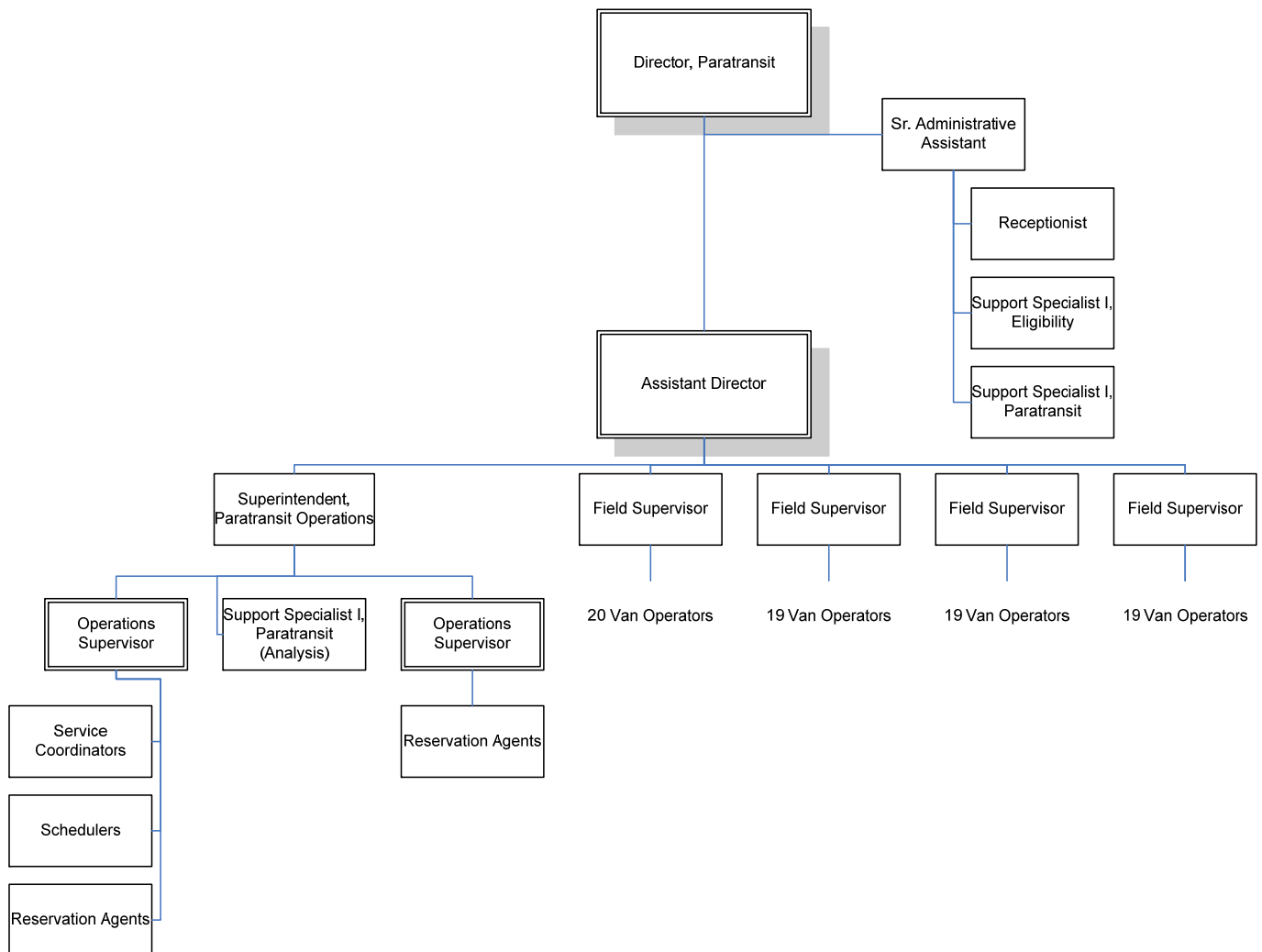


MetroAccess

Functions and Responsibilities

The Paratransit Services department provides ADA-compliant door-to-door van and sedan paratransit service throughout Capital Metro's service area and the cities of Westlake Hills, Cedar Park, and Pflugerville. The department manages the paratransit eligibility process, including the biennial re-certification of existing customers. The Paratransit Services department processes advance trip reservations, cancellations, inquiries, subscription service requests, group trips, and provides subsidized taxicab trips. The department also coordinates with customers and the Access Advisory Committee to receive feedback on all aspects of service and policy development.

MetroAccess Department Organizational Chart





FY 2008 Accomplishments

- ◆ Achieved on-time performance of 90%
- ◆ Implemented dedicated contracted sedan paratransit service in order to supplement the overflow of requested paratransit trips
- ◆ Customer service call abandonment rate reduced to below 5%
- ◆ Reduced reservation call center hold time below 2 minutes
- ◆ Installed and implemented Orbital ITS system

Planned Initiatives

- ◆ Reduce cancellations of MetroAccess trips by 5%
- ◆ Reduce No Show of MetroAccess trips 2%
- ◆ Receive and place into service 47 new paratransit vans
- ◆ Implement in-person eligibility assessments
- ◆ Transition MetroAccess clients to smartcards

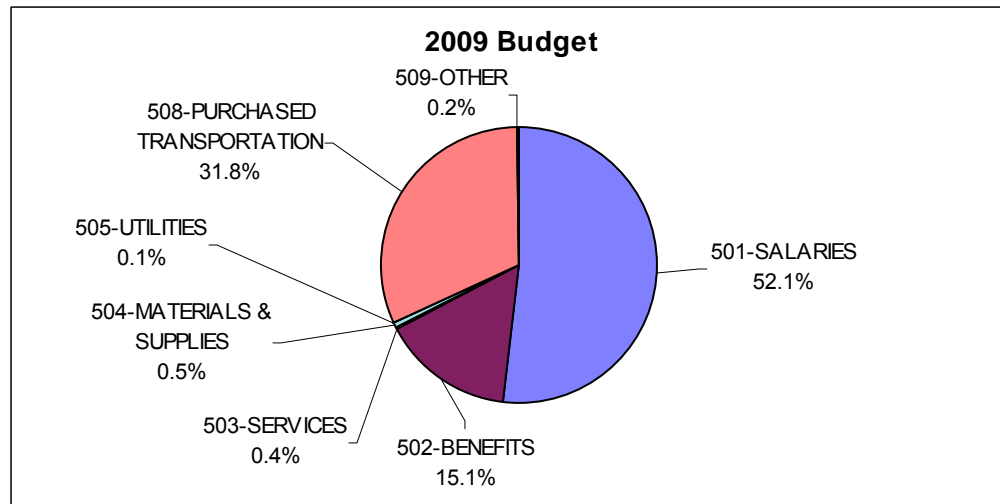


MetroAccess

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Additional staffing will assist in managing/analyzing service for increased productivity and improved performance, reducing the amount of overtime. Intelligent Transportation System implementation in second quarter of FY 2009 will improve operational efficiency of service.
- ◆ **Purchased Transportation** – Modified the use of taxis to deliver service. Implemented a dedicated fleet to mitigate voucher usage. By placing scheduling and dispatching under the control of the agency, performance efficiencies and customer service quality will be enhanced.
- ◆ **Other** – Increase in travel due to departmental participation in training and conferences.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 6,534,043	\$ 6,759,414	\$ 7,096,087	3.45%	8.6%
502-BENEFITS	2,037,816	2,013,403	2,052,694	-1.20%	0.7%
503-SERVICES	58,435	179,722	53,134	207.56%	-9.1%
504-MATERIALS & SUPPLIES	53,578	17,339	62,685	-67.64%	17.0%
505-UTILITIES	-	-	7,560	0.00%	100.0%
508-PURCHASED TRANSPORTATION	3,050,741	3,184,694	4,327,319	4.39%	41.8%
509-OTHER	16,827	16,721	28,022	-0.63%	66.5%
TOTAL	\$ 11,751,440	\$ 12,171,293	\$ 13,627,501	3.57%	16.0%



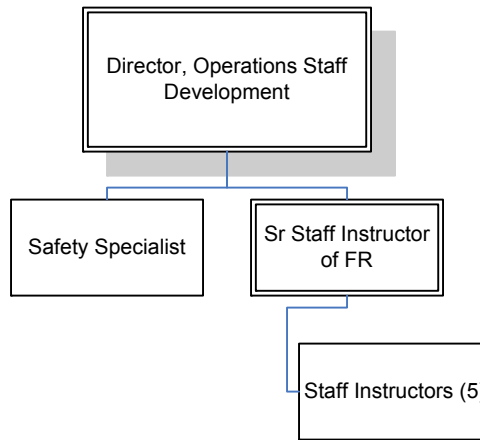


Operator Training

Functions and Responsibilities

The Operator Training department was separated from the Fixed Route Services Department for FY09. This separation will allow the training department to apply its focused training to clientele that is specific to the function they support and/or work in. In the past, this training was focused on the driver community; however, going forward, this function will tailor training needs to the organization that requests or desires training to enhance its employees' knowledge, abilities, and skills. Furthermore, this department will assist the overall Authority, as necessary, in developing messages the organization wishes to broadcast throughout the employee community. This will ensure that a consistent message is delivered, and the proper communication style is utilized to ensure the message is delivered in the most efficient and timely fashion.

Operator Training Department Organizational Chart



FY 2008 Accomplishments

- ◆ Managed the APTA 2008 International Bus Rodeo and received 1st & 3rd place in 35ft class
- ◆ Coordinated the State of TX Rodeo in Waco took 1st & 2nd place in 35 ft and 40 ft classes
- ◆ Managed the start-up of the DriveCam fleet safety program for bus operations

Planned Initiatives

- ◆ Implement a travel training program for customers with disabilities
- ◆ Reduce the StarTran vehicular and passenger accident rates by 5%

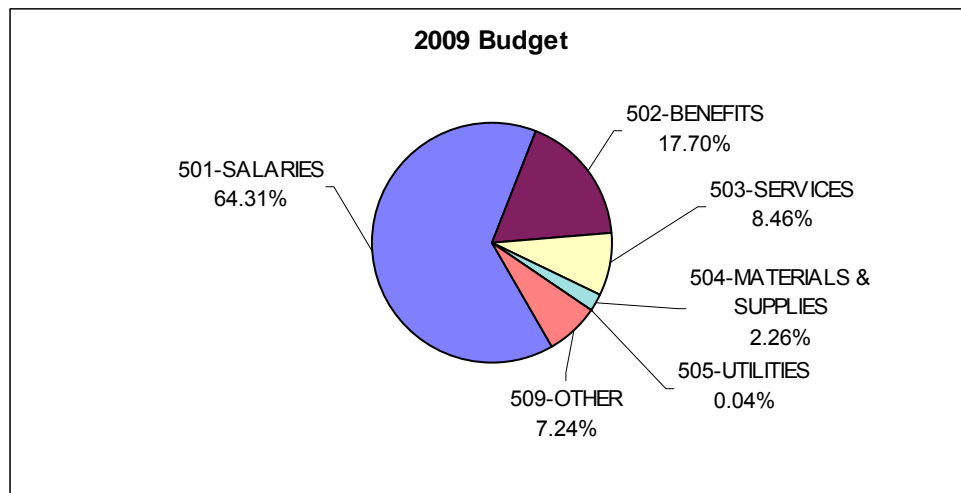


Operator Training

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Employees transferred from Fixed Route Organization
- ◆ **Services** – Development of a “virtual” downtown bus simulator for training
- ◆ **Materials & Supplies** – Costs associated with the development and production of training programs for publication of programs.
- ◆ **Other** – Costs for APTA attendance for FY09 and Internship for production of web-based training and safety videos.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ -	\$ -	\$ 545,017	0.00%	100.0%
502-BENEFITS	-	-	150,027	0.00%	100.0%
503-SERVICES	-	-	71,666	0.00%	100.0%
504-MATERIALS & SUPPLIES	-	-	19,196	0.00%	100.0%
505-UTILITIES	-	-	300	0.00%	100.0%
509-OTHER	-	-	61,325	0.00%	100.0%
TOTAL	\$ -	\$ -	\$ 847,530	0.00%	100.0%



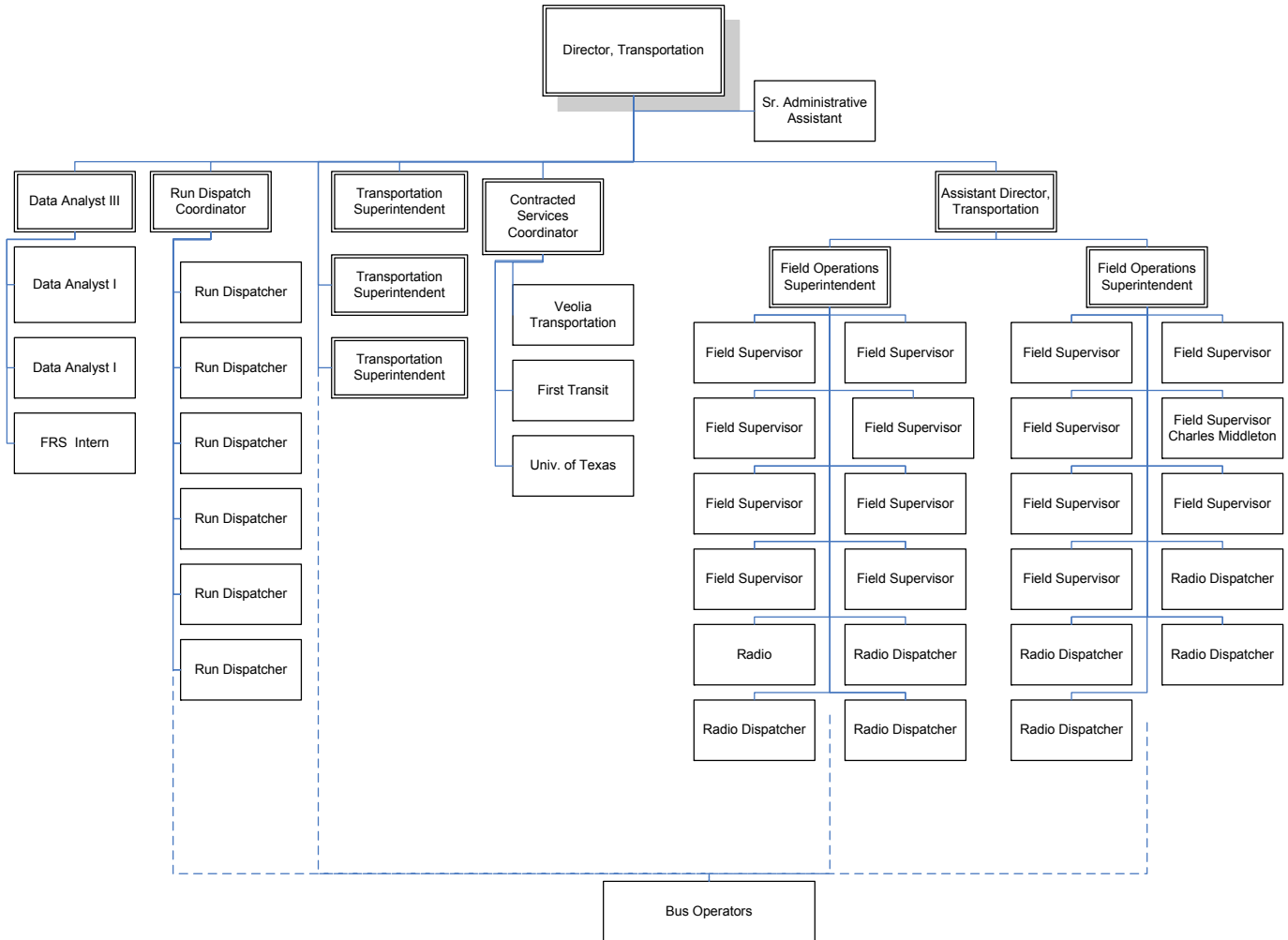


Fixed Route Services

Functions and Responsibilities

The Fixed Route Services (FRS) department's mission is to provide safe, efficient and cost effective public transportation services in Capital Metro's service area. The department operates fixed route bus service for over 75 routes including Local Routes, Flyers, Park & Rides and Magnet School Services. Fixed route bus service also ensures fleet accessibility in accordance with the Americans with Disabilities Act (ADA).

Fixed Route Services Department Organizational Chart





FY 2008 Accomplishments

- ◆ Reduced un-controlled Operator Absenteeism through proactive management of operator work assignments and scheduled time off (FY 2007 = 7.96%, FY 2008 = 6.69%)
- ◆ Reduced lost time through proactive management of service restoration process (FY 2007 = 0.08%, FY 2008 = 0.07%)

Planned Initiatives

- ◆ Implement ITS technologies, including appropriate business process changes
- ◆ Implement new extra board work assignment procedures to further improve operator absenteeism
- ◆ Work with cross-functional team to improve the detour creation and posting process for special events and street closures

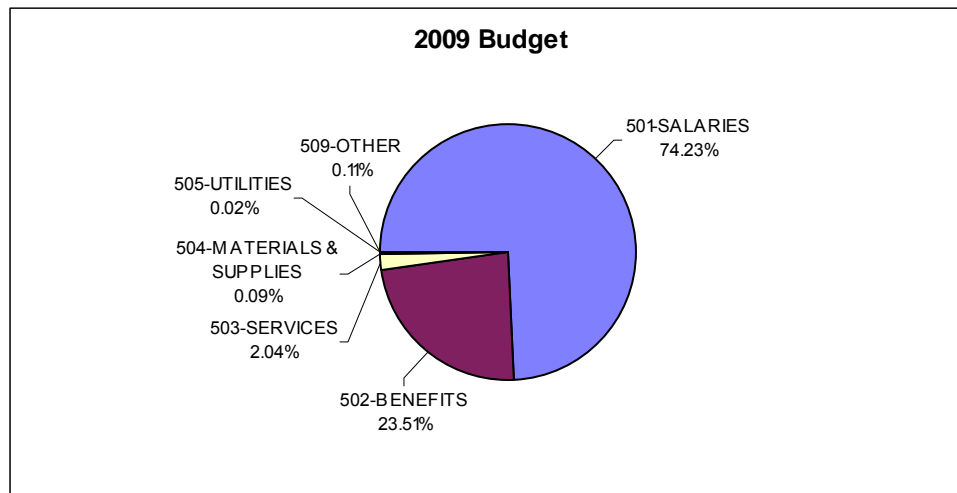


Fixed Route Services

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Decrease in bus operators in FY 2009, to coincide with service levels associated with new facilities and re-routed lines.
- ◆ **Services** – Elimination of intern in FY 2009. Additionally, the completion of vendor activities in FY 2008 has allowed the Outside Services to be reduced for less vendor services for FY 2009.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 22,350,120	\$ 21,734,165	\$ 22,038,990	-2.76%	-1.4%
502-BENEFITS	7,253,108	7,074,170	6,945,446	-2.47%	-4.2%
503-SERVICES	13,000	538,715	503,768	4043.96%	3775.1%
504-MATERIALS & SUPPLIES	37,597	26,998	25,531	-28.19%	-32.1%
505-UTILITIES	-	-	6,404	0.00%	100.0%
509-OTHER	607,586	195,053	33,019	-67.90%	-94.6%
TOTAL	\$ 30,261,411	\$ 29,569,100	\$ 29,553,159	-2.29%	-2.3%





Rapid Transit

Functions and Responsibilities

The Rapid Transit Department is responsible for the planning, development and implementation of the All Systems Go Long Range Transit Plan, including MetroRail projects.

Rapid Transit Department Organizational Chart



FY 2008 Accomplishments

MetroRail Red Line Construction progress:

- ◆ Completed acceptance testing of all six Stadler railcars
- ◆ Completed construction of 7 out of 9 stations
- ◆ Completed construction of the railcar maintenance facility
- ◆ Completed construction of 3 new bridges
- ◆ Continued installation of centralized train control system

Planned Initiatives

- ◆ Complete the two remaining MetroRail Stations
- ◆ Complete the railroad signaling system (centralized train control system)
- ◆ Begin MetroRail operations in Spring 2009
- ◆ Provide technical assistance in planning and evaluating future rail and fixed guideway transit projects

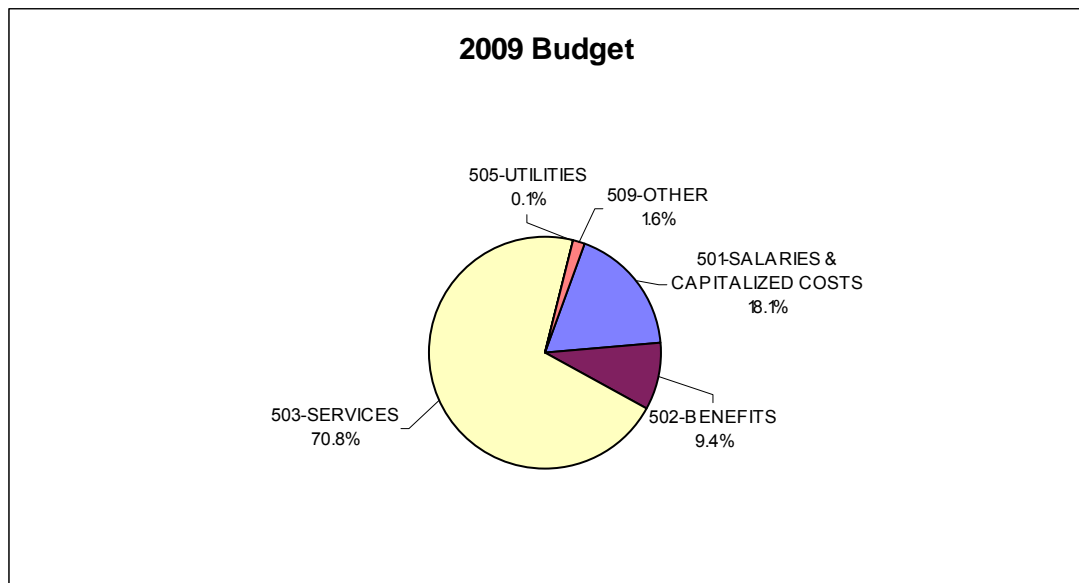


Rapid Transit

Major Budgetary Changes

- ◆ **Salaries & Capitalized Costs** – Decreases in capitalized labor costs related to design and construction of the MetroRail Red Line project will result in an increase in salaries.
- ◆ **Services** – Decreased costs from engineering consultants as a result of the anticipated start-up of revenue service for the MetroRail Service in FY 2009. FY 2009 activity is related to implementation of future rail elements of the All Systems Go Long Range Plan, including expansions to the MetroRail Red Line, implementation of the Manor-Elgin Green Line, etc.
- ◆ **Other** – Decrease as a result of less budgeted travel for FY 2009.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES & CAPITALIZED COSTS	\$ (58,281)	\$ 33,770	\$ 150,534	-157.94%	4.9%
502-BENEFITS	74,440	77,584	78,167	4.22%	5.0%
503-SERVICES	1,016,580	181,909	590,000	-82.11%	-42.0%
504-MATERIALS & SUPPLIES	2,000	1,528	-	-23.62%	-100.0%
505-UTILITIES	-	-	642	0.00%	100.0%
509-OTHER	18,720	5,395	13,700	-71.18%	-26.8%
TOTAL	\$ 1,053,459	\$ 300,186	\$ 833,043	-71.50%	4.9%

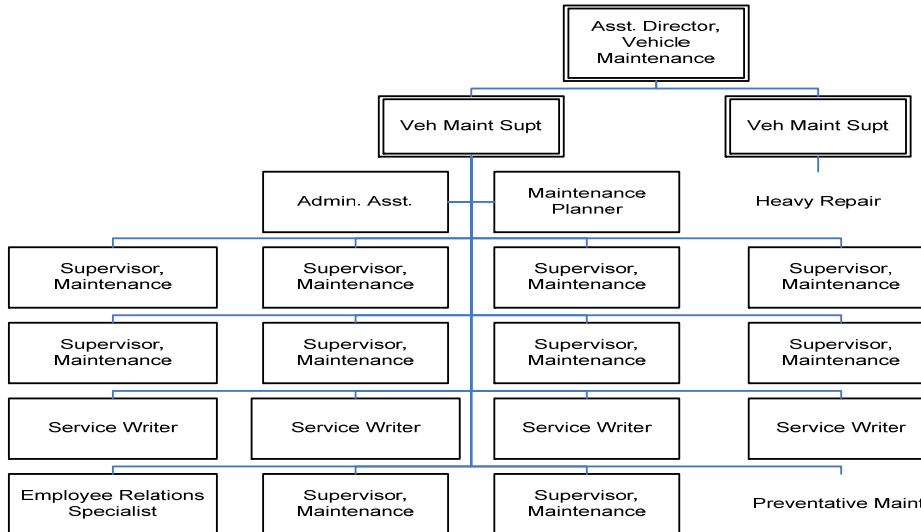


Running Repair

Functions and Responsibilities

The Running Repair department is responsible for maintaining the mechanical integrity of the fleet. Primary functions include performing preventive and predictive maintenance, rebuilding engines and transmissions, servicing air conditioning, body shop repair, upholstery, and electronics repair. Other functions include maintenance contract management for assets, and supporting special events.

Running Repair Department Organizational Chart



FY 2008 Accomplishments

- ◆ Maintained FRS Bus Reliability by averaging 5,508 miles between mechanical roadcalls
- ◆ Maintained a 98.6% on time for Preventive Maintenance Inspections
- ◆ Took receipt of one new hybrid bus, and 12 new 40' buses

Planned Initiatives

- ◆ Continue to improve reliability through mechanic training and PMI improvements
- ◆ Take receipt of 47 new Metro Access vans
- ◆ Take receipt of 8 new FRS 40' buses

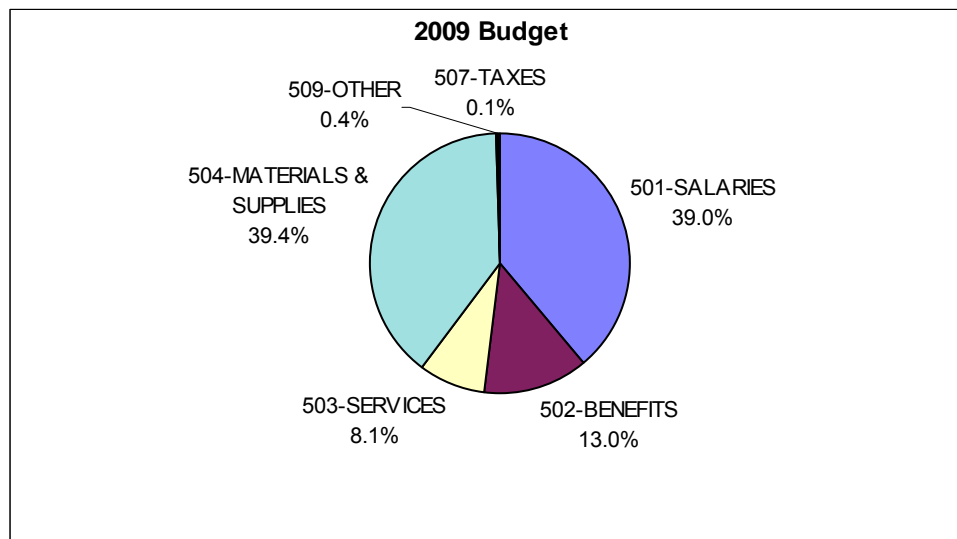


Running Repair

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Three unfilled positions from prior year’s expenses not budgeted to be filled until third quarter FY09. Additionally, there is one less full-time position than in FY 2008 budget.
- ◆ **Services** – Increase in outside repairs as a result of age of current fleet. Additionally, increase in bus painting costs versus prior year’s expense.
- ◆ **Materials & Supplies** – Increased costs as a result of increased cost per mile for maintenance, coupled with increased miles versus prior year. Additionally, increased costs for tires.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 6,120,637	\$ 6,597,145	\$ 6,152,741	7.79%	0.5%
502-BENEFITS	2,142,301	1,963,783	2,057,609	-8.33%	-4.0%
503-SERVICES	845,668	864,176	1,285,769	2.19%	52.0%
504-MATERIALS & SUPPLIES	5,711,211	6,151,048	6,217,836	7.70%	8.9%
507-TAXES	14,943	11,081	13,020	-25.85%	-12.9%
509-OTHER	91,908	76,345	56,421	-16.93%	-38.6%
TOTAL	\$ 14,926,668	\$ 15,663,578	\$ 15,783,396	4.94%	5.7%



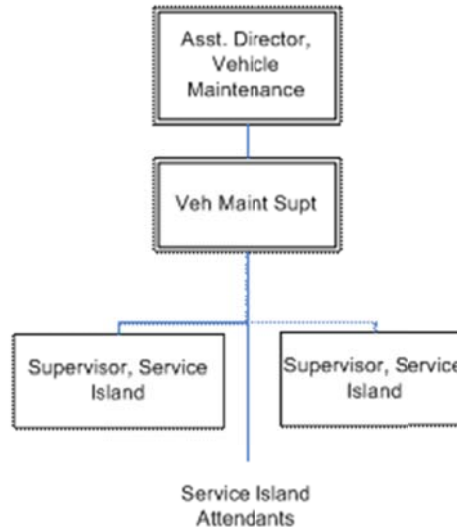


Service Island

Functions and Responsibilities

The Service Island is responsible for fueling and cleaning the fleet on a daily basis. Primary functions include daily cleaning, checking and servicing fluids on all cars, vans, trucks, and support equipment, as well as fueling buses. Other functions include collecting and depositing cashboxes into receiver vaults, extracting ridership data from farebox units, managing an outside contractor to detail the buses, and supporting special events.

Service Island Department Organizational Chart



FY 2008 Accomplishments

- ◆ Serviced fleet for revenue service daily in a timely manner

Planned Initiatives

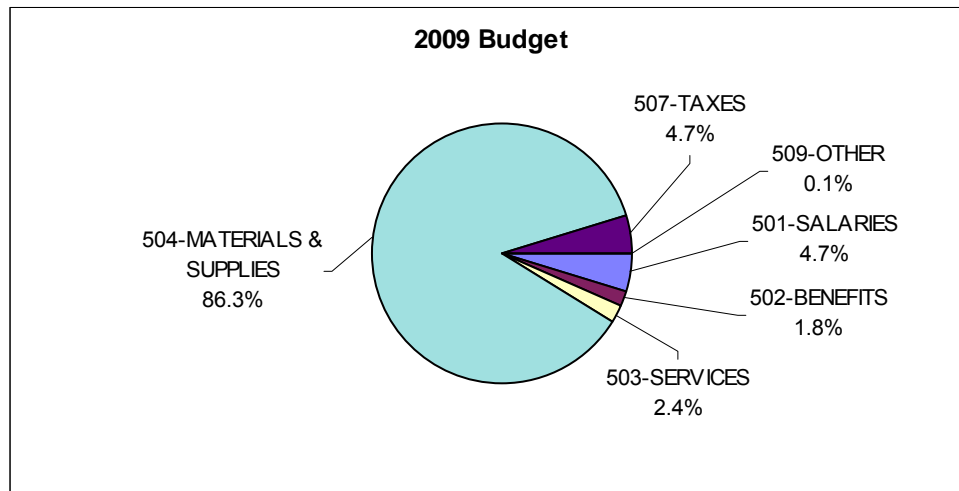
- ◆ Fuel and service revenue vehicles for service every day

Service Island

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Increase as a result of addition of Vehicle Maintenance Superintendent at a higher rate than what was budgeted for FY 2008.
- ◆ **Materials & Supplies** – Fuel costs are projected to continue to increase based on current market conditions, and anticipated future global concerns. Additionally, the authority is adding miles to the FY 2009 service routes.
- ◆ **Taxes** – Directly related to cost of fuel purchased; therefore, an increase in the FY 2009 budget.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 1,099,263	\$ 1,037,954	\$ 1,147,782	-5.58%	4.4%
502-BENEFITS	412,377	335,940	446,636	-18.54%	8.3%
503-SERVICES	390,180	509,404	575,332	30.56%	47.5%
504-MATERIALS & SUPPLIES	13,810,846	16,902,570	20,845,280	22.39%	50.9%
507-TAXES	1,043,618	978,864	1,135,372	-6.20%	8.8%
509-OTHER	2,520	12,978	14,316	415.00%	468.1%
TOTAL	\$ 16,758,804	\$ 19,777,710	\$ 24,164,717	18.01%	44.2%



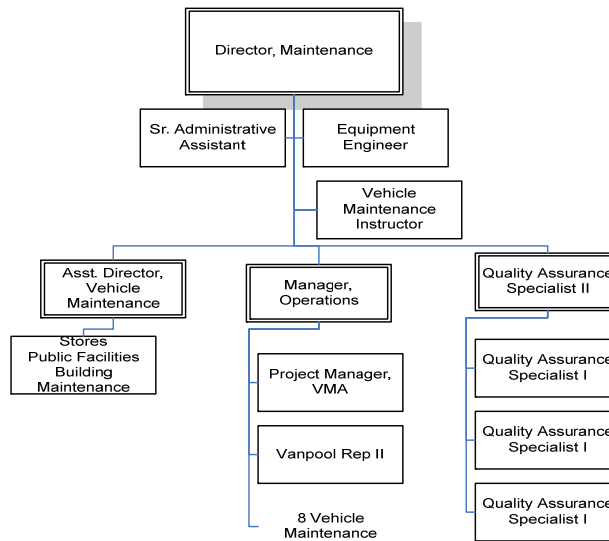


Vehicle Maintenance - Administration

Functions and Responsibilities

The Vehicle Maintenance - Administration department is responsible for the management and oversight of running repair, service island, stores, public facilities, and building maintenance. Other essential responsibilities are budget management, vehicle acquisition, passenger amenities maintenance, safety, training, and project management of an Inter-local Agreement with Lower Colorado River Authority (LCRA) to provide radio services.

Vehicle Maintenance Department Organizational Chart



FY 2008 Accomplishments

- ◆ Completed the replacement of the in-ground bus lifts.
- ◆ Moved Paratransit and the UT Shuttle into the North Operations Facility
- ◆ Implementation of the ITS system
- ◆ Implemented a new Asset Management system
- ◆ Installed of DriveCam Systems[®] on all vehicles

Planned Initiatives

- ◆ Monitor the manufacture of the Paratransit van replacement fleet
- ◆ Monitor the manufacture of eight new 40' buses

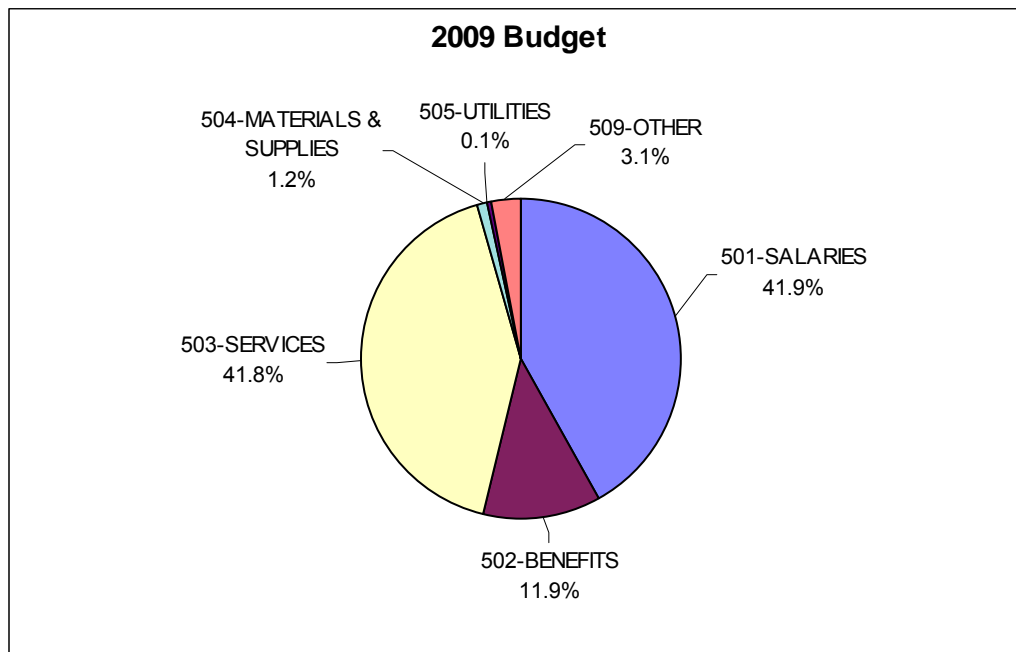


Vehicle Maintenance

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Addition of 2 full-time headcount; however, not planned to be staffed until third quarter FY 2009.
- ◆ **Services** – Decreased costs as a result of lower radio maintenance cost for radios and lower costs for training.
- ◆ **Materials & Supplies** – Increased certifications versus prior year’s budget.
- ◆ **Other** – Increased travel as a result of quality assurance requirement for bus procurements.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 727,713	\$ 603,802	\$ 787,240	-17.03%	8.2%
502-BENEFITS	210,263	130,817	223,692	-37.78%	6.4%
503-SERVICES	873,425	877,379	785,000	0.45%	-10.1%
504-MATERIALS & SUPPLIES	9,004	11,083	22,422	23.09%	149.0%
505-UTILITIES	-	-	2,571	0.00%	100.0%
509-OTHER	51,898	46,392	57,851	-10.61%	11.5%
TOTAL	\$ 1,872,303	\$ 1,669,472	\$1,878,775	-10.83%	0.3%





Stores

Functions and Responsibilities

The Stores department is responsible for managing the inflow and outflow of materials and supplies for the maintenance departments while maintaining adequate supplies of preventive and non-routine repair parts for the entire fleet of vehicles, and for building maintenance.

Stores Department Organizational Chart



FY 2008 Accomplishments

- ◆ Implementation of a new Asset Management System
- ◆ Eliminated the need for a physical inventory through daily cycle counts

Planned Initiatives

- ◆ Implementation of the Electronic Parts Catalog
- ◆ Improving parts availability through emphasis on the Inventory Control functions

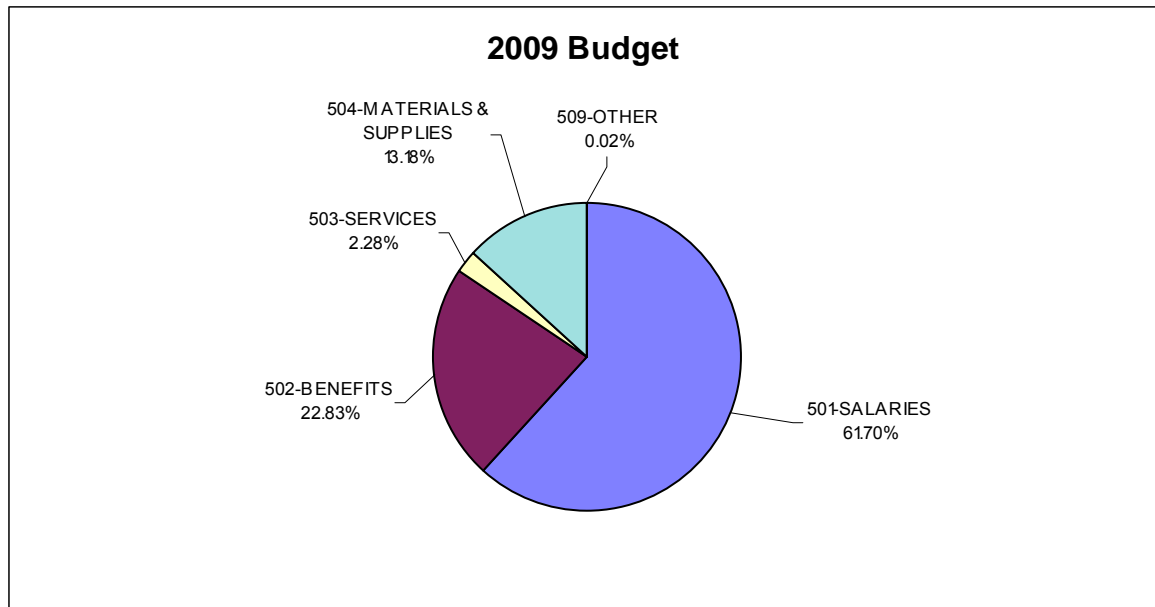


Stores

Major Budgetary Changes

- ◆ **Material & Supplies** – Increases as a result of increased shipping costs versus prior year.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 417,936	\$ 441,900	\$ 422,391	5.73%	1.1%
502-BENEFITS	150,477	148,175	156,273	-1.53%	3.9%
503-SERVICES	13,278	8,148	15,617	-38.64%	17.6%
504-MATERIALS & SUPPLIES	80,751	104,168	90,218	29.00%	11.7%
505-UTILITIES	-	2,898	-	100.00%	0.0%
509-OTHER	-	-	120	0.00%	100.0%
TOTALS	\$ 662,442	\$ 705,289	\$ 684,619	6.47%	3.3%

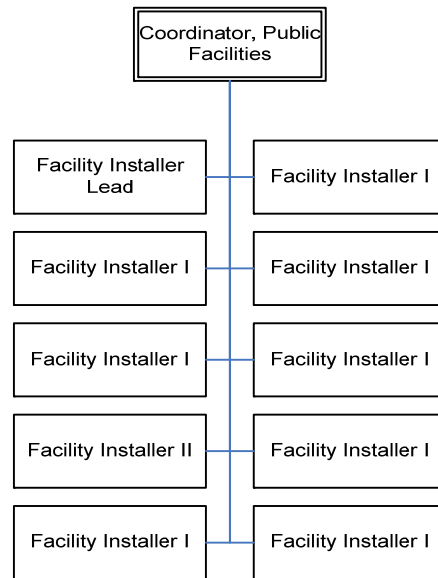


Public Facilities

Functions and Responsibilities

The Public Facilities department is responsible for maintaining public facilities, bus stops and signage throughout the Capital Metro service area. Primary functions include cleaning bus stops, servicing litter containers, coordinating installation and removal of amenities, supporting special events, and performing service change tasks such as changing and updating bus stop signs and other passenger information signs.

Public Facilities Department Organizational Chart



FY 2008 Accomplishments

- ◆ Provided scheduled cleaning and repairs to an ever-increasing inventory of stops
- ◆ Completed passenger information updates for service changes
- ◆ Provided support to special events, such as the APTA 2008 Roadeo, Austin City Limits and Trail of Lights

Planned Initiatives

- ◆ Provide for cleaning and repairs to an increasing inventory of passenger amenities
- ◆ Participate in adding new public amenities such as benches and shelters
- ◆ Continue to maintain a level of quality of passenger information such as schedules and bus stop signs

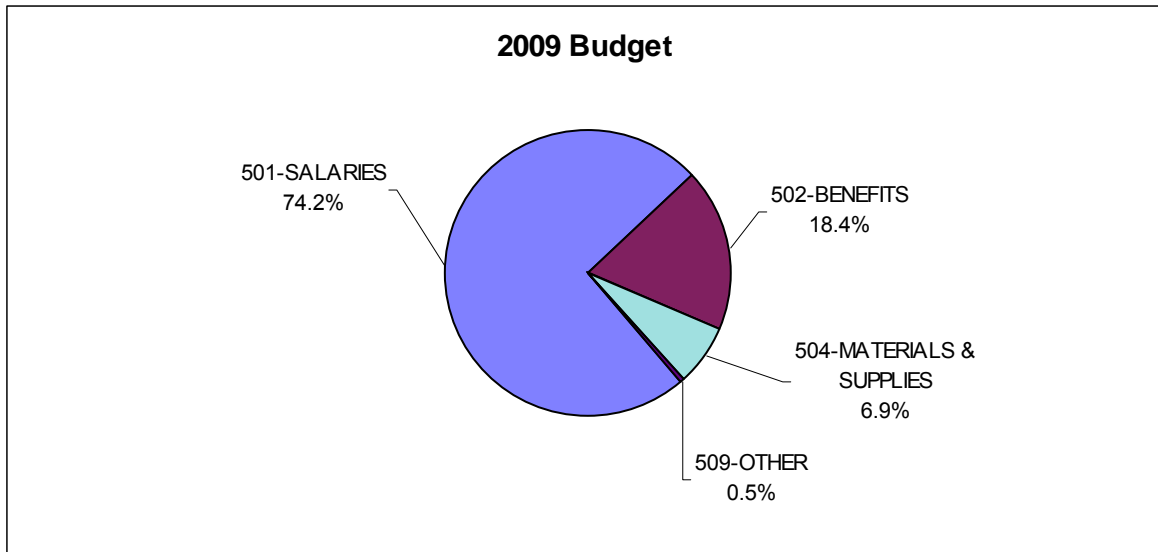


Public Facilities

Major Budgetary Changes

- ◆ **Material & Supplies** – Increases as a result of FY 2008 experienced activity versus budget.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 500,597	\$ 402,660	\$ 487,906	-19.56%	-2.5%
502-BENEFITS	132,527	119,323	121,305	-9.96%	-8.5%
503-SERVICES	-	21,196	-	100.00%	0.0%
504-MATERIALS & SUPPLIES	30,557	30,514	45,628	-0.14%	49.3%
509-OTHER	5,480	7,670	3,080	39.97%	-43.8%
TOTAL	\$ 669,161	\$ 581,363	\$ 657,918	-13.12%	-1.7%



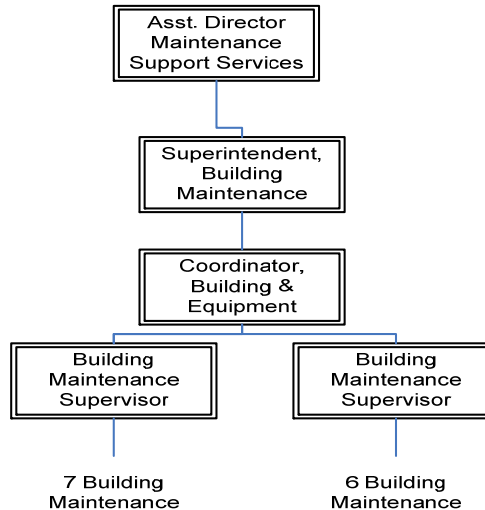


Building Maintenance

Functions and Responsibilities

The Building Maintenance department is responsible for performing preventive maintenance and repairs on all Capital Metro buildings and equipment. Primary functions include repairing and maintaining equipment in vehicle maintenance, providing operational and mechanical support for fueling equipment, maintaining bus-washing equipment, and maintaining Capital Metro buildings, mechanical systems, and property.

Building Maintenance Department Organizational Chart



FY 2008 Accomplishments

- ◆ Supported fleet operations by performing planned maintenance and provided emergency repairs as needed to all active systems and buildings
- ◆ Provided maintenance support to the new facilities at 624 Pleasant Valley, 5316 Ed Bluestein, Northwest Park and Ride, and North Operations facility
- ◆ Continued support of all facilities to ensure 24/7 operations
- ◆ Provided requisitions and specifications for major replacement and upgrades for shop equipment that included:
 - New HVAC system at Administration Building
 - Replacement bus lifts
- ◆ Provided support for the relocation of the UT Shuttle to the North Operations facility
- ◆ Improved bus safety capabilities with the installation of an in-ground brake tester

Planned Initiatives

- ◆ Continue planned maintenance for all Building Maintenance assets and associated repairs to reduce unplanned work orders/requests (emergency work included)
- ◆ Provide oversight and assistance of support services related to new facilities, such as the new North Ops facility

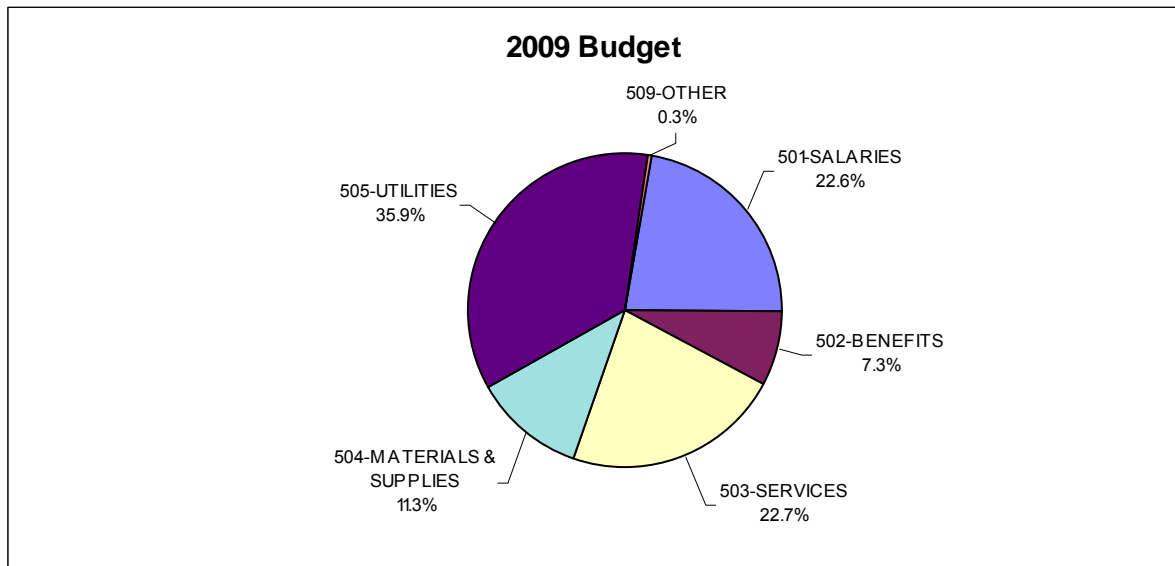


Building Maintenance

Major Budgetary Changes

- ◆ **Services** – Increase mainly due to addition of North Ops Facility on-line for full year versus FY 2008. Additionally, increase is due to the actual amount of associated maintenance and custodial services that have been experienced in FY 2008.
- ◆ **Utilities** – Increase due to addition of North Ops Facility on-line for full year versus FY 2008. Additionally, increase is due to anticipated increases for water, electric, waste water, and natural gas from utility suppliers.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 899,830	\$ 690,080	\$ 943,638	-23.31%	4.9%
502-BENEFITS	317,767	227,879	304,587	-28.29%	-4.1%
503-SERVICES	675,201	1,000,670	946,761	48.20%	40.2%
504-MATERIALS & SUPPLIES	430,468	467,078	472,713	8.50%	9.8%
505-UTILITIES	1,157,787	1,353,314	1,499,817	16.89%	29.5%
509-OTHER	6,160	10,721	11,641	74.04%	89.0%
TOTAL	\$ 3,487,213	\$ 3,749,743	\$4,179,158	7.53%	19.8%



Capital Projects Group

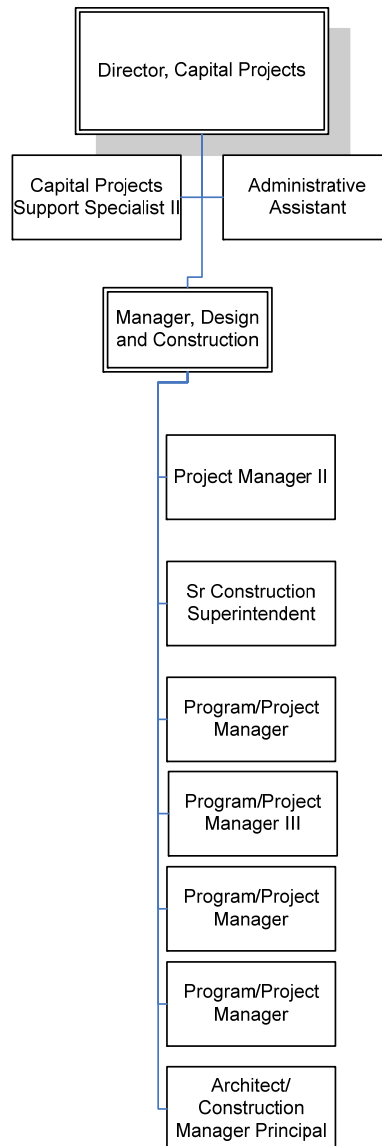


(Facilities Design & Construction)

Functions and Responsibilities

The Facilities Design & Construction department is responsible for the management of the Build Central Texas (BCT) Program, Consolidated Passenger Amenities Program, Implementation of Satellite Operating Facilities and the Passenger Amenities identified in the All Systems Go Plan, Federal Transit Administration Compliance, and Facilities Design & Construction, including renovations to administrative space, both leased and owned.

Capital Projects Group Department Organizational Chart





FY 2008 Accomplishments

- ◆ Completion and occupancy (by UT Shuttle, Metro Rail Admin, Veolia, and MetroAccess call center) of North Operations and Maintenance Facility
- ◆ Completion of South Congress Transit Center
- ◆ Completion the Pavilion Park & Ride expansion and upgrade
- ◆ Secured the following in support of the Commuter Rail project:
 - Acquisition of multiple parcels in Robinson Ranch;
 - License Agreement with City of Austin for MLK station;
 - Multiple Use Agreement with TxDOT for Howard station;
 - Drainage Easement with City of Austin for Kramer station;
 - Facility Easement with property owner for Kramer station;
 - Relocation of utilities for Kramer station;
 - Renewal and expansion of P&R Lease at Great Hills Baptist Church; and
 - Right-of-entry from property owner for rail bridge in Manor
- ◆ Development, Board adoption and initial implementation of an expanded Passenger Infrastructure (bus stop and related) program

Planned Initiatives

- ◆ Complete the bid documents for the demolition of the Serta portion of the North Operations & Maintenance facility
- ◆ Complete and place into service the Oak Hill Interim Park and Ride
- ◆ Complete the Long-Range Facilities Programming Study
- ◆ Complete the Parking Management Study
- ◆ Begin construction on the parking expansion of the North East Operations & Maintenance facility

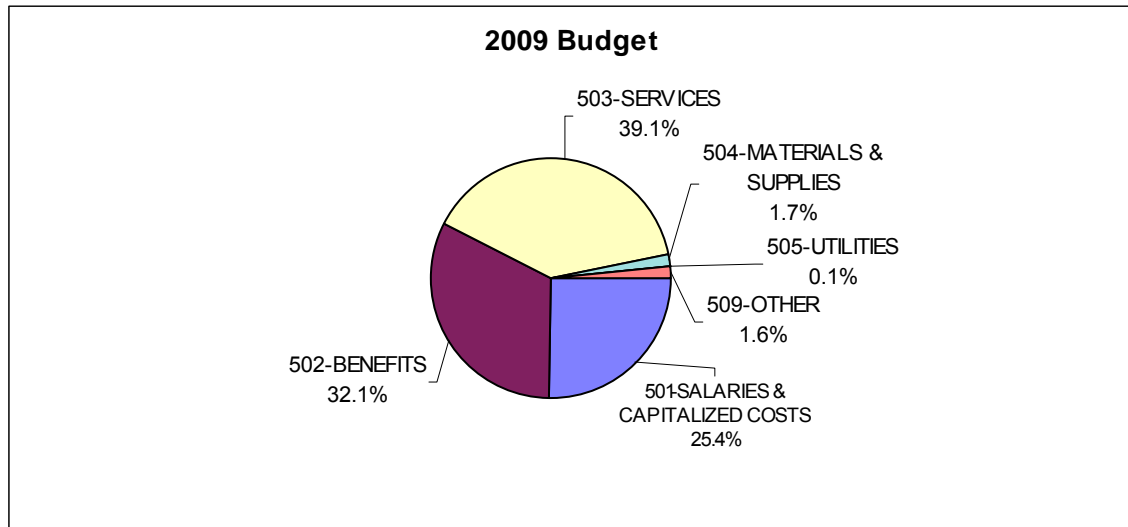


Capital Projects Group

Major Budgetary Changes

- ◆ **Salaries & Capitalized Costs** – Anticipated less activity for capital projects versus FY 2008 budgeted activity.
- ◆ **Services** – Decreased level of new projects and land purchases resulting in fewer market studies and/or development reports.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES & CAPITALIZED COSTS	\$ (336,042)	\$ 166,146	\$ 146,967	-149.44%	4.9%
502-BENEFITS	180,175	156,924	186,266	-12.90%	3.4%
503-SERVICES	609,954	366,428	226,364	-39.93%	-62.9%
504-MATERIALS & SUPPLIES	7,706	58,798	9,842	663.01%	27.7%
505-UTILITIES	-	-	582	0.00%	100.0%
509-OTHER	18,555	60,031	9,481	223.53%	-48.9%
TOTAL	\$ 480,348	\$ 808,327	\$ 579,501	68.28%	4.9%



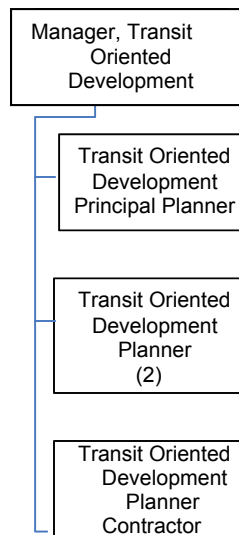


Capital Projects Group (T. C. D.)

Functions and Responsibilities

The Transit Community department (TCD) is responsible for the management of transit community development initiative and assisting with the implementation of the All Systems Go Plan.

Transit Community Department Organizational Chart



FY 2008 Accomplishments

- ◆ Developed and published the Transit Ready Development Guide
- ◆ Developed concept plan, initial pro forma, and overall strategy for Leander TOD project
- ◆ Developed Fencing and Pedestrian Crossing Guidelines for Board review and approval
- ◆ Negotiated and gained Board approval of Joint Development Agreement for the TOD at Crestview Station
- ◆ Completed transportation engineering report on Airport & Lamar intersection for City and CAMPO review

Planned Initiatives

- ◆ Negotiate and execute a Joint Development Agreement for the Leander TOD
- ◆ Complete land-use section of the APTA Sustainability and Urban Design Standards project
- ◆ Manage the design and construction of the first Rails with Trails project
- ◆ Develop guidelines and policies for pedestrian and bicycle access for future Capital Metro projects
- ◆ Assist in planning of future transit projects and associated Transit Oriented Developments

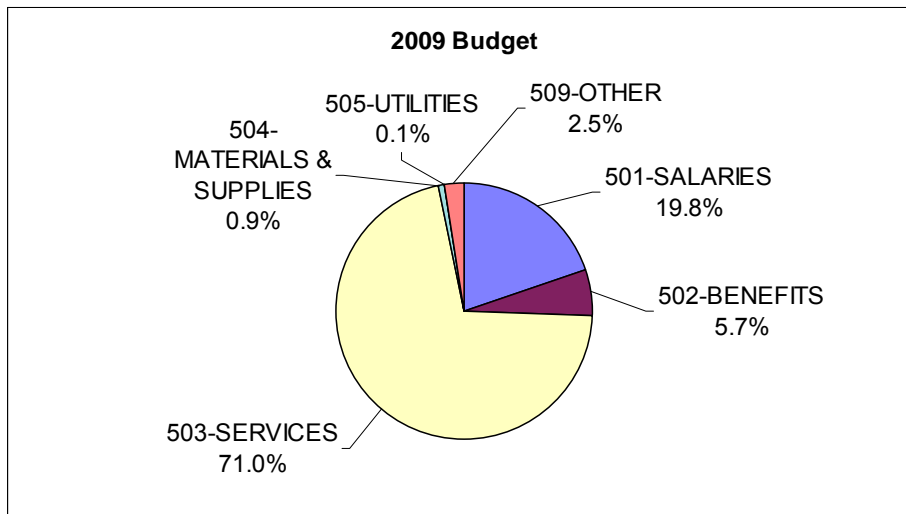


Capital Projects Group (T. C. D.)

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Decreased one position for FY 2009
- ◆ **Services** – Reduced costs for market studies, architectural fees, legal fees, and due diligence for anticipated real estate activities due to a more focused effort for planned activities for FY 2009.
- ◆ **Other** – Increased cost for associated fees with professional memberships and organizations that allows for online memberships for cost comparisons on similar projects.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 223,300	\$ 223,466	\$ 167,760	0.07%	-24.9%
502-BENEFITS	64,719	50,735	48,110	-21.61%	-25.7%
503-SERVICES	640,000	107,882	600,000	-83.14%	-6.3%
504-MATERIALS & SUPPLIES	-	577	7,600	100.00%	100.0%
505-UTILITIES	-	-	780	0.00%	100.0%
509-OTHER	8,050	7,204	20,950	-10.51%	160.2%
TOTAL	\$ 936,069	\$ 389,864	\$ 845,201	-58.35%	-9.7%





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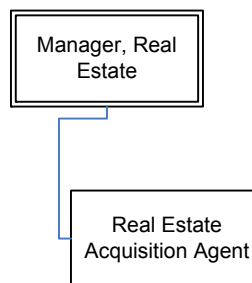
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Capital Projects Group (Real Estate)

Functions and Responsibilities

The Real Estate department is responsible for the management of the real estate holdings of Capital Metro, leasing & leased facility management, the purchase and sale of property, and the analysis & due diligence of site selection along with the adherence to the Federal Transit Administration and Compliance.

Real Estate Department Organizational Chart



FY 2008 Accomplishments and Planned Initiatives

See Facilities Design and Construction Department.

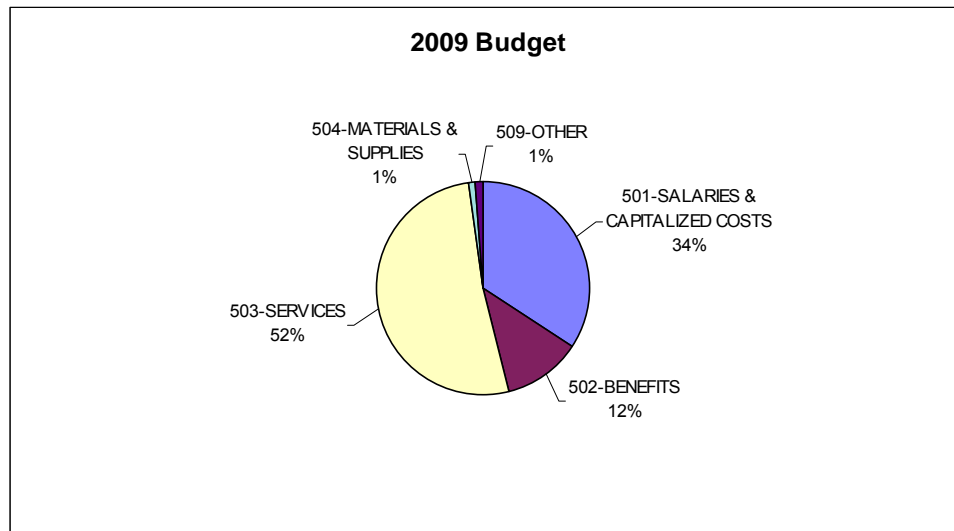


Capital Projects Group (Real Estate)

Major Budgetary Changes

- ◆ **Services** – Continued support of Authority’s strategic plans for land and property acquisitions for long-term development. Decrease in costs versus FY08 budget is as a result of the completion of the Facility Master Plan that was budgeted for FY08.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES & CAPITALIZED COSTS	\$ 123,512	\$ 132,793	\$ 109,355	7.51%	-24.9%
502-BENEFITS	35,705	30,962	38,707	-13.28%	8.4%
503-SERVICES	275,000	30,144	165,191	-89.04%	-39.9%
504-MATERIALS & SUPPLIES	-	34	3,600	100.00%	100.0%
509-OTHER	-	1,340	3,790	100.00%	100.0%
TOTAL	\$ 434,217	\$ 195,274	\$ 320,643	-55.03%	-24.9%





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Capital Projects Group (Property Management)

Functions and Responsibilities

The Property Management department is responsible for the organization and oversight of capital facilities maintenance, and data relating to operating expenses of such capital facilities.

Property Management Department Organizational Chart



FY 2008 Accomplishments and Planned Initiatives

See Facilities Design and Construction Department.

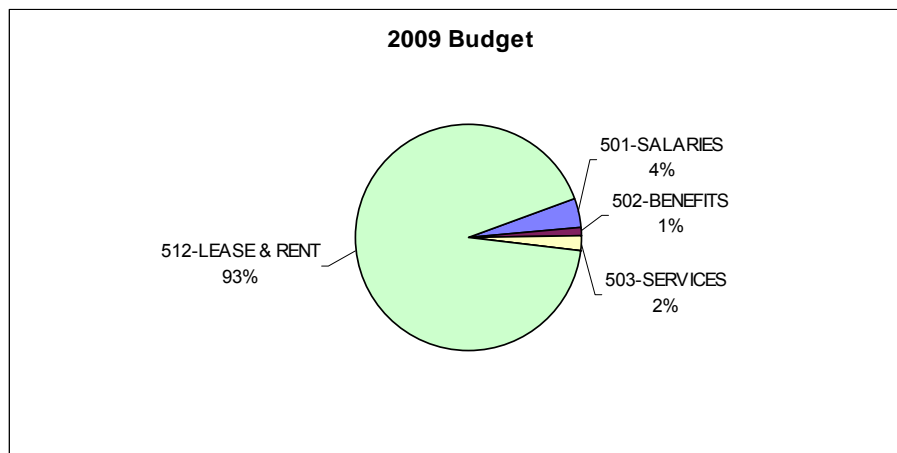


Capital Projects Group (Property Management)

Major Budgetary Changes

- ◆ **Services** – Reduced activity from contractor services for appraisals and property management services.
- ◆ **Other** – Decrease in expenses from prior year as a result of moving out of the Loyola facility.
- ◆ **Lease/Rent** – Increased rent due to month-to-month rent for a key downtown facility while attempting to relocate that organization.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 38,949	\$ -	\$ 40,117	-100.00%	3.0%
502-BENEFITS	10,397	-	10,496	-100.00%	1.0%
503-SERVICES	50,000	1,142	19,800	-97.72%	-60.4%
509-OTHER	199,050	89,430	-	-55.07%	-100.0%
512-LEASE & RENT	582,155	730,345	753,132	25.46%	29.4%
TOTAL	\$ 880,551	\$ 820,918	\$ 823,546	-6.77%	-6.5%



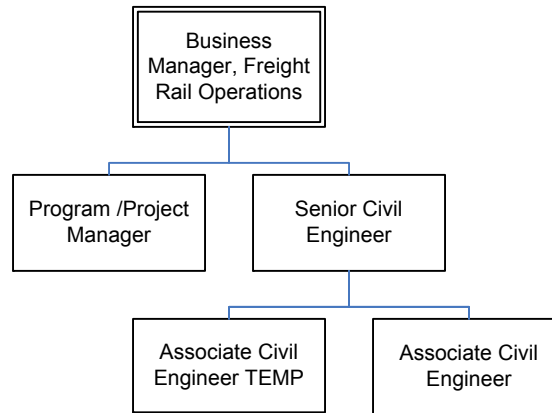


Freight Railroad

Functions and Responsibilities

The Freight Railroad department is responsible for the managing and preserving of the Authority's railroad assets for future mass transit use and the transportation of freight along the Freight Rail Line. Currently the department manages approximately 162 miles of railroad right-of-way known as the Giddings/Llano rail line. Management of Giddings/Llano rail line is accomplished through a rail freight operator, whose responsibility is to fulfill the common carrier obligations by providing freight service to shippers along the line as well as implementing aggressive marketing strategies to maximize revenues while providing efficient freight service. The department processes and manages applications for lease and license agreements for access and use of the railroad rights-of-way for roads, utilities and fiber optics while maximizing revenue potential through these uses. All of this is accomplished while maintaining the track and track infrastructure to Federal Railroad Administration (FRA) regulations and adhering to strict safety guidelines and mandates.

Freight Railroad Department Organizational Chart



FY 2008 Accomplishments

- ◆ Partnered with largest customer of freight line to forge a business partnership for long-term profitability for the freight rail operation
- ◆ Created a business model that identifies the break-even points based upon variables of the freight rail operation, which allows for flexibility in business operations and measurements for profitability
- ◆ Created Business Manager position for freight rail operation to monitor, assist, plan, prioritize, and review all aspects of freight operations to work towards profitability for operation
- ◆ Partnered with vendors of freight rail operation for additional revenue opportunities on freight line to generate long-term new and/or additional revenue streams for this line of business

Planned Initiatives

- ◆ Finalize terms of agreement with largest customer for long-term contract for car moves along freight line, which will ensure a level of revenue that provides operational success and the ability to plan for growth
- ◆ Assure senior leadership is informed of budgeted expectations, and how the operation is performing to those expectations
- ◆ Start rehabilitation of freight line in order to allow heavier loads to be moved along the entire length of the freight line
- ◆ Work closely with freight rail operators and the Class I railroads to ensure smooth and uninterrupted service as a result of MetroRail operations coming online in FY09



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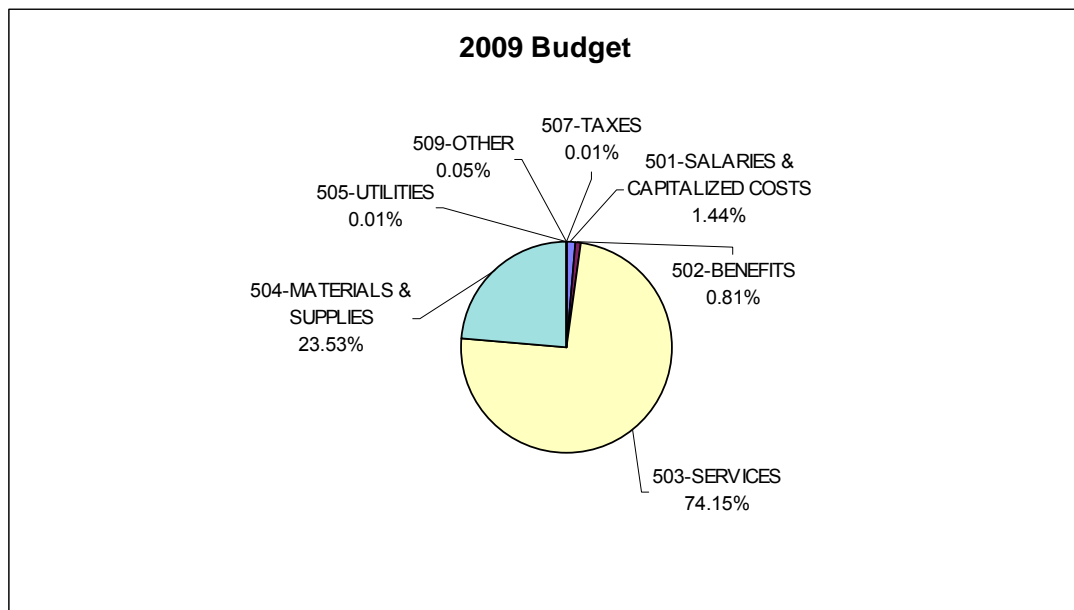


Freight Railroad

Major Budgetary Changes

- ◆ **Services** – Relatively flat costs per car moved from the contractors providing the freight services for the rail line. This cost may increase as a result of moving more cars for FY09 versus FY08. We continue to work on long-term agreements with the major shipper on the line (Capitol Aggregates) to ensure a minimum of cars moved in order to reimburse Capital Metro for the operating costs associated with that level of activity on the freight line.
- ◆ **Materials & Supplies** – Fuel costs drive the major component of this expense category. Currently the rail operator is working to adjust the gallons per revenue car moved to a more efficient 22 gallons of fuel versus the FY08 performance of approximately 25 gallons per revenue car moved.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES & CAPITALIZED COSTS	\$ 361,942	\$ 298,757	\$ 185,513	-17.46%	4.9%
502-BENEFITS	87,430	70,256	104,811	-19.64%	19.9%
503-SERVICES	9,042,940	8,121,775	9,569,740	-10.19%	5.8%
504-MATERIALS & SUPPLIES	2,207,880	2,598,558	3,037,103	17.69%	37.6%
505-UTILITIES	-	-	1,140	0.00%	100.0%
507-TAXES	8,170	4,577	1,881	-43.98%	-77.0%
509-OTHER	6,280	7,324	5,980	16.62%	-4.8%
TOTAL	\$ 11,714,642	\$ 11,101,247	\$ 12,906,168	-5.24%	4.9%





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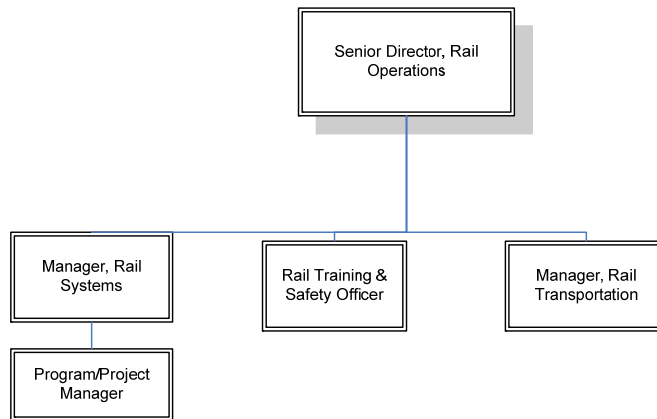


Commuter Rail Operations

Functions and Responsibilities

The Commuter Rail Operations department is responsible for the implementation, management and oversight of commuter rail, anticipated to begin offering services to the community between Leander and the Downtown Convention Center in FY 2009.

Commuter Rail Operations Department Organizational Chart



FY 2008 Accomplishments

- ◆ Completed the following construction milestones on the Commuter Rail Corridor:
 - Secondary Main Track
 - Parmer Siding
 - 4th Street track work — west of IH35
 - MoPac realignment at Howard Station
- ◆ Completed the following platforms for the Commuter Rail Stations
 - Leander
 - Lakeline
 - Crestview
 - Highland Mall
 - 4th Street (Downtown Austin)
- ◆ Completed the construction of the Rattan Creek Bridge and Brushy Creek Bridge
- ◆ Began upgrades to signal system within commuter corridor
- ◆ Began integration of the Centralized Track Control (CTC) with existing signals

Planned Initiatives

- ◆ Complete signal upgrades and complete integration of the CTC for rail operations
- ◆ Complete the following stations & sidings for revenue service: MLK, Kramer, Howard, Crestview/Wooten Stations and Kramer & MLK Siding
- ◆ Realign the track at the Austin Junction to optimize commuter and freight movements
- ◆ Complete Quiet Zones within the Commuter Rail Corridor (Cedar Park and Austin)
- ◆ Initiate Commuter Rail (MetroRail) service for the public on March 30, 2009



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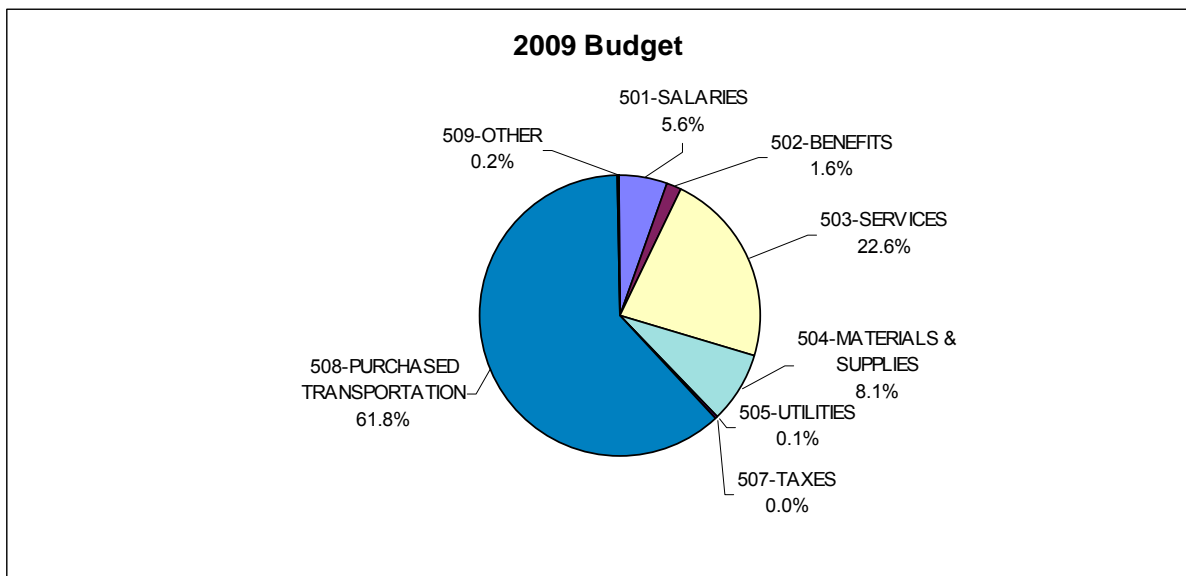


Commuter Rail Operations

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Increase due to reduction of capitalized labor and salaries for FY 2009 versus FY 2008 and increase for security personnel to assist with rail crossing safety.
- ◆ **Materials & Supplies** – Increase due to fuel for beginning commuter rail service in FY 2009.
- ◆ **Services** – Costs associated with start-up planning, train scheduling, operating plan development, operating and maintenance cost analysis, bus interface planning, training support, failure management analysis, regulatory/safety assistance and proposal/ contract analysis as a result of commuter rail implementation and operations.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ 502,652	\$ 483,713	\$ 377,854	-3.77%	-24.8%
502-BENEFITS	140,372	95,479	106,170	-31.98%	-24.4%
503-SERVICES	6,311,622	4,581,066	5,650,424	-27.42%	-10.5%
504-MATERIALS & SUPPLIES	183,648	98,293	539,678	-46.48%	193.9%
505-UTILITIES	-	-	3,480	0.00%	100.0%
507-TAXES	1,438	2,560	548	78.00%	-61.9%
509-OTHER	18,340	16,529	13,390	-9.88%	-27.0%
TOTAL	\$ 7,158,072	\$ 5,277,640	\$6,691,544	-26.27%	-6.5%





Business Center

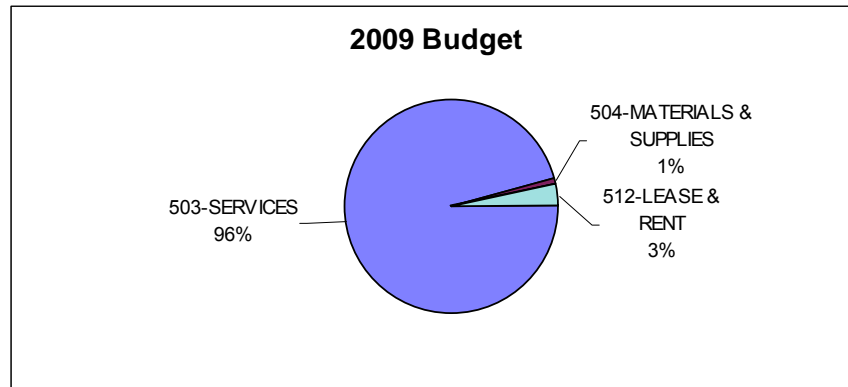
Functions and Responsibilities

The Business Center provides support services to Capital Metro facilities including printing, copying, postal and messenger services.

Major Budgetary Changes

- ◆ **Services** – Increase in provider contract costs
- ◆ **Materials & Supplies** – Increase in contract costs

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
503-SERVICES	\$ 413,564	\$ 427,842	\$ 432,713	3.45%	4.6%
504-MATERIALS & SUPPLIES	3,572	1,730	3,738	-51.56%	4.6%
509-OTHER	-	786	-	100.00%	0.0%
512-LEASE & RENT	14,790	10,738	15,475	-27.40%	4.6%
TOTAL	\$ 431,926	\$ 441,096	\$ 451,926	2.12%	4.6%





Wellness and Fitness Centers

Functions and Responsibilities

The Wellness and Fitness Centers department's mission is to partner with our employees to improve and maintain healthy long-term lifestyle habits to create a workforce that fulfills Capital Metro's mission. The department's primary responsibilities are to:

- Develop innovative programs to identify and find solutions to Capital Metro's health risk problems;
- Create awareness, work to change employee behaviors, and develop healthy patterns and habits to achieve the dual goal of reducing health care costs and improving employee morale;
- Coordinate wellness initiatives to improve employees' knowledge of health issues; and
- Develop and manage fitness centers for Capital Metro.

FY 2008 Accomplishments

- ◆ Improved focus on employee wellness through incentives for lifestyle improvements
- ◆ Introduced nutritional services by adding a part-time Dietician to assist employees and present nutritional programs monthly
- ◆ Opened new wellness program and fitness facility at the North Ops Location
- ◆ Offered free health risk assessments with biometrics for employees
- ◆ Introduced changes to medical plan to encourage wellness and healthier living

Planned Initiatives

- ◆ Review annual reports to further develop programs for the Wellness and Fitness Program
- ◆ Create a Wellness and Fitness Committee that will officially recommend incentives and programs based on feedback from employees to Capital Metro management
- ◆ Continue to promote a wellness culture by offering new programs and contests to encourage healthy lifestyles
- ◆ Review expenses/savings derived from Medical and Dental Plan changes that encourage healthy lifestyles

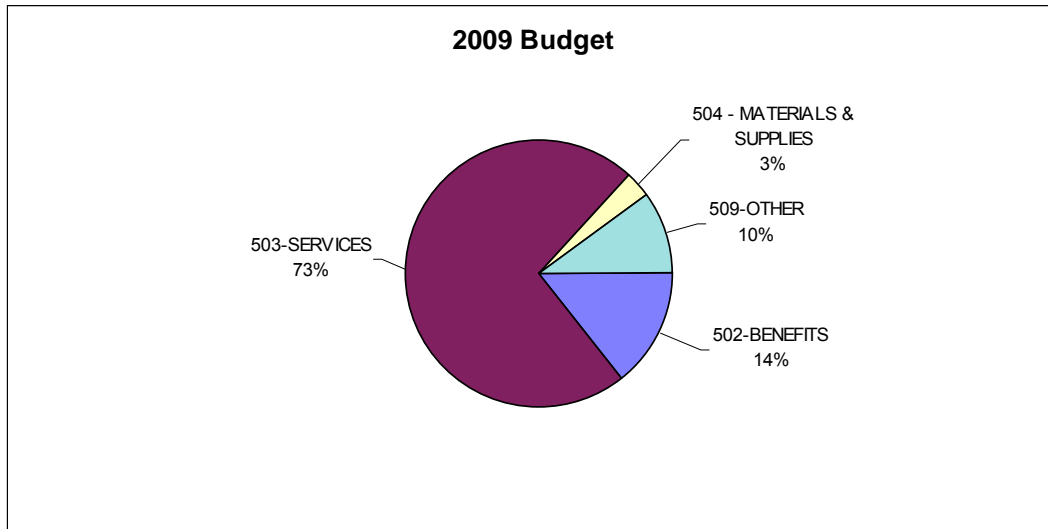


Wellness and Fitness Centers

Major Budgetary Changes

- ◆ **Benefits** – Expenses for the annual Health Fair and healthy eating program are budgeted in this category instead of the Other category for FY 2009
- ◆ **Services** – Additional fees under the contract with Health and Lifestyles for additional staffing. A personal trainer was added at the North Ops site. Capital Metro now covers the funding for the Tri-Fit position due to the end of grant funding.
- ◆ **Materials & Supplies** – Maintenance for fitness equipment, computer program updates for the Tri-Fit Polar program, new gym replacement items and other educational material at all fitness sites.
- ◆ **Other** – See explanation in Benefits above.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
502-BENEFITS	\$ -	\$ 186	\$ 51,900	100.00%	100.0%
503-SERVICES	234,705	202,751	262,500	-13.61%	11.8%
504-MATERIALS & SUPPLIES	14,650	5,358	10,300	-63.43%	-29.7%
509-OTHER	115,435	85,735	36,500	-25.73%	-68.4%
TOTAL	\$ 364,790	\$ 294,030	\$ 361,200	-19.40%	-1.0%





Childcare Facility

Functions and Responsibilities

The Capital Metro Child Care and Learning Center opened on July 31, 2006. It is being operated by Bright Horizons Family Solutions through a contract with Capital Metro. The Center provides families of Capital Metro with an on-site, high quality child development environment. During the first and second years of operation, a lower turnover and absenteeism rate for employees using the Center has been achieved.

FY 2008 Accomplishments

- ◆ Established partnership with Texas Workforce Solutions to begin accepting Child Care Assistance.
- ◆ Increased enrollment by 45% compared to previous year.
- ◆ Received recertification as a “Texas Rising Star” Center in recognition of high quality care offered by the Center.

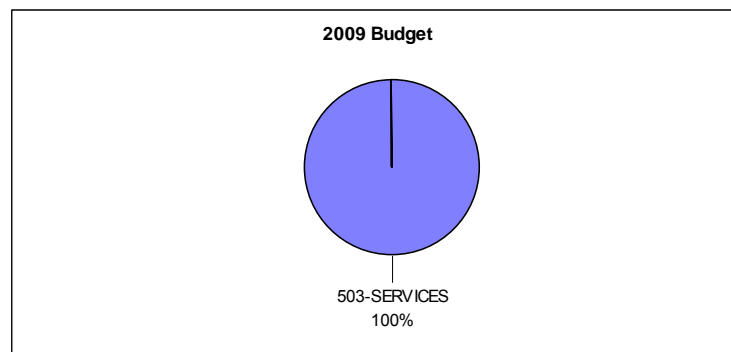
Planned Initiatives

- ◆ Implement partnerships with area employers to increase enrollment in preschool age groups.
- ◆ Begin National Association for Young Children accreditation process.

Major Budgetary Changes

- ◆ **Services** – The cost for operation of the Center through the contract with Bright Horizons was increased for FY 2009 to reflect continued growth of enrollment and increased staffing; projected revenue for the Center was also increased based on projected enrollment increases and tuition increases.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
503-SERVICES	\$ 562,284	\$ 522,301	\$ 588,982	-7.11%	4.7%
509-OTHER	1,000	548	-	-45.16%	-100.0%
TOTAL	\$ 563,284	\$ 522,850	\$ 588,982	-7.18%	4.6%





Non-Allocated General & Administrative Overhead

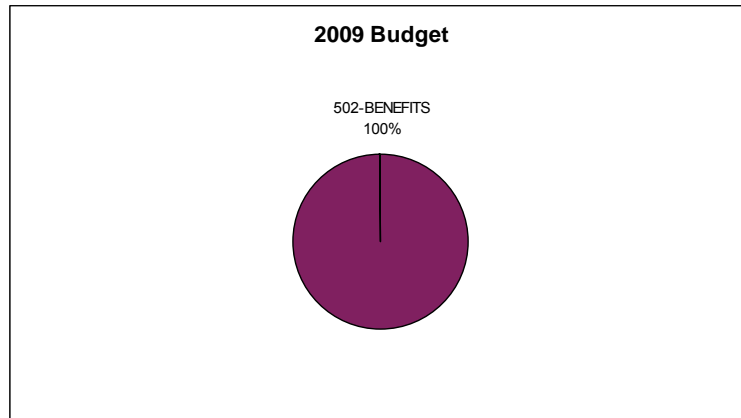
Functions and Responsibilities

This department captures various costs of employee benefits such as health, dental, life insurance, and retirement.

Major Budgetary Changes

- ◆ **Benefits** – Costs to maintain current health benefits projected to increase around 6.3%. Other benefits realize a slight decrease.

<i>Account Category</i>	<i>2008 Budget</i>	<i>FY 2008 Annualized Forecast</i>	<i>2009 Budget</i>	<i>% Variance 2008 Forecast to Budget</i>	<i>% Variance Budget 2009 vs 2008</i>
501-SALARIES	\$ -	\$ 1,552	\$ -	100.00%	0.0%
502-BENEFITS	18,667,348	18,278,232	19,713,464	-2.08%	5.6%
TOTALS	\$ 18,667,348	\$ 18,279,784	\$ 19,713,464	-2.08%	5.6%





METRO

Capital Metropolitan Transportation Authority
Approved Fiscal Year 2009 Budget

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GLOSSARY

Accounting Basis: Capital Metro utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on an accrual basis.

Accrual based accounting: Revenue and expenses are recorded in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

ADA: Americans with Disabilities Act. Federal legislation that provides guidelines for assuring access to person with disabilities.

AISD: Austin Independent School District.

American Public Transit Association (APTA): Membership organization whose stated mission is to serve and lead its diverse membership through advocacy, innovation and information sharing to strengthen and expand public transportation.

Associated Capital Maintenance (ACM): A Federal Transit Administration capital program that subsidizes the cost of operations through the funding of certain bus and rail maintenance expenses.

Average fare: Operating revenue (fare box and third party fares) divided by the number of boardings.

Balanced Budget: A budget is balanced when current expenditures are equal to revenues.

Boardings: Number of passengers utilizing transit service, measured on entrance of vehicle.

Build Greater Austin: Created in 1994 to support the transportation infrastructure for the Austin metropolitan area. This is an ongoing program with funding of \$78.1 million with seven elements: 1) street maintenance; 2) emergency street repair; 3) transit corridor improvements; 4) pedestrian and bicycle safety/access; 5) sidewalks; 6) transit centers; and 7) transit capital improvements.

CAAA: Clean Air Act Amendments – Federal legislation that protects and enhances the quality of the nation's air resources; initiates and accelerates a national research and development program to prevent and control air pollution; provides technical and financial assistance to state and local governments for air pollution control programs; and encourages and assists regional air pollution control programs.

Capital budget: The portion of the budget that provides for the funding of improvements, projects, and other projects and major equipment purchases. Generally a capital item is one that has a cost in excess of \$5,000 and a useful life in excess of one year.

Capital Expenditure: Expenditures made to purchase capital assets or increase the efficiency, capacity, useful life, or economy of an existing asset.

CMAQ: The Congestion Mitigation & Air Quality Program is a Federal program which funds transportation projects that will contribute to meeting the attainment of national ambient air quality standards.

Contingency funds: Operating funds reserved for unexpected expenditures during the fiscal year that were not addressed in the annual budget.

Commuter rail: Railway for urban passenger train service consisting of local short distance travel operating between a central city and adjacent suburbs.

CTC: Centralized Train Control is a system that allows dispatchers to monitor and control the position of trains currently running on our operating tracks.



Deadhead: Hours of miles that the buses are in service, but there is not a reasonable expectation of carrying passengers. Examples include traveling between the garage and the start of a route and traveling between routes.

Depreciation: Depreciation is the practice used in accounting to spread the cost of an asset over the span of several years.

'Dillo: Downtown circulator service.

Directly Operated Demand Response: Service that is provided on an "as-needed" basis directly by Capital Metro. Includes special transit van and sedan service.

Directly Operated Motor Bus: Scheduled bus service that is provided directly by Capital Metro.

Express route: Limited stop service traveling to and from downtown and park & rides

Fiscal year: A 12-month period for which an organization plans the use of its funds, which does not necessarily correspond to a calendar year. The fiscal year adopted by Capital Metro is from October 1st through September 30th.

Fixed Route: Local bus service including Flyer and excluding fixed route van services.

Fixed Route Van: Local service (primarily in suburban neighborhoods) where ridership does not warrant a full size bus.

Flyer: Bus service that operates as local service in the suburban neighborhoods and then becomes express service to downtown. Ridership, miles and hours are included with Fixed Route.

FTA: Federal Transit Administration – The agency of the Federal government within the U.S. Department of Transportation that is responsible for providing, administering and monitoring funds to transit agencies.

Full-time equivalent position (FTE): A position converted to the decimal equivalent of a full time position based on 2,080 hours per year.

Funds Equity: Captures the aggregate of accumulated revenues and expenses from previous years. This balance is also labeled Net Assets.

Grant: Revenue from another government body or organization, usually in support of a specific program or function.

High occupancy vehicle lanes (HOV): A lane of traffic in a major roadway reserved for vehicles carrying two or more (sometimes three or more) persons.

Interest Income: Income gained from interest on funds that have been placed in reserves for capital placement.

ITS: Intelligent Transportation System is a large project with Orbital being the main vendor that is adding CAD/AVL (Computer Aided Dispatch/Automatic Vehicle Locator) capability to our bus fleet.

MetroAccess Van: Paratransit service for the mobility impaired that is provided by vans. Typically carries several passengers at one time.

MetroAccess Sedan: Paratransit service for the mobility impaired that is provided by sedans. Typically carries one passenger at one time.



MetroAccess Voucher: Paratransit service for the mobility impaired that is provided by various cab companies.

Net Assets: Captures the aggregate of accumulated revenues and expenses from previous years. This balance is also labeled Fund Equity.

New Start: Discretionary federal transit funds for new or extended fixed guideway systems.

Non-attainment area: U.S. region not attaining EPA standards for air pollutants.

Obligation: Funds that have been obligated to a specific purpose but have not been expended.

On-Time Performance: On-time performance is no more than 30 seconds early or 5 minutes and 30 seconds late. Only directly operated regular, flyer and park and ride trips are included.

Operating budget: The portion of the budget that provides for the day-to-day operation of Capital Metro including salaries, benefits, services, materials and other expenses.

Paratransit services: Complementary transportation services for elderly and disabled established in accordance with ADA.

Park & Ride: Supports express limited stop service to and from downtown.

Passenger revenue: Revenue earned through fares charged directly to passengers for transit services.

Peak period: The period during which the maximum amount of travel occurs.

PRC & FSS: Service to Pickle Research Center and the Faculty/Staff Shuttle.

Prior years' carry-over: Funds which are available to finance subsequent fiscal years for capital budget items.

Purchased Transportation Motor Bus: Scheduled service that is provided by a vendor under contract to Capital Metro.

Purchased Transportation Demand Response: Service that is provided on an "as needed" basis by a vendor under contract to Capital Metro.

Recovery ration: Operating revenue divided by operating expense.

Revenue hours: the number of hours that the buses are available to the general public and there is a reasonable expectation of carrying passengers (this includes layover time). May be scheduled or actual; see revenue service below.

Revenue miles: The number of miles that the buses are available to the general public and there is a reasonable expectation of carrying passengers.

Revenue passengers: Transit passengers who enter the system through the payment of a fare as distinguished from those who enter via an employee or complimentary pass.

Revenue service: Transit service run for the purpose of generating revenue, with a route beginning and end point, distinguished from trips run for maintenance purposes or trips which carry passengers without charge.

Ridership: The total number of boardings, including transfers. Also called "Unlinked Passenger Trips". May be based on fare box counts, driver counts, or estimates.



Right of Way (ROW): Capital Metro owned property adjacent to existing rail tracks for purposes of ingress and/or egress.

Rural Demand Response: Advance registration door-to-door service from Lago Vista, Jonestown, and Leander to Highland Mall, Northcross Mall and Central Medical Complex. Currently provided by CARTS.

Rural Feeders: The bus service that connects rural areas (Lago Vista and Manor) with downtown Austin. Currently provided by CARTS.

SAFETEA-LU: On August 10, 2005, President George W. Bush signed the Safe, Accountable, Flexible, Efficient Transportation Equity Act; A Legacy for Users (SAFETEA-LU). This authorizes the Federal surface transportation programs for highways, highway safety, and transit for the 5-year period 2005-2009.

Sales tax: A tax levied and collected by the State for the benefit of Capital Metro. Capital Metro currently collects 1% sales tax.

Section 5307 Urbanized Area Formula (Formerly Section 9): A Federal grant administered by the Federal Transit Administration (FTA) for urbanized areas, providing capital, operating, and planning assistance for mass transportation. Funds are apportioned to urbanized areas utilizing a formula based on population, population density and other factors associated with transit service and ridership.

Section 5309 Capital Program Funds: A Federal grant that provides assistance for the establishment of new rail transit projects, improvement and maintenance of existing rail transit and other fixed-guideway systems, buses and other bus-related capital projects. The bus-funding portion is a discretionary allocation program.

Service span: The length of time during the 24-hour day when service is provided.

Service area: City of Austin and several surrounding areas within Travis County and Williamson County extending over 500 square miles. The service area participates in a one percent (1%) sales tax for funding support and participation with Capital Metro.

Special Events: Service provided to major events such as the Trail of Lights, Austin City Limits Music Festival and South by Southwest (SXSW).

Subscription service: A standing trip reservation for a ride occurring at least once a week from the same origin to the same destination at the same time.

Subsidy / Passenger: The difference between the operating expense and operating revenue divided by the number of boardings.

Third party fares: Fares paid by a third party usually for continuous routine service.

Transit operations: Those authority functions directly or indirectly related to the provision of transportation service.

TVM: Ticket Vending Machine system that will encompass 1) the physical devices at various rail/bus stops where a customer can purchase a ticket/pass and 2) a central computer with software that communicates to the various machines in the field.

UT Shuttle: The bus service provided to connect student living areas with the University of Texas campus. Also provides circulator service around Campus. Currently provided by First Transit.

Van Pool Program: A service provided for a group of people who live and work in close proximity to each other. This service relieves congestion, and reduces pollution.



METRO

Capital Metropolitan Transportation Authority
Approved Fiscal Year 2009 Budget

Vehicle hours: The total number of hours that the buses are in service. This includes both revenue and deadhead hours.

Vehicle miles: The total number of miles traveled while the buses are in service. This includes both revenue and deadhead miles.

Wheelchair boardings: The number of times the wheelchair lift was used on directly operated buses. It does not include MetroAccess or contracted services.

Zero-based budgeting: A method of budgeting in which all expenditures must be justified each new budget period, as opposed to only explaining the amounts requested in excess of the previous period's funding.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Capital Metropolitan Transportation Authority
Texas**

For the Fiscal Year Beginning

October 1, 2007

President

Executive Director



**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

**RESOLUTION CMTA-2008-63
FY2009 Budget**

WHEREAS, pursuant to Section 451.102 of Chapter 451 of the Texas Transportation Code, the budget for FY 2009 has been made available to the public and a public hearing has been conducted.

NOW, THEREFORE BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the October 1, 2008 - September 30, 2009 budget as presented below be adopted.

Operating Expenses by Category	FY 2009 Budget
Labor and Benefits	\$ 89,704,656
Services	9,625,127
Materials and Supplies	8,781,879
Fuel	24,084,576
MetroRail	6,691,544
Freight Rail	12,906,168
Purchased Transportation	22,340,800
Utilities	2,026,586
Insurance	1,248,500
Taxes	1,150,820
Lease/Rentals	768,857
Other	3,273,828
Total Operating Expenses	\$182,603,341

Date: September 29, 2008

**Gina Estrada
Executive Assistant/Board Liaison**



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