



Approved Annual Budget Fiscal Year 2008

October 1, 2007 – September 30, 2008

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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

Chairman and Members of the Board of Directors:

It is my pleasure to submit the Proposed Budget for the 2008 fiscal year. This budget includes funding for services designed to meet Capital Metro's five strategic goals for fiscal year 2008:

- ◆ Improving employee and customer satisfaction
- ◆ Improving the quality of operations performance
- ◆ Enhancing transport options to increase market share
- ◆ Increasing the cost effectiveness of services
- ◆ Stimulating the economic vitality of Texas

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.

Capital Metro's capital program focuses on improving service for our customers. Planned projects include completion of a new transit center and the first commuter rail line, continuation toward implementing the intelligent transportation system, new vehicle purchases, passenger amenities and the continued implementation of the All Systems Go Long-Range Transit Plan.

Zero-Based Budgeting

Capital Metro used a zero-based budgeting process this year. This process begins the budget with all expenses at a level of zero dollars. Department managers plan expenses for the upcoming fiscal year without assuming inclusion of items included in previous budgets. The Executive Vice President of Finance and Administration and budget staff review every line item and its justification with department managers before recommending them for funding. The operating expense budget for the 2008 fiscal year amounts to approximately \$169.2 million.

Quality Service

Our focus on providing quality service to our customers will continue in fiscal year 2008. We are undertaking a comprehensive assessment of all bus services, which in conjunction with a marketing segmentation review, will allow us to direct our services to better meet the travel needs of the citizens within our service area. An organization-wide quality initiative will tie directly into the Authority's strategic plan and will continue to focus on improving our customers' experience.

All Systems Go!

In March 2004, Capital Metro launched All Systems Go, a long-range transportation plan that responds to the Austin area's projected growth in the next 20 years. Thousands of citizens helped create this plan, which includes passenger rail service, expanded local and express bus service, new and improved Park and Ride facilities, and Rapid bus service.



On November 2, 2004, voters approved a referendum on urban commuter rail between Leander and downtown Austin by 62%. The train will run on 32 miles of existing freight tracks. The first of six passenger rail cars will arrive at the beginning of fiscal year 2008. Operations and safety testing of the new system throughout fiscal year 2008 will ensure Capital MetroRail revenue service will begin in fall 2008 as promised to the voters.

In order to support the Capital MetroRail service, this budget includes plans for bus circulator service between rail stations and major destinations. The purchase of twelve new buses will supplement the fleet in order to provide this important service.

The new Leander Park & Ride opened in 2007 to support existing express bus service and future passenger rail service. Construction is continuing on the new South Central Transit Center at Congress and Ben White. And we are exploring sites for future park and ride facilities along major highways such as IH-35 and SH-45.

All Systems Go provides an opportunity to cut through our region's traffic congestion and help ensure that our communities remain great places to live, work and play. A major part of this plan is the Capital MetroRapid bus system. The Capital MetroRapid bus system will upgrade existing routes to use rapid bus technology to control traffic lights during peak hours. Planning for this new service is included in this budget.

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,

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, 2007 – September 30, 2008. 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) 2008.

Major sections of the budget document

Capital Metro’s document is divided into six 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 mission, history, infrastructure, service area, descriptions of each type of service and long range strategic goals. A listing of positions by department and a company organizational chart are 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	39
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 financial statements and explains factors affecting revenues and expenses.	
Capital Budget	53
The capital budget section includes a summary of capital projects and expenditures, along with project descriptions. This section also discusses the Build Central Texas program.	
Department Operating Budgets	57
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	171
The Appendix contains the glossary, attachments and index to assist with the use of this document.	



Capital Metropolitan Transportation Authority
Approved Fiscal Year 2008 Budget

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Mission

Provide high-quality, customer focused, effective and efficient transportation services and systems for our communities.

Vision

Capital Metro envisions a multi-modal transportation system that:

- ◆ Provides ease of mobility
- ◆ Contributes to clean air and water
- ◆ Enhances a sense of community in our neighborhoods, businesses and activity centers
- ◆ Promotes healthy economic development

Values

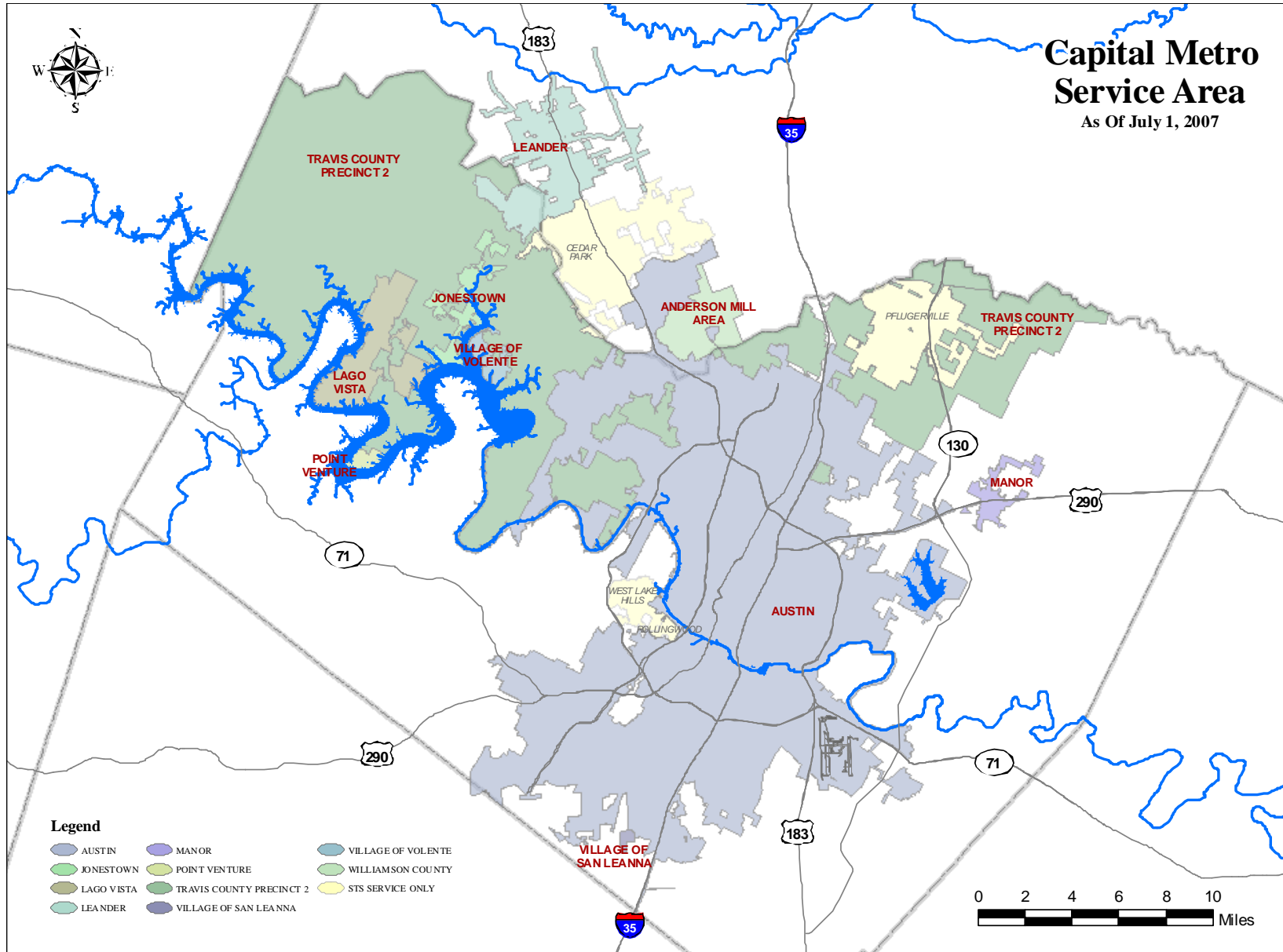
- ◆ Excellence
- ◆ Accountability
- ◆ Mutual Respect
- ◆ Integrity and Honesty
- ◆ Commitment

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. 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 989,000 residents.



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 2008 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. Capital Metro implemented a 50% Discount Pass Program for social service agencies. Over the last two years (2005-2007), 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 2% versus 2007 to approximately 33,564,687 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. These requirements are not expected to dramatically affect 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. During the year ended September 30, 1997, the Legislature of the State of Texas enacted House Bill 883, effective August 15, 1997, relating to the composition of the Board of Directors of certain metropolitan transit authorities. As a result of the enacted legislation, 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

A listing of the current board members and their term is available on the next page.

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 has a current investment of \$256 million in land and buildings, vehicles, passenger parking & stations, equipment, and leasehold improvements.

Directory of Officials		
Board Member	Appointing Body	Term Expiration
Chairman Edward Lee Walker	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	7/31/08
Council Member Brewster McCracken	Austin City Council	7/31/08
Commissioner Margaret Gomez	Travis County Commissioners Court	9/15/09
Jamie Allen	Travis County Suburban Cities Appointing Committee	8/18/09
Mayor, Leander John Cowman	Williamson County Appointing Committee	8/15/09

Capital Metro Facilities
(see map on page 12)

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
12,171 square feet, 2003

Northeast Operations Facility
5316 Ed Bluestein Boulevard
Austin, Texas
14,700 square feet, 2003

Special Transit Services Facility
509 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, TX
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
- Capitol Neighborhood 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 Central Transit Center
- Woodward/Parker Neighborhood Transit Center



Park and Ride Facilities

Austin

- 'Dillo – MOPAC/Austin High School
- 'Dillo – Toomey Road
- Great Hills Baptist Church
- Harris Branch
- Hyde Park United Methodist Church
- Northwest – Lakeline
- Oak Hill Plaza Pavilion
- Pavilion - Hwy 183 and Spicewood Springs
- Tech Ridge
- The Triangle
- Wells Branch
- Jonestown
- FM 1431/Main Street
- Park Drive/Crestview



Lago Vista

- Thunderbird Drive/Dawn Drive

Leander

- Leander Park and Ride

Manor

- Burnet/Townes
- San Marcos/Burton

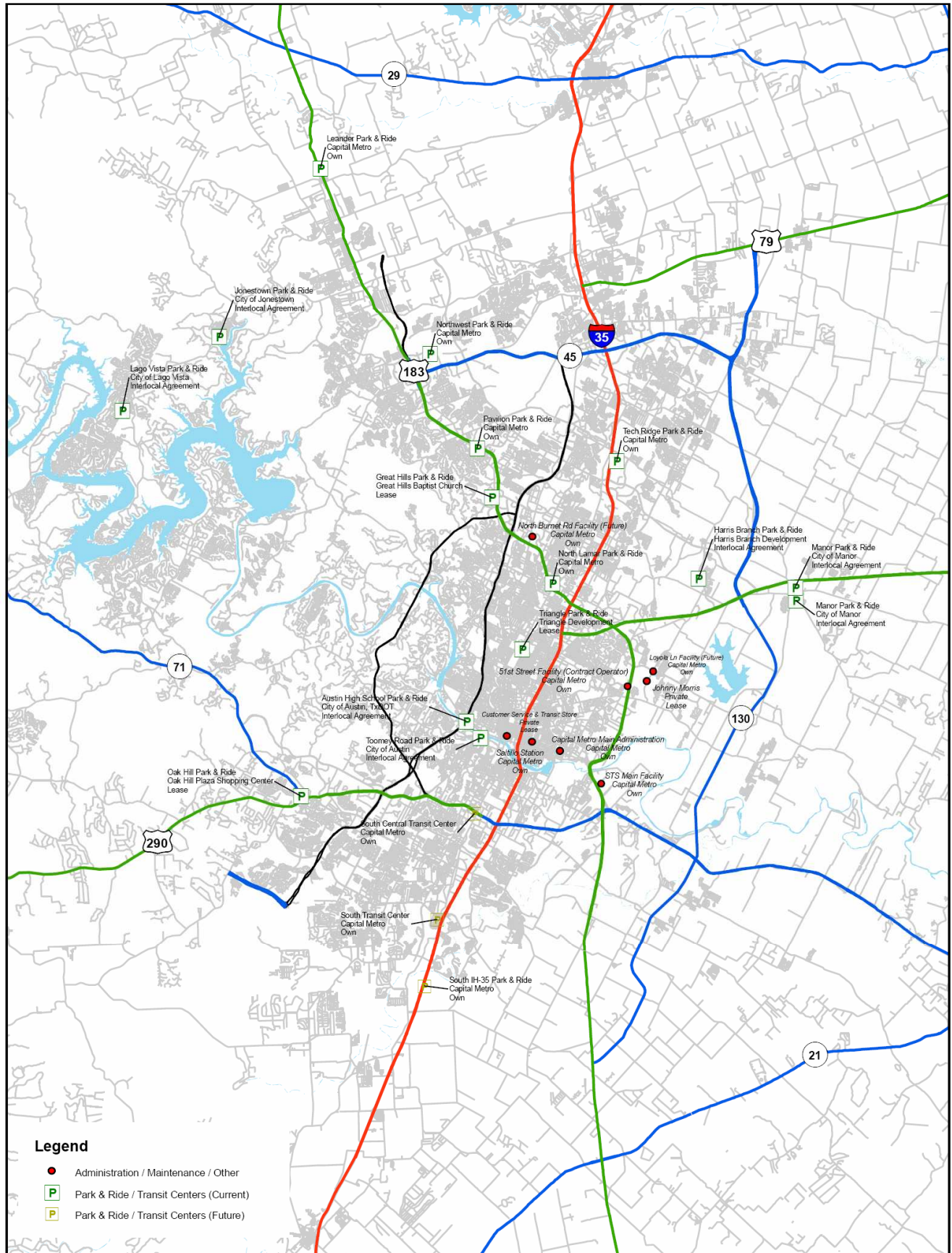
System Service Characteristics

Current Service Delivery

- ◆ Fixed Route Services, Express Park & 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 26 Trolleys): 409
- ◆ Paratransit vans: 47
- ◆ Paratransit sedans: 47



Strategic Goals

Capital Metro's management developed the following five goals:

- ◆ Improve employee and customer satisfaction
- ◆ Improve the quality of operations performance
- ◆ Enhance transport options to increase market share
- ◆ Increase cost effectiveness of services
- ◆ Stimulate the economic vitality of Central Texas

In addition, the following strategic directions were developed which linked to long-range goals:

Improve employee and customer satisfaction

- ◆ Hire and retain for attitude
- ◆ Enhance relationships and communication with employees and contract services
- ◆ Delight Capital Metro customers

Improve the quality of operations performance

- ◆ Define and implement key performance indicators for operational performance
- ◆ Develop service guidelines/standards

Enhance transport options to increase market share

- ◆ Increase use of shared-ride vehicles as an alternative to SOV (single occupancy vehicles)
- ◆ Enhance and maintain transportation leadership

Increase cost effectiveness of services

- ◆ Define and implement key performance indicators for cost performance

Stimulate the economic vitality of Central Texas

- ◆ Identify and implement key strategic alliances that increase transit options and contribute to a livable community and vibrant economy

As the budget was developed for FY 2008, all proposed spending was reviewed to ensure that it supports the strategic goals of Capital Metro for FY 2008.

Capital Metro will implement a new strategic management system using the balanced scorecard system. The balanced scorecard will result in a new mission, vision, and strategic plan with updated goals and objectives. A significant outcome of this system is setting and reporting on key performance indicators for the organization.

**Ridership by Service Type
FY 2008 Budget**

◆ Fixed Route	27.1 million
◆ Paratransit (STS)	0.7 million
◆ Van Pool	0.3 million
◆ University of Texas	4.9 million
◆ Other	<u>0.5 million</u>
◆ Total	33.5 million

Fixed Route Service Characteristics

With 158 bus routes, Capital Metro provides a comprehensive public transit system throughout approximately 560 square mile service area. Capital Metro's 409 fixed route buses including 26 trolleys operate seven days per week and provide service to nearly 989,000 residents of the service area. Each weekday, the transit authority operates approximately 57,000 total bus miles over its fixed route system. The fleet of buses and trolleys provide riders with an average of 130,000 one-way trips each day. Ridership on fixed route buses is expected to increase by 2%. In the last year the number of University of Texas students riding fixed route buses has increased 12%.

Paratransit Service Characteristics:

Paratransit service, as mandated by the Americans with Disabilities Act of 1990 ¹, for eligible persons with disabilities. There are vans that transport large and small groups, as well as sedans that take individuals to their destinations. Capital Metro contracts with private taxi operators in the service area to meet overflow demand.

Rideshare Program

The Rideshare program uses 145 vans of various sizes and 14 Toyota Prius hybrid sedans. The program uses software and staff to help match potential riders to existing and new vanpools and carpools. The Rideshare program continues to see fluctuations in participation as the price of fuel changes.

University of Texas

Capital Metro also contracts with a third party operator to provide bus service to the University of Texas (UT). Capital Metro's fixed route fleet of 409 buses includes 87 buses dedicated to the UT shuttle service. Routes transfer students around the greater UT campus area and from city areas with high density student populations. As student housing areas change, more students are shifting to fixed route buses.

Other Service Types

This includes the Austin Independent School District (AISD) Apple Service, rural service and special events such as the annual Austin City Limits music festival and Holiday Trail of Lights.

¹ Provides demand response transit service to ADA certified persons who are not able to use fixed route service.

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.

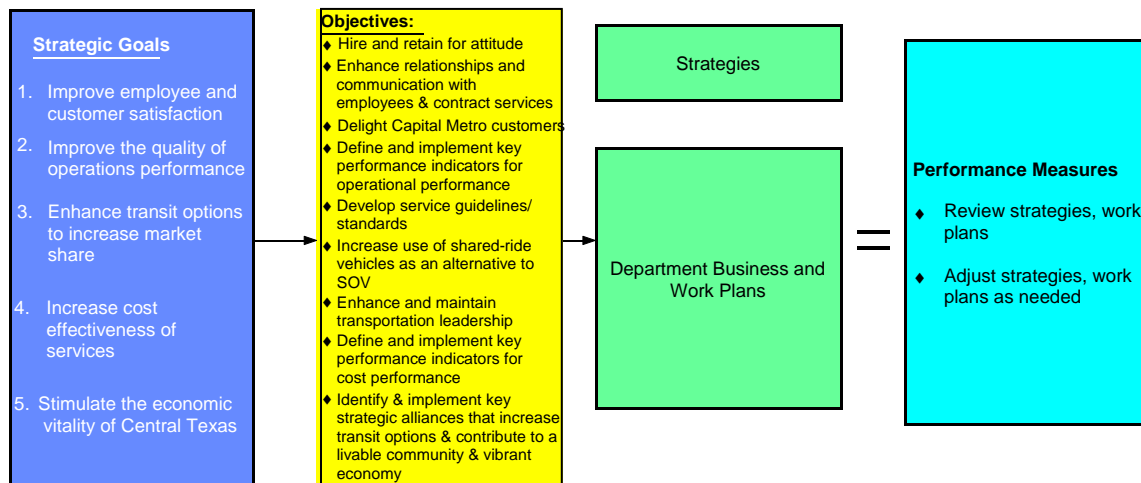
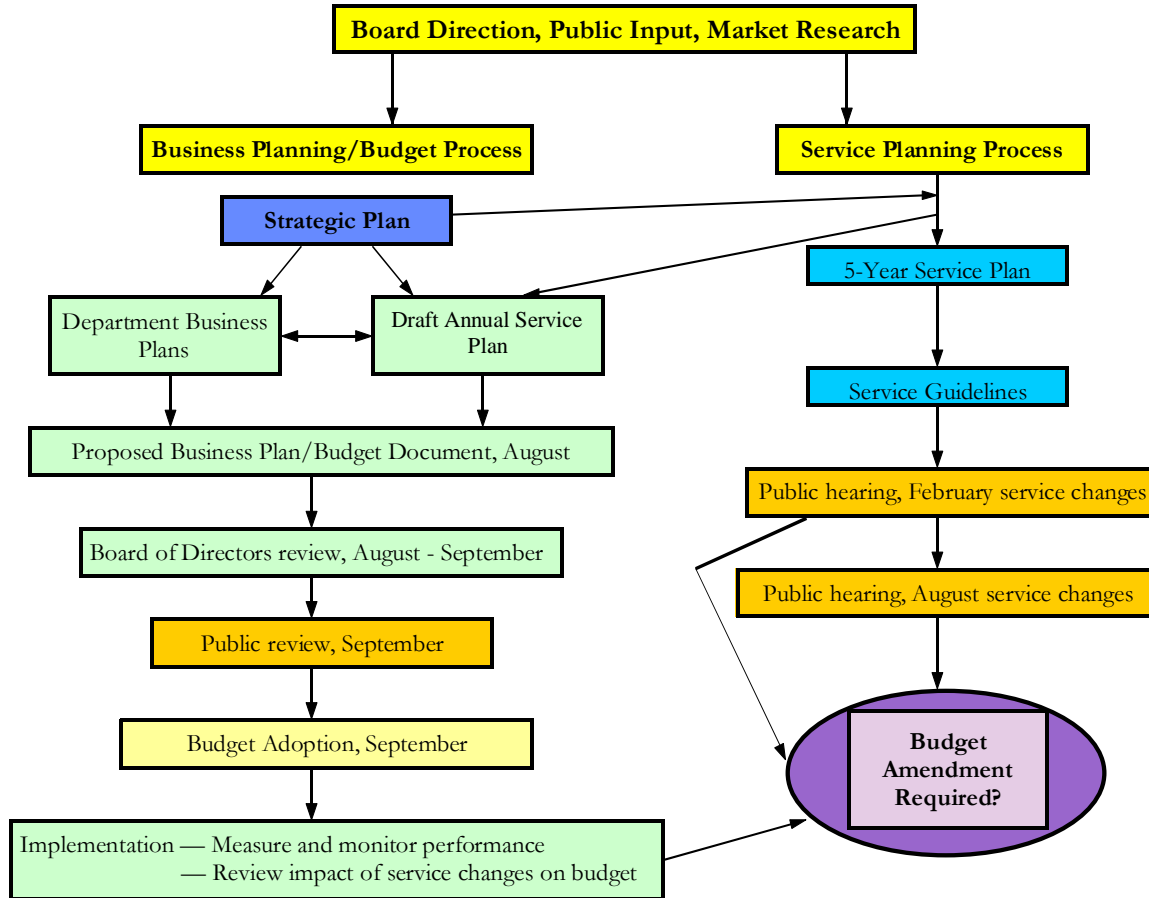
Capital Metro's governing legislation further provides that the Board of Directors shall hold a public hearing on the proposed operating budget prior to its adoption and shall, at least fourteen days before the date of the hearing, make the proposed budget available to the public. After adoption, the Board may subsequently amend the budget after public notice and hearing. The budget is amended if operating expenditures exceed the budgeted amount. (See annual calendar on page 18)

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. Management then uses this information to develop budget assumptions for the annual budget. (See flow chart on page 17)

Capital Metro's management team incorporated the Board of Director's strategic guidance during the development of objectives for FY 2008. The Board of Directors and the management team worked together to set priorities for FY 2008 with the aim of focusing current resources in areas identified as most critical to Capital Metro's customers and communities in its service area.

In 2008, Capital Metro will implement a new strategic management system using the balanced scorecard system. The balanced scorecard uses a top-down approach to business performance management, starting with the strategic intent of the organization down to operationally relevant goals. The system takes an organization's value drivers such as customer service, operational efficiency and financial performance and translates them in to a series of defined metrics. The focus of this approach is to link and influence the business strategy, perspectives, objectives, key performance measures, initiatives and milestones. The end result will be a scorecard that focuses on various overall performance indicators from different perspectives. These include the customer perspective, internal business processes, learning and growth of individuals and the organization and financial performance. The benefit of this system is a cohesive strategic plan that identifies the key areas where results are measured. The scorecard will be a tool to report key performance indicators at the organizational and departmental level.



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

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 base fare for services will not vary, remaining flat since 1995. Management is working with the public to recommend changes to the fare policy.

Commuter Rail

Start-up and testing is included in the 2008 fiscal year budget. Development of an operating plan that includes dispatch operations and bus interface planning.

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 are included on pages 47 and 48.

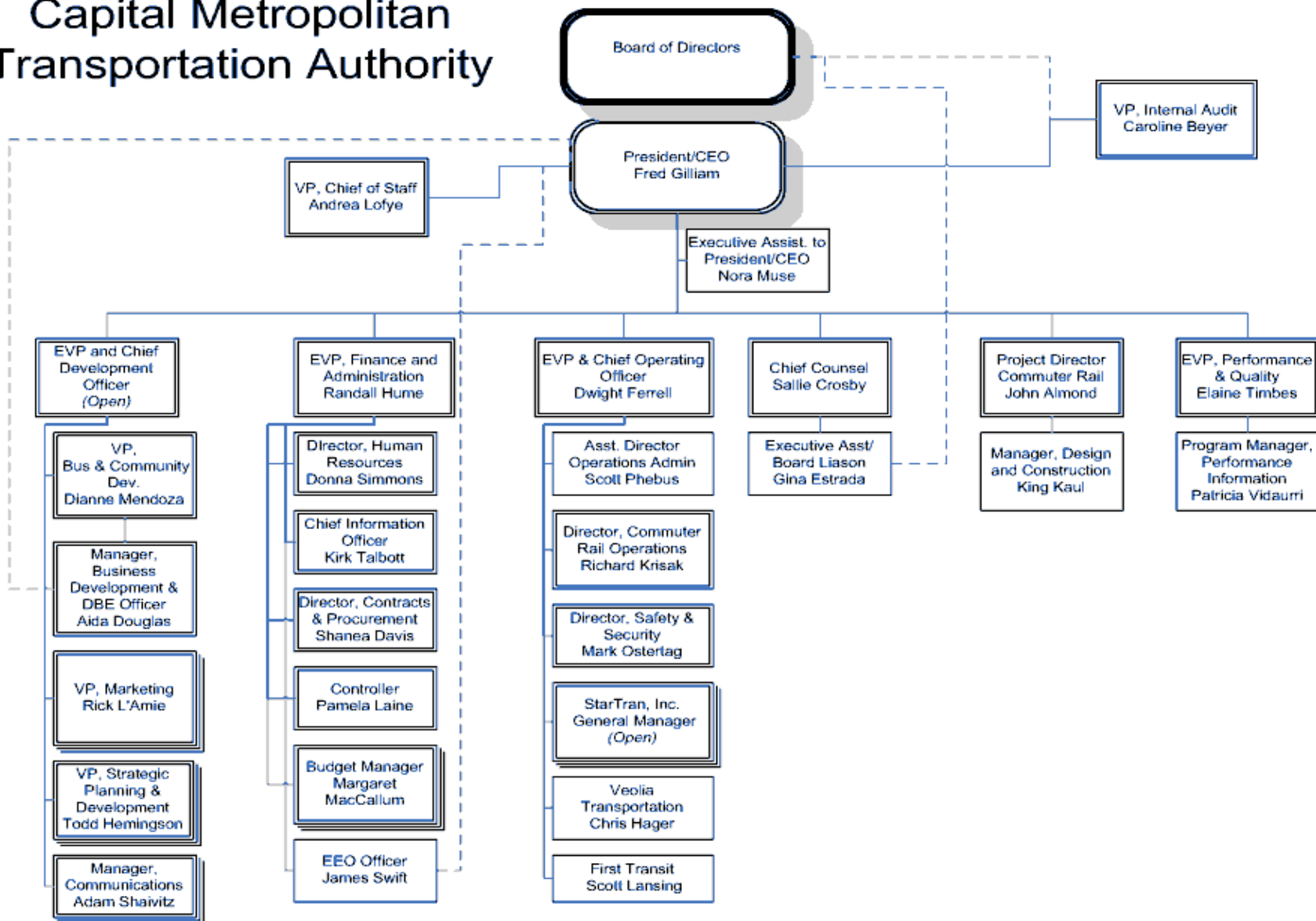
Staffing Levels

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.



Department	FY 2006 Budget	FY 2007 Budget	FY 2007 Adds/Cuts	FY 2007 Transfers	FY 2008 Adds/Cuts	FY 2008 Budget
Wellness	0					0.0
Child Care Center	10	0				0.0
Business Center	0					0.0
President/CEO	3	4	2	1	-2	5.0
Government & Public Relations	4	3	1	-1		3.0
Board of Directors	1	1				1.0
Internal Audit	3	3				3.0
Chief Operating Officer (COO)	3	3				3.0
Strategic Management					2	2.0
Safety & Security	7	7				7.0
Security - APD Officers	12.85	12.85				12.9
Legal	4	4	1			5.0
Finance	20	20	-1	2		21.0
Information Technology (IT)	21	23				23.0
Procurement	14	15				15.0
Purchased Transportation	1	1				1.0
RideShare	4	4	-1			3.0
Labor Relations	3	2				2.0
Planning	21	21	1			22.0
Marketing	5	7				7.0
Community Relations	16	16	1			17.0
Customer Service	22	22				22.0
Human Resources (HR)	17	16		-3		13.0
Risk Management	3	5		1		6.0
Special Transit Services (STS)	13	13			2	15.0
Fixed Route Services	50	49				49.0
Running Repair	14	16				16.0
Service Island	3	3				3.0
Vehicle Maintenance	14	14				14.0
Stores	2	2				2.0
Public Facilities	11	11				11.0
Building Maintenance	2	2			2	4.0
Rapid Transit	1	2				2.0
Railroad Administration	5	4				4.0
Railroad APD Officers	1.75	1.75				1.8
Commuter Rail	1	6	-1			5.0
Facilities Design & Const.	10	8				8.0
T.C.D.		4				4.0
Real Estate		2				2.0
Property Management		1				1.0
Total Non-Bargaining FTE's	322.6	328.6	3	0	4.0	335.6
IUE - STS Reservation Staff	25	25			-2	23.0
StarTran - STS Sedan Drivers	60	60	0		6	66.0
StarTran - STS Van Drivers	79	79				79.0
StarTran - Bus Operators	553	515			20	535.0
Running Repair Mechanics	115	112			0	112.0
Service Island Attendants	37	35			0	35.0
Stores Clerks	10	10				10.0
Building Maintenance Technicians	12	12			6	18.0
Total Bargaining FTE's	891	848	0	0	30	878.0
Total FTE's	1213.6	1176.6	3.00	0.0	34.0	1213.6

Capital Metropolitan Transportation Authority





Executive Leadership Team	Name
President / Chief Executive Officer	Fred Gilliam
Vice President, Chief of Staff	Andrea Lofye
Chief Counsel	Sallie Crosby
Executive Vice President, Chief Development Officer	Open
Executive Vice President, Chief Operating Officer	Dwight Ferrell
Executive Vice President, Performance and Quality	Elaine Timbes
Executive Vice President, Finance and Administration	Randall Hume
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
Project Director, Commuter Rail	John Almond, P.E.

Summary of Financial Policies

This section outlines a summary of the financial policies that guide the operations of Capital Metro. As required by generally accepted accounting principles in the United States of America, this budget document presents Capital Metro (the primary government) and its component unit, StarTran, Inc. (StarTran), a corporation organized under the Nonprofit Corporation Act of the State of Texas. Although it is 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. Pursuant to the contract effective January 1, 1992, between Capital Metro and StarTran, Capital Metro provides all resources needed for business operations and the necessary administrative support needed for StarTran's operations. StarTran is accounted for as a blended component unit in budget and financial statements of Capital Metro and has a September 30 fiscal year end.

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. Maintain public trust and best utilize funds to safeguard and maximize available resources. Capital Metro long range financial goal is to provide cost-effective efficient public transportation to the City of Austin and surrounding areas.

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, wherein a state transit authority may not spend operating money in excess of the total amount specified for operating expenses in the annual operating budget. Further, though funds are not officially labeled as appropriated, expenses that exceed the total approved operating budget require Board approval of a Budget Amendment.

Zero-based Budgeting

Capital Metro utilizes the zero-based budgeting concept. Developed in the 1970s, this concept causes an organization to prepare its operating budget from a zero base with all proposed expenditures at levels of zero. Each proposed line item expense must then be justified. This process does not assume the status quo of former operating levels. Departmental reviews are conducted with the department director, budget staff and Executive Vice President of Finance and Administration.



Nature of Operating and Non-operating Activities

Capital Metro accounts for its operations as a proprietary fund. Proprietary funds are accounted for on the flow of economic resources measurement focus. Revenue and expenses are recognized on the accrual basis. In accordance with Statement Number 20 of the Governmental Accounting Standards

Board (GASB), Capital Metro has adopted a policy to not follow accounting standards issued by the Financial Accounting Standards Board (FASB) after November 30, 1989, effective October 1, 1994.

Operating activities: bus and commuter rail operations designed to provide high quality, customer focused, effective and efficient transportation services and systems for its communities. Operations include managing the rail freight contract and maintenance of the track and track infrastructure.

Non-operating expenses:

- 1) Mobility projects and programs to help fund future transportation projects. These projects must improve regional mobility or improve mass transit and are governed by an interlocal agreement between Capital Metro and the City of Austin. Title to the capital assets belongs to the City of Austin.
- 2) Programs to fund street maintenance, emergency street repair, transit corridor improvements, pedestrian and bicycle safety/access, sidewalks, transit centers, and transit capital improvements.

Revenue

Operating revenue includes passenger fares generated from directly operated services, third party fares generated from contracted services and railroad right-of-way and freight revenue.

Non-operating revenue consists of the one percent sales tax levied in the Authority's service area, federal capital grants that are received on a reimbursement basis, investment income and other income generated from advertising commissions.

Capital Assets

Capital assets are recorded at cost and are depreciated over their useful lives using the straight-line method as follows:

	<u>Estimated Useful Lives</u>
Buildings and improvements	40 years
Passenger parking stations	5-20 years
Railroad/leasehold improvements	10-15 years
Revenue equipment	2-12 years
Other equipment	3-5 years
Office furniture and fixtures	5 years

Depreciation related to assets used in specific functions is included with each program. Indirect depreciation is presented as a separate line in the Statement of Revenue, Expenses and Changes in Net Assets.

Expenditures for renewals and betterments that increase property lives are capitalized, and maintenance and repair costs are charged to operations as incurred.

Capitalization Policy

Fixed assets for capitalization and financial reporting purposes are all items purchased that have a useful life of 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.

Items of less than \$5,000 are not considered fixed assets unless they form an integral and essential part of another piece of equipment or structure considered to be a fixed asset or a part of a Capital Project.

Individual assets that cost less than \$5,000, but that operate as part of a network system (i.e., telephone system, computer system) will be capitalized in the aggregate, using the group method, if the estimated average useful life of the individual asset is 1 year or more. A network is determined to be where individual components may be below the \$5,000 but are interdependent and the overriding value to Capital Metro is on the entire network and not the individual assets.

Classification of Fixed Assets:

1. Land and improvements: Purchased land will be carried at acquired cost. Costs may include, but are not limited to, expenses for services incidental to the acquisition and other charges incurred in preparing the land for use, such as environmental assessments, appraisals, etc. In order for improvements to be capitalized, the improvement should be considered permanent and should add value or improve the use of the land. In the event Capital Metro issues debt to finance a land purchase, the cost to be capitalized would include both the acquisition cost and any capitalizable interest expense from the outstanding debt.
2. Buildings: All buildings will be valued at purchase price or construction cost. Cost should include all charges applicable to the building acquisition including fees for brokers, appraisers, engineering consultants, and architects. In the event Capital Metro issues debt to finance a building purchase, the cost to be capitalized would include both the acquisition cost and any capitalizable interest expense from the outstanding debt.
3. Equipment and Machinery: All items of tangible property not permanently affixed to real property, which are needed in carrying out the operations of Capital Metro. Installation cost should be included in the capitalized amount.
4. Vehicles: All equipment that must be titled and bear a license tag.
5. Construction Work In Progress (CWIP): This is primarily used in conjunction with Capital Projects. Capital Project costs are accumulated until completion, when cumulative costs are transferred to the appropriate fixed asset account. The capitalization policy does not apply in these cases, and all costs must be recorded to give accurate values.
6. Additions and Modifications to Existing Assets: Costs are often incurred in connection with fixed assets after the original acquisition costs have been established. In general, any expenditure, which is definitely an addition to a fixed asset, or an integral part of it, that changes its useful life, should be classified as a capital expenditure and the original acquisition costs adjusted. If a component part, such as an engine or transmission, is rebuilt or replaced, the remaining undepreciated amount of the original component will be expensed and the new component will be depreciated over the remaining life of the asset. If the original component part cost cannot be determined, the cost of the new part will be expensed. The additions of an air-conditioning system to a building, or replacing or rebuilding an engine or transmission for a bus are some examples of capitalized expenses.

Items Not Considered to be Fixed Assets:

In order to clarify the question of asset classification, the following list of specific examples is provided.

1. Land: Any costs associated with finding a piece of land, regardless of amount, that does not result in the purchase of a specific property are not capitalized and must be expensed. This includes any legal fees, appraisals or assessments.
2. Maintenance and Repair Replacements: The replacement costs of component part(s) of a fixed asset, not the entire asset itself, during a maintenance and repair operation which also enhances the performance or life of the asset are not generally considered to be capital asset additions or modifications. For example, replacing an original disk drive with a higher capacity disk drive in a microcomputer, or changing worn or damaged brakes on a bus is considered to be a maintenance and repair expense.

With respect to asset improvements, costs over \$5,000 should be capitalized if:

- A. The estimated life of the asset is extended by more than 25%, or
- B. The costs result in an increase in the capacity of the asset, or
- C. The efficiency of the asset is increased by more than 10%, or
- D. Significantly changes the character of the asset, or
- E. In the case of streets and roads - if the work done impacts the "base" structure.

Otherwise, the costs should be expensed as repair and maintenance.

3. Supplies: Any supply, regardless of costs, that is not permanent and will be consumed within a year is not considered a fixed asset.
4. Training: Any training costs associated with the implementation, or upgrade, of computer programs or software, regardless of cost, will be expensed.

Guidelines set forth in the Office of Management and Budget (OMB) Circular A-102 are adhered to in regards to capitalization policies.

Inventory

Inventory consists of parts, fuel, and facilities and building maintenance supplies and is stated at cost (weighted average method). Items are systematically identified and periodically audited. Inventory of capital assets is audited on a biennial basis as required by the FTA. Parts inventory is audited annually, surpassing the FTA biennial requirements.

Risk Management

Capital Metro is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Capital Metro currently maintains coverage up to \$87 million at a cost it considers to be economically justifiable.

Capital Metro has commercial insurance for all other risks of loss, except workers' compensation and employee health and dental benefits, including employee life and accidental insurance.

Workers' compensation coverage is self-insured up to \$350,000 per occurrence for losses to workers' compensation. Capital Metro has purchased excess coverage through a commercial insurer licensed in the State of Texas.

Use of Estimates

The preparation of the budget and financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statements of Cash Flows

For purposes of the statement of cash flows Capital Metro considers all demand deposits to be cash. Unrestricted cash and investments purchased by Capital Metro within three months of maturity are also considered to be cash equivalents.

Cash and Investments

Capital Metro uses investment strategies and procedures that most effectively accomplish the primary goals of preservation of capital and liquidity to meet all obligations in a timely manner. Earnings will be maximized as a subsidiary goal and from the full investment of all available funds.

On August 26, 2002, the Board of Directors of Capital Metro revised and adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act (Chapter 2256, Texas Government Code). The Investment Policy is internally monitored and also receives annual review by the Board each November. Changes to the Investment Policy require Board adoption.

Cash - Deposits with financial institutions are always fully insured, or collateralized by securities held by a third party agent in Capital Metro's name.

Cash and Cash Equivalents include cash on hand, cash in banks, treasury bills and treasury notes with original maturities of less than 90 days. Temporary investments are those securities with maturities greater than one year from the balance sheet date. Investments are stated at fair value.

Investments - Capital Metro reports all investments at fair value provided that the fair values of these investments are not significantly affected by the impairment of the credit standing of the issuer or by other factors. All changes in fair value are reported as unrealized gains and losses on the income statement. For all investments stated at fair value, Capital Metro used Bloomberg and Unaffiliated Market Participants as the source for determining fair value.

Capital Metro is authorized to invest in "approved securities" as outlined in the Texas Government Code, Chapter 2256. These securities include repurchase agreements and direct and indirect obligations of the United States of America, certificates of deposit of state or national banks, savings and loan associations or credit unions which have membership in the FDIC, FSLIC or CUNA, commercial paper fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States, bankers' acceptances, SEC-regulated, no load money market funds and local government investment pools. Certificates of deposit in amounts greater than \$100,000 may be placed with banks, savings and loan associations, or credit unions provided they are secured by collateral pledged directly to Capital Metro. Investments are held in safekeeping in the name of Capital Metro.

Revenue Recognition

Operating Revenue

Passenger fares 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 Metro receives allocations on a monthly basis. The Board of Directors approved an increase in the sales tax effective October 1, 1995, from $\frac{3}{4}$ cent to a full cent per dollar. Sales tax revenues account for approximately 80% of total forecasted revenues in FY 2007.

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.

Passenger Fares

History

When Capital Metro began operations in 1985, the base fare was \$0.50, with \$0.25 fares for students, children, and peak period seniors. These fares remained constant until October 1989, when all fares were eliminated. In January 1991, the \$0.50 base fare was reinstated, but passes and other promotional fares were deeply discounted.

Capital Metro is working to modify the current fare structure, including discounted and free fares. Any fare increases require input from the community, board approval and authorization by the Local Government Approval Committed (LGAC). The LGAC is composed of eleven members; five Austin City Council members, three Travis County Commissioners and three suburban City Mayors.

Current Fare Recovery

The current fare structure and revenue levels are expected to generate approximately \$12.9 million in FY 2008. Capital Metro's budgeted overall fare recovery ratio for FY 2008 (the ratio of fare revenue to the cost of providing the service) is approximately 9.5%. As part of the long range financial plan, Capital Metro continues to examine its fare structure and the impact that any change would have on ridership.

Any recommended revisions to the fare structure will incorporate the following objectives:

- ◆ Improve system equity
- ◆ Increase revenue with minimal impact on ridership
- ◆ Reduce the opportunity for fare evasion
- ◆ Simplify the administration of the fare system for the operators
- ◆ Improve the clarity of fare structure to customers

Capital Metro has fully implemented the replacement of outdated farebox equipment which provides improvements in critical functions, such as passenger data collection and revenue control. This new technology allows Capital Metro to streamline the tickets and passes program, simplify administrative requirements for vehicle operators and allow them to focus on safety and customers. Tighter enforcement of the program will be achieved through improved technology and how this continues to demonstrate signs of increased revenue collection opportunities.

One-way Fares

Service	'Dillos (Downtown Trolley)	Express, Park & Ride, NW Dial-A- Ride	Metro, Flyer, UT Shuttle, Limited	Day Pass	Special Transit Services¹
Adults	Free	\$1.00	\$0.50	\$1.00	\$0.60
Students	Free	\$0.50	\$0.25	\$1.00	\$0.60
Senior Adults	Free	Free	Free	Free	\$0.60
Medicare Card Holders	Free	Free	Free	Free	\$0.60
Mobility Impaired	Free	Free	Free	Free	\$0.60
Attendant for Mobility Impaired	Free	Free	Free	Free	Free
UT Students	Free	Free	Free	Free	\$0.60
Children Under 6²	Free	Free	Free	Free	Free
Capital Metro/ StarTran Employee	Free	Free	Free	Free	Free

1. Special Transit Services (STS) is for individuals who, due to disability, are unable to use the fixed route system. Individuals must meet enrollment criteria.
2. Children 6 and under must be accompanied by an adult.

Designated Reserves

Reserve Contributions					
Dollars in \$000's					
	FY 2006 Actual	FY 2007 Forecast	Additions	Deductions	FY 2008 Proposed Budget
Designated:					
Mobility Planning	96,111	70,836	0	12,600	58,236
Self Insurance	7,778	7,778	0	0	7,778
Total Reserves	103,889	78,614	0	12,600	66,014

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 2006.

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 2007, 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 \$2,500, 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 (s) 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.

In November 2004, the citizens of the Capital Metro service area voted to allow Capital Metro to operate urban commuter rails 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 finance 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



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Financial Highlights

The proposed operating budget for the fiscal year 2008 shows a balanced budget after expenditures for budgeted FY 2008 capital projects. Revenues are projected to be \$202.8 million and operating expenses are projected to be \$169.2 million.

The revenue budget includes the following assumptions:

- Sales tax is budgeted to increase 7% over expected collections for fiscal year 2007
- Federal grant revenues for the following programs are included:
 - Capital Cost of Contracting .. \$4,000,000
 - Preventive Maintenance \$8,340,000
 - ADA Service \$1,700,000
 - JARC \$ 290,000
 - Planning \$ 660,000
- Investment Portfolio is projected to earn 4% in investment income
- Increased freight rail revenue due to increased freight volume

The operating expense budget includes the following assumptions:

- Capital MetroRail will begin operational start-up and testing budgeted at \$7.2 million
- Fuel costs are projected at \$2.52 per gallon for diesel and are 10% of the total budget
- Health care costs increase approximately 6.3%
- Fixed Route vehicle hours to increase 2.34%
- Capital Metro's commitment to the following will continue:
 - On Time Performance
 - Reduction of absenteeism
 - Improved internal communications
 - Safety
 - Free 'Dillo service
 - Free service on Fixed Route to persons with disabilities
 - Provide STS service for Pflugerville, Cedar Park & West Lake Hills
 - Continued subsidy of AISD and UT services
 - Support of special events and emergency situations
 - Appearance and reliability of the fleet is a priority
- Begin a comprehensive operational assessment of fixed route service to use market research segmentation to maximize the resources needed to provide bus service to the community. This assessment will analyze the effectiveness of the current route system and will provide an evaluation of the peak capacity of major corridors
- No merit increase or benefit changes are included for StarTran bargaining employees as the contract negotiation has not been completed
- Capital Metro will host the annual American Public Transportation Association Bus and Paratransit conference in Spring 2008

Budget Issues

Planned Service Levels

Service levels recommended for FY 2008 are projected to provide additional service to fixed route customers. Slight adjustments to routes or route segments may be made from time to time to achieve efficiencies. The majority of service increase in FY08 will support the opening of the South Central Transit Center.

Revenue growth

Sales tax projections, the largest component of Capital Metro's revenue, reflect an increase of 7% over expected FY 2007 tax revenue. This is also consistent with the City of Austin's projections. Passenger revenue is also expected to show growth versus the previous years due to an increase in ridership from service area population growth and projected rising fuel prices.

Priority Programs

Commuter Rail

Capital MetroRail is on track for service to begin on the Red Line in 2009. The Red Line will run on 32-miles of existing freight tracks between Leander and Downtown Austin. Initial service will operate during morning and afternoon peak hours, providing convenient service for suburban and central Austin residents. Future connections are being studied along existing Capital Metro freight tracks from Downtown to Manor and beyond. (see map on page 38)

Rapid Bus

Capital Metro Rapid bus service combines the best features of rail with flexibility and cost advantages of bus service. Bus rapid transit is a high quality, high capacity rapid transit system that improves upon traditional rail transit systems. Vehicles travel on streets that use transit supportive signal timing technology in order to improve the efficiency and reliability of the service. Passengers pay their fares in advance, either at the bus stop or online and board the bus using multiple doors like a train. Service is frequent and simple to use. Bus rapid transit uses intelligent transportation systems (ITS) to track vehicle locations, control traffic signals, and provide vehicle arrival information. Planning for the implementation of Metro Rapid bus service is included in this budget.

Great Customer Care Program

This program is a continuing initiative to improve customer service. The program includes improving the current information system available to customers including informational signs, bus stop route information, bus header signs and on-board bus information. The program will also improve passenger amenities and implement a bus stop improvement program, making improvements to bus shelters, litter containers, and sidewalks. The selection of the bus stops will be prioritized based on input from the community and staff.

Beginning in March 2007, Capital Metro became the tenth city in the US to offer trip planning using Google Transit Trip Planner website. In September 2007, Capital Metro added separate service area and route maps to our website using the Google Maps API (application programming interface). Customers can now easily view routes and stops for any selected Capital Metro route, and display scheduled stop times for any of the more than 3,000 bus stops within the system. In addition, the Interactive Voice Recognition (IVR) program fully implemented in FY2006 will continue to provide "24-7" customer service trip planning information to the community making the Customer Call Center a virtual information center.



Employee Salaries and Benefits

In FY 2008, Capital Metro will experience an increase in salaries and benefits as a result of projected growth in service. The largest portion of this estimated increase is in health and dental benefits¹.

Community Outreach

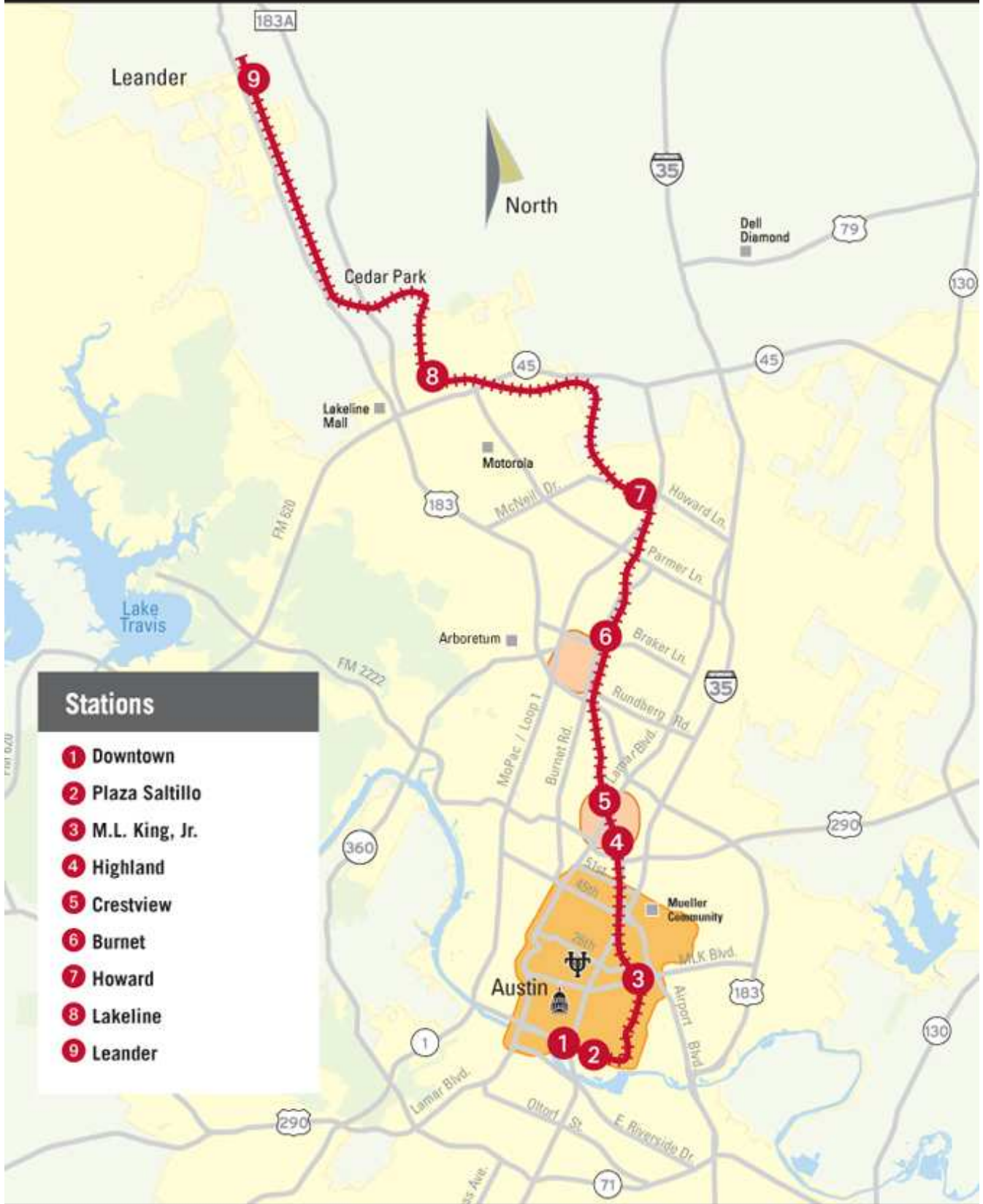
Community planning and public involvement are two of the major initiatives planned for FY 2008. The Planning and the Business and Community Development departments support community involvement in service planning, long-range planning activities and community/neighborhood activities and events².

GO Teams

The GO Teams consist of employees who are focused on raising public awareness about Capital Metro. The GO Team members participate in service and community related events for Capital Metro. The purpose of the program is to build a partnership between Capital Metro and the community, provide more consistent information on its products and services, and to cultivate relationships between departments. GO Team members distribute information at transit and transfer centers, neighborhood meetings, community events and neighborhood and fundraising events. The GO Team members are instrumental to the success of local events such as the Trail of Lights during the holiday season and the Austin City Limits Music Festival. All members volunteer and sign up for the events in which they would like to participate.

¹ The "rich" healthcare plan available to the bargaining employees results in a 6.3% increase in healthcare costs.

² A major focus in FY08 is the Rail Safety Education Program. This program provides rail safety information to schools along the rail line.



- Stations**
- 1 Downtown
 - 2 Plaza Saltillo
 - 3 M.L. King, Jr.
 - 4 Highland
 - 5 Crestview
 - 6 Burnet
 - 7 Howard
 - 8 Lakeline
 - 9 Leander

Capital MetroRail 2008

Operating Budget by Category

Revenues

Passenger Fares	\$	6,691,506
Contract Revenue		7,068,129
Rail - freight		10,448,089
Sales Tax		157,964,487
Investment Income		4,168,000
Grant Revenue		14,990,000
Other		1,417,463
Total		<u>202,747,674</u>

Expenses

Salaries	\$	49,392,370
Benefits		36,202,794
Services		31,361,864
Materials & Supplies		23,517,123
Utilities		1,506,343
Insurance		1,486,496
Taxes		1,068,167
Purchased Transportation		19,650,636
Other		4,451,915
Lease & Rent		596,945
Total		<u>169,234,653</u>

Net Income before Capital Expenditures \$ 33,513,021

Budgeted Capital Expenditures

Vehicles	\$	5,544,000
Amenities		1,000,000
Facilities		9,794,500
Freight Rail		4,444,000
Technology		4,984,524
Commuter Rail Start-up		1,700,000
ITS		5,399,506
BCT (Suburban Communities)		1,180,000
Total Projects	\$	<u>34,046,530</u>

Net Profit/(Loss) \$ (533,509)

Note: Any deficit due to the capital program will be funded through cash reserves.

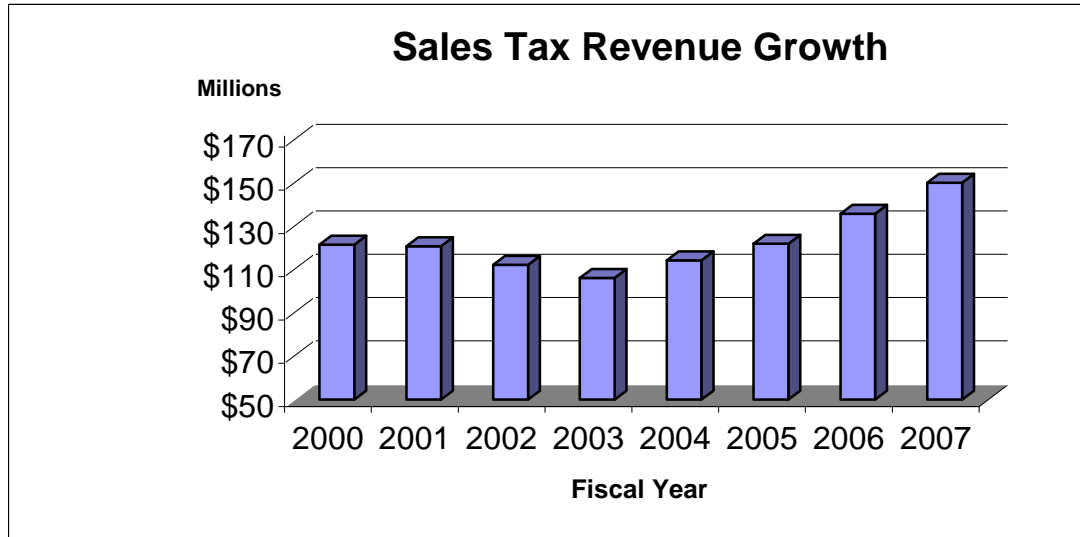
Combined Statement of Revenues, Expenses and Changes in Net Assets

	Actual 2006	Forecast 2007	Budget 2008
<u>OPERATING REVENUES</u>			
Transportation Fares	\$ 5,222,577	6,401,849	6,691,506
Contract Revenue	5,995,098	6,557,720	7,068,129
Rail-Freight	7,265,119	6,763,443	10,448,089
Total operating revenue	18,482,794	19,723,012	24,207,724
<u>OPERATING EXPENSES</u>			
Labor	45,527,742	46,917,680	49,392,370
Fringe benefits	31,981,326	33,950,667	36,202,794
Services	19,168,092	20,027,062	31,361,864
Materials and supplies	18,805,684	18,220,445	23,517,123
Utilities	1,192,407	1,278,200	1,506,343
Casualty and liability insurance	1,103,139	1,244,012	1,486,496
Taxes	773,768	1,008,839	1,068,167
Purchased transportation	17,181,468	18,420,575	19,650,636
Other	2,474,182	3,709,251	4,451,915
Lease/Rentals	442,964	646,208	596,945
Total operating expenses	138,650,772	145,422,938	169,234,653
Operating profit or(loss)	(120,167,978)	(125,699,926)	(145,026,929)
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment income	4,756,678	4,356,974	4,168,000
Sales and use tax revenue	135,915,215	146,900,415	157,964,487
Grant revenue	19,594,725	10,744,164	14,990,000
Other income	18,372	1,243,672	1,417,463
Total non-operating revenue	160,284,990	163,245,225	178,539,950
Net profit or (loss)	40,117,012	37,545,298	33,513,021
Build Central Texas	(8,759,140)	(10,365,140)	(1,180,000)
Mobility programs	(16,369,403)	(1,309,058)	(12,000,000)
Depreciation and amortization	(25,426,092)	(27,140,000)	(28,225,600)
Change in net assets	(10,437,623)	(1,268,900)	(7,892,579)
Net assets at beginning of period	352,976,653	342,539,030	341,270,130
Net assets at end of period	342,539,030	341,270,130	333,377,551

Factors Affecting Revenue

Sales Tax Revenue

Sales taxes represent the largest component of Capital Metro's revenue. A strengthening economy has allowed sales taxes to rebound from previously slower activity. Sales taxes are budgeted at 7% over expected FY 2007 collections. This mirrors the sales tax projections made by the City of Austin which represents the vast majority of the Capital Metro service area. Sales tax revenue accounts for 77.9% of the total revenue. The chart below shows the growth in sales tax revenue since FY2000.

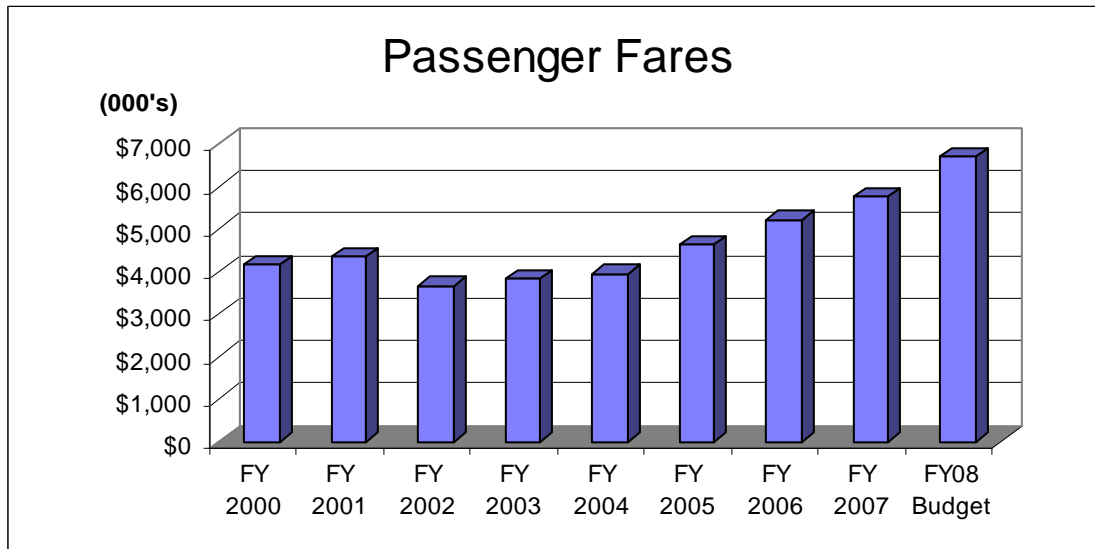


Grant Revenue

Budgeted grant funds are based on Federal Transportation Authority (FTA) formula funds. FTA formula funds provide capital assistance to a designated recipient in an urbanized area. These funds are apportioned by a formula based on population, density and transportation data for areas with populations over 200,000. Capital Metro requests these funds for capital investments in bus and bus-related activities such as new and replacement of buses, overhaul or rebuilding buses, crime prevention and security equipment and construction of maintenance and passenger facilities. All preventive maintenance and some Americans with Disabilities Act complementary paratransit service costs are considered capital costs for this program. Capital Metro has averaged approximately \$16 million in formula funds for the last five years.

Passenger Revenue

Passenger revenue is expected to increase over the FY 2007 budget. The revenue growth is based on projected ridership increases. The chart below details the passenger revenue trends since FY2000.



Contract or Third Party Revenue

Third party fares are negotiated and defined in service contracts. This revenue source includes University of Texas shuttle services, City of Austin, Austin Independent School District (AISD) Apple magnet shuttles, special events like the Austin City Limits Music Festival and Holiday Trail of Lights.

Freight Revenue

Railroad right-of-way revenue is delivered from negotiated fees from 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. Freight revenue is projected to increase in FY 2008 in conjunction with an increase in car volume.

Other Revenue

Other revenue includes Investment Income, Advertising Revenue, Child Care Center Revenue and Fitness Center Revenue. Investment income is projected to earn 4%.

Revenue

The following schedules show the details of the FY 2008 budgeted revenue along with comparisons from the fiscal year 2007 budget and forecasted actual revenues for fiscal year 2007. Sales tax revenue is the primary revenue driver for Capital Metro, contributing 77.9% of the total operating revenue budget.

	FY 2007 Budget	FY 2007 Projected	FY 2008 Budget	Variance to Budget	% Variance to Budget
Passenger Fares	\$6,221,817	\$6,401,849	\$6,691,506	\$469,689	7.5%
Third Party Fares	6,538,752	6,557,720	7,068,129	529,377	8.1%
Rail - freight	6,762,443	6,763,443	10,448,089	3,685,646	54.5%
Sales Tax	144,510,791	146,900,415	157,964,487	13,453,696	9.3%
Investment Income	4,981,928	4,356,974	4,168,000	(813,928)	(16.3%)
Grants	12,189,585	10,744,164	14,990,000	2,800,415	23.0%
Other	906,985	1,243,672	1,417,463	510,478	56.3%
Total	\$182,112,301	182,968,237	\$202,747,674	\$20,635,373	11.3%

Factors Affecting Operating Expenses

Salaries and Benefits

The increase is a result of several factors, including a projected growth in bus service an estimated 6.3% increase in health and dental costs and an average 3% salary increase for non-bargaining employees.

Services

Professional services increased as a result of commuter rail start-up testing and compliance testing. Consulting fees for comprehensive operational analysis to provide information on existing bus routes that will improve the efficiency and effectiveness of the bus service provided.

Materials and Supplies

Increases in the costs of diesel and gasoline fuels will have a significant impact on spending levels in FY 2008. Purchases for parts and supplies are projected to increase due to the age of the fleet.

Insurance

Capital Metro is implementing the DriveCam Systems[®], in all of its vehicles. This system records events 30 seconds prior and 30 seconds after the vehicle experiences an "event". An event could be a short stop, impact with another vehicle, or an impact with a speed bump or a curb. Other transit agencies have realized great savings in vehicle liability utilizing these systems.

Utilities

In FY 2008, the completion of the North Operations facility will increase the square footage of operations and maintenance space.

Purchased Transportation

Expenses in this category will increase due to service level changes for of fixed route service.

Other Expenses

Opening of the North Operations facility will result in additional costs for moving service providers. Land acquisition, earnest moneys and option fees, as well as maintenance and site improvements for various properties make up the majority of the increase in this category.

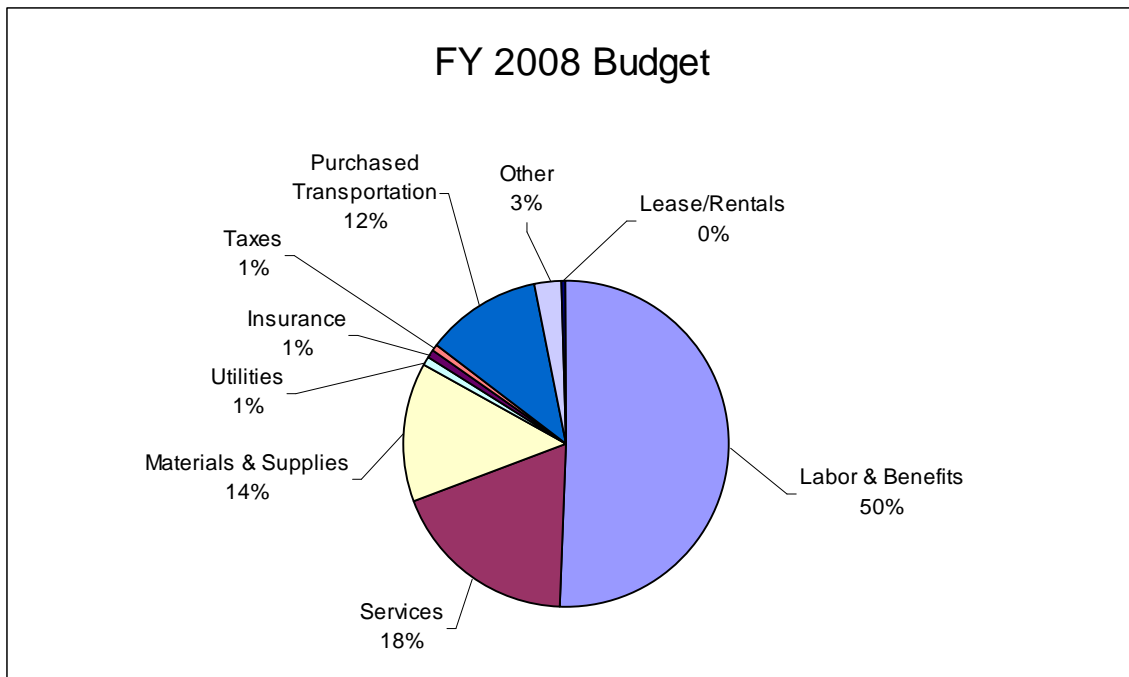
Lease & Rent

Lease expenses for various All Systems Go sites are new in FY 2008. Additionally, the rail car lease interest expense of \$1.2 million is included.

Operating Expenses

The following schedule shows the details of the FY 2008 budget along with comparisons from the fiscal year 2007 budget and projected actual expenses for fiscal year 2007.

	Budget 2007	Forecast 2007	Budget 2008	Variance to Budget	% Variance
Labor & benefits	\$82,635,688	\$80,868,346	\$85,595,164	\$2,959,476	3.6%
Services	24,824,189	20,027,062	31,361,864	6,537,675	26.3%
Materials & Supplies	19,187,339	18,220,445	23,517,123	4,329,784	22.6%
Utilities	1,241,440	1,278,200	1,506,343	264,903	21.3%
Insurance	1,553,821	1,244,012	1,486,496	(67,325)	(4.3%)
Taxes	1,018,817	1,008,839	1,068,167	49,350	4.8%
Purchased Transp.	17,961,761	18,420,575	19,650,636	1,688,875	9.4%
Other	4,487,021	3,709,251	4,451,915	(35,106)	(0.8%)
Lease/Rentals	620,965	646,208	596,945	(24,020)	(3.9%)
Total operating expense	153,531,040	145,422,938	169,234,653	15,703,613	10.2%



Operating Expense by Department

Department Name	FY2007 Forecast	FY2007 Budget	FY 2008 Budget	FY 2008 Budget % of Total
President/CEO	1,174,627	897,269	1,771,803	1.0%
Communications	801,971	759,863	374,051	0.2%
Board of Directors	137,922	151,271	169,637	0.1%
Internal Audit	252,916	268,902	300,904	0.2%
Chief Operating Officer	350,479	324,684	376,380	0.2%
Strategic Management	-	312,923	639,897	0.4%
Safety & Security	1,909,826	2,520,680	2,815,208	1.7%
Legal	1,841,605	1,367,058	1,535,374	0.9%
Finance	3,609,508	3,313,534	3,367,541	2.0%
Information Technology	2,776,467	3,012,731	3,388,579	2.0%
Procurement	933,052	992,123	1,025,391	0.6%
Purchased Transportation	15,497,842	15,281,166	16,627,334	9.8%
RideShare	190,325	234,619	239,625	0.1%
Labor Relations	164,219	175,406	190,996	0.1%
Planning	1,268,397	1,118,875	2,329,692	1.4%
Marketing	1,929,601	2,934,761	3,178,995	1.9%
Business & Community Development	1,173,907	1,556,807	1,503,449	0.9%
Customer Service	752,373	948,249	952,363	0.6%
Human Resources	1,666,519	2,016,542	2,010,788	1.2%
Risk Management	3,186,591	3,332,373	3,362,378	2.0%
Paratransit	11,178,773	11,770,920	11,751,440	6.9%
Fixed Route	29,017,336	29,488,548	30,261,411	17.9%
Running Repair	14,761,569	14,609,979	14,926,668	8.8%
Service Island	13,484,340	15,821,346	16,758,804	9.9%
Vehicle Maintenance Admin.	1,511,344	1,805,494	1,872,303	1.1%
Stores	667,485	658,283	662,563	0.4%
Public Facilities	610,005	710,111	669,161	0.4%
Building Maintenance	3,097,618	3,294,894	3,487,213	2.1%
Rapid Transit	1,102,078	1,738,084	1,053,460	0.6%
Freight Railroad	9,047,230	8,642,645	11,714,642	6.9%
Commuter Rail	415,875	1,295,844	7,158,071	4.2%
Capital Projects Group	1,989,537	476,192	480,349	0.3%
Transit Community Development	-	780,798	936,069	0.6%
Real Estate	-	553,747	434,216	0.3%
Property Management	-	1,232,520	880,551	0.5%
Wellness Center	-	283,290	364,790	0.2%
Child Care Center	576,156	508,164	563,284	0.3%
Business Center	400,633	354,549	431,926	0.3%
General & Administrative Overhead	17,944,812	17,985,796	18,667,348	11.0%
Total Department Expenses	145,422,938	153,531,040	169,234,654	88.2%

Service Levels

The hours and miles of service comprise a majority of the budget. Capital Metro provides many different types of services.

Fixed Route

Fixed Route service is the mainline service of the transportation system. There are over 100 routes that provide transportation to a service area of approximately 560 square miles. In FY 2008, Capital Metro will begin a Comprehensive Operational Assessment which examines all bus routes, evaluates and analyzes the routes' performance and develops scenarios to increase ridership and improve transit service. The Comprehensive Operational Assessment has two objectives: improve existing service and identify future potential service. Fixed Route services are expected to increase at the end of the fiscal year for the opening of the new South Central Transit Center.

UT Service

Student shuttle service is provided for the University of Texas (UT). There are fifteen dedicated routes that provide connections between housing and the University, between the Pickle Research Center and the downtown campus, and that circulate within the downtown campus. Budgeted service for the UT Shuttle will remain flat.

AISD Service

Bus service for Austin Independent School District (AISD) students attending "magnet" schools. AISD contracts with Capital Metro to provide this service.

Rural Service

Capital Metro contracts with Capital Area Rural Transportation System (CARTS) to provide service in the rural areas of the Capital Metro service area.

Special Events/Charters

Capital Metro provides service to the various special events in the area. These are events that typically happen once a year and the transportation is needed to get participants to the event without causing traffic and parking problems. Charter service is service requested by someone in the community to get them from one location to another. Capital Metro is prohibited from chartering directly to the public and will refer anyone requesting a charter to private providers in the area.

Special Transit Services (STS)/ Paratransit Services

Special Transit Services (STS) is provided to individuals with disabilities who are not able to use fixed route services. Individuals can register for this service and if they qualify can make travel arrangements within Capital Metro's service area.

The charts on the following page show the details of the proposed service levels.

Hours of Service

	FY 2007 Budget	FY 2007 Forecast	FY 2008 Budget	Variance to Budget	% Variance
Fixed Route	1,015,925	1,015,925	1,039,681	23,756	2.34%
UT Service	143,519	143,519	142,965	(554)	(0.39%)
AI SD	19,869	19,869	20,171	302	1.52%
Rural	10,808	10,808	11,026	218	2.02%
Special Events	13,5660	8,798	9,707	(3,853)	(28.41%)
STS	237,298	242,525	268,552	31,254	13.17%
Total	1,440,979	1,441,443	1,492,102	51,123	3.55%

Miles of Service

	FY 2007 Budget	FY 2007 Forecast	FY 2008 Budget	Variance to Budget	% Variance
Fixed Route	13,463,697	13,463,697	13,617,688	153,991	1.14%
UT Service	1,962,057	1,962,057	1,960,013	(2,044)	(0.10%)
AI SD	345,147	345,147	348,597	3,450	1.00%
Rural	261,981	261,981	264,239	2,258	0.86%
Special Events	108,480	74,783	79,037	(29,443)	(27.14%)
STS	3,604,357	3,283,157	3,975,047	370,690	10.28%
Total	19,745,719	19,390,822	20,244,622	498,903	2.53%

Passengers

The chart below shows the expected passengers for FY 2008 along with a comparison of FY 2007 budgeted and projected passengers.

	FY 2007 Budget	FY 2007 Forecast	FY 2008 Budget	FY07 Forecast vs. FY08 Budget ()= Decrease	% Variance
Fixed Route	29,314,558	26,428,009	27,041,563	613,554	2.32%
UT Service	6,175,702	4,930,838	4,932,679	1,841	0.04%
AISSD	282,913	273,863	291,598	17,735	6.48%
Rural	24,352	23,845	23,748	(97)	(0.41%)
Special Events	406,800	309,299	275,033	(34,266)	(11.08%)
STS	594,734	674,525	674,525	0	0.00%
Vanpool	364,532	324,956	325,541	585	0.18%
Total	37,163,591	32,965,335	33,564,687	599,352	1.82%



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Capital Budget

The capital program includes two basic spending categories, as outlined below.

Capital expenditures represent the purchase of equipment and other assets in excess of \$5,000 and have a useful life greater than one year. Capital expenditures typically do not span fiscal years and usually involve customary replacement or new purchases of parts, computers and office equipment.

Capital projects typically involve construction or are developmental in nature and span more than one fiscal year. Capital projects are more complex in nature, and involve two or more components of cost (equipment, labor, professional services). Projects in process at the end of FY 2007 will be carried forward to FY 2008. Capital projects were assessed for inclusion in this budget based on the following criteria:

- ◆ Is the project mandatory as a result of federal or state regulatory requirements?
- ◆ Is the project necessary to carry out the goals and objectives of Capital Metro's strategic plan?
- ◆ Is the project dictated by recommended replacement criteria or needed to maintain a state of good repair?
- ◆ Does Capital Metro have the necessary resources to implement the project (funding and staff resources)?
- ◆ Has a cost benefit analysis been performed? What affect does the project have on operating expenses and income?

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.

A summary of the proposed new capital projects is shown below.

Capital Budget by Project Type

Vehicles	\$	5,544,000
Amenities		1,000,000
Facilities		9,794,500
Freight Rail		4,444,000
Technology		4,984,524
Commuter Rail Start-up		1,700,000
ITS		5,399,506
BCT (Suburban Communities)		1,180,000
Total Projects	\$	<u>34,046,530</u>

FY 2008 Capital Budget

New Projects

Vehicles

As part of the All Systems Go Long-Range Transit Plan, Capital Metro plans to facilitate direct access for Commuter Rail patrons to major University, State Office Complex and Downtown destinations by providing Circulator Bus Routes. The circulator service will utilize 12 existing 34' Optima buses to be "restyled" for Commuter Rail Circulators. This project represents the purchase of 12 equivalent 40-foot buses to replenish the fleet for regular operations. The project will support the Urban Commuter Rail system and serve major destinations in Central Austin. The projected increase in bus operators at the end of FY2008 illustrates the impact of the acquisition of these vehicles to the existing fleet.

Fiscal Impact: \$5,544,000 - Capital Budget

Commuter Rail Start-up

This project constitutes a 32 mile urban commuter rail line, with up to nine rail stations, track and railbed improvements, signals, controls, drainage, bridge improvements and an interim maintenance facility. Consulting services to supplement Capital Metro staff in the start-up planning and operating plan development including:

- ◆ Dispatch operations
- ◆ Train scheduling
- ◆ Operating and maintenance cost analysis
- ◆ Bus interface planning
- ◆ Training support
- ◆ Failure management analysis
- ◆ Regulatory/safety assistance and proposal/contract analysis

As revenue service begins in FY 2009, there will be a significant impact to operating expenses for this new service.

Fiscal Impact: \$1,700,000 - Capital Budget

Freight Railroad Rehabilitation

In order to maintain safety, ride ability and mobility, multi track crossings will undergo track and crossing surface rehabilitation. These crossings have been identified as potential safety hazards to the traveling public and train traffic.

Repair and rehabilitation of bridges and culverts in the corridor is required to maintain the bridge infrastructure for the safe operation of the railroad. These are required by the FRA to maintain safe and reliable railroad service.

Annual supply of rail materials will be purchased for preventive maintenance of the rail line in order to maintain the rail line per FRA/TxDOT and FTA standards. Materials are purchased on an annual basis to get the best pricing. This agreement covers a wide range of track material (track & bridge bolt, spikes, nuts & etc.), bridge material (stringer, caps, pile and framing members), maintenance spot ties and replacement rail.

Fiscal Impact: \$4,444,000 - Capital Budget

Information Technology

Operational equipment replacements for infrastructure, telephony, network, and desktop components will be undertaken as they reach the end of their lifecycle. Application software upgrades will be installed as new versions are released and required for either continued vendor support or business requirements for new functionality.

Fiscal Impact: \$4,984,524 - Capital Budget

Facilities

The following facility projects are planned:

- **North Mopac Park & Ride.** This facility will provide parking facilities to support bus routes in north Austin.
- **South IH-35 Transit Center.** This facility will be a major transfer center where many bus lines come together and a large number of passengers can change bus lines. An estimated completion date for this project is mid-FY 2009.
- **New Bus Stop Signage.** This project will modify signage to enhance communication and promote bus ridership.
- **Administration Bldg Parking Lot Repairs.** This project will repair the existing parking lot to minimize safety hazards from shifting of materials.
- **Transit Community Development (TCD)**
- TCD leverages transit infrastructure to promote economic development and smart growth. It is about creating sustainable communities where people of all incomes have transportation and housing choices. Additionally, it allows people to walk, bike, and utilize mass transit. TCD boosts transit ridership while reducing automobile congestion, providing value for both the public and private sectors.

Fiscal Impact: \$9,187,000 - Capital Budget

Rollover Capital Projects

Operating and Passenger Facilities

Capital Metro's upcoming five-year bus service plan institutes significant changes to current fixed-route services and facilities, and envisions major expansions of both park and ride and transit center facilities. Major work on the facilities program – with substantial capital budget requirements – will continue during FY 2008.

◆ **North Operations Facility:** This facility will allow for expansion in both maintenance and administrative areas. The estimated completion date for this project is second quarter FY 2008. At completion, the leased facility used by the UT Shuttle contractor will no longer be required.

Fiscal Impact: \$607,500 - Capital Budget

Amenities:

This includes shelters, benches, and litter containers at bus stops throughout the service area.

Fiscal Impact: \$1,000,000 - Capital Budget

ITS Project

Intelligent Transportation Systems (ITS) is a comprehensive approach applying advanced technologies to transit. The scope of this project will be to implement several components of ITS that automate many manual tasks, provide customers and staff with a graphical map of the service area with the exact location of a vehicle, provide customers with real time information on vehicle arrival and departure at Rail stations, Rapid stops, Park & Rides, and Transit Centers, as well as other functions that will improve safety and security, service delivery, customer satisfaction, operational efficiency and productivity, as well as providing enhanced features that are aimed at increasing ridership. The operational cost savings of this project are included in the STS/Paratransit operating budget and will be included in future budgets as the system is implemented and efficiencies are realized.

Fiscal Impact: \$5,399,506 - Capital Budget

Other Capital Requirements

Build Central Texas

In May 2004, the Board moved to change to name of the Build Greater Austin (BGA) Program to “Build Central Texas (BCT) Program.” This program captures activities of both BGA and the Suburban Community Equity Adjustment Program, with the histories of each discussed below. Also in May 2004, the Board extended the program, with specific projects for FY 2008 totalling \$1.18 million.

The Build Greater Austin program was created in 1994 as a cooperative program dedicated to investing in the Austin area’s infrastructure that supports transportation. The program has seven principal elements, including street maintenance, emergency street repair, transit corridor improvements, pedestrian and bicycle safety/access, sidewalks, transit centers, and transit capital improvements.

Suburban Community Equity Adjustment Program

This program began in FY 2000 and was recommended to provide a funding source and allocation mechanism to ensure 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. In FY 1999, Capital Metro began the evaluation of current service levels versus sales tax collections to determine potential shortfall areas.



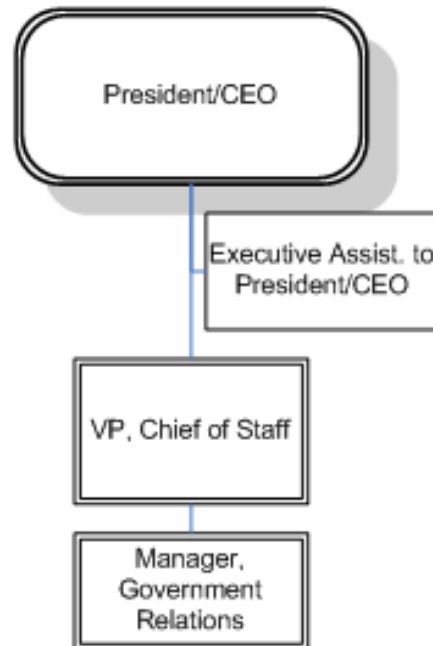
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President/CEO's Office

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 2007 Accomplishments

- ◆ Continued the implementation of a five-year bus service plan and improvements to passenger amenities
- ◆ 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
- ◆ Continued to develop 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

- ◆ 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

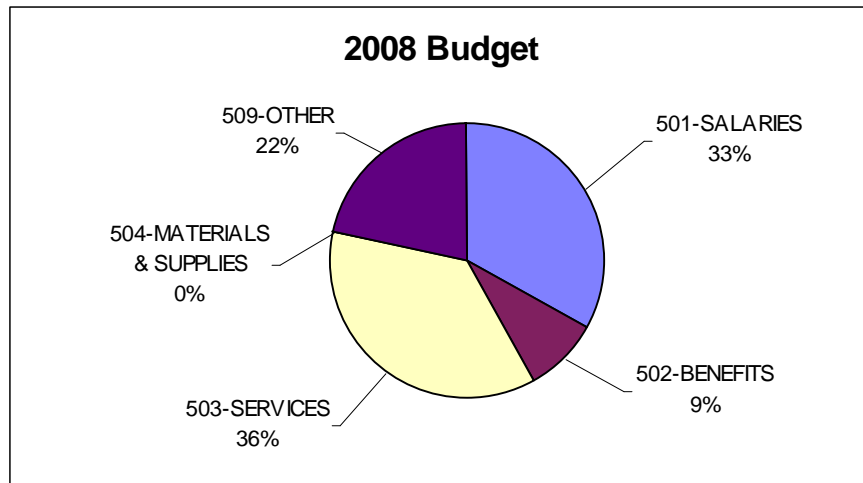
President/CEO's Office

Major Budgetary Changes

- ◆ **Salaries and Benefits** – reorganization of staff includes the transfer in of Chief of Staff and government relations staff. Strategic Management staff was moved to new department
- ◆ **Services** – expenses for the CAMPO Peer Review of Capital Metro

Note: Government Relations functions and associated expenses have been moved to this department in FY 2008 from the Communications department.

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 323,474	\$ 421,606	\$361,097	\$ 585,583	\$224,486	62.2%
502-BENEFITS	211,787	297,981	132,228	156,310	24,082	18.2%
503-SERVICES	22	9,857	7,000	645,000	638,000	9114.3%
504-MATERIALS & SUPPLIES	1,622	3,028	1,800	3,000	1,200	66.7%
509-OTHER	368,176	442,154	395,144	381,910	(13,234)	(3.3%)
TOTALS	\$ 905,081	\$1,174,627	\$ 897,269	\$1,771,803	\$874,534	97.5%
FTE's	4	4	4	5		



Communications

Functions and Responsibilities

The Communications department is the primary source of contact for all news media inquiries about Capital Metro. The department works with print, broadcast and online media to convey 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 public relations efforts.

Communications Department Organizational Chart



FY 2007 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 public relations outreach efforts for the All Systems Go Long-Range Transit Plan, including the grand opening of the Leander Park & Ride and the ongoing progress of the Capital MetroRail commuter rail project
- ◆ Supported key departments with media outreach efforts for new and continuing initiatives including the Corporate Pass Pilot Project, National Dump the Pump Day and the installation of the DriveCam Systems® on buses
- ◆ Promoted Capital Metro's clean air initiatives including fuel and bus upgrades, GREENride and Vanpool programs, the use of renewable energy to power our facilities and the purchase of a third hybrid-bus
- ◆ Led the effort in creating the Communications Initiative Action Plan, which is designed to improve internal communications and enhance employee morale
- ◆ Managed media issues with due diligence, care and accuracy

Planned Initiatives

- ◆ Assist in implementing all public outreach and education activities associated with the All Systems Go Long-Range Transit Plan, including the fall 2008 launch of Capital MetroRail service
- ◆ Work with Marketing, Planning, Community Relations, and other key departments to increase overall ridership and improve customer satisfaction
- ◆ Promote Capital Metro's technology initiatives including the Intelligent Transportation System (ITS) and the expansion of WiFi service
- ◆ Continue to oversee the Communications Initiative Plan
- ◆ Increase awareness of Capital Metro products, programs and services through proactive media and public relations initiatives

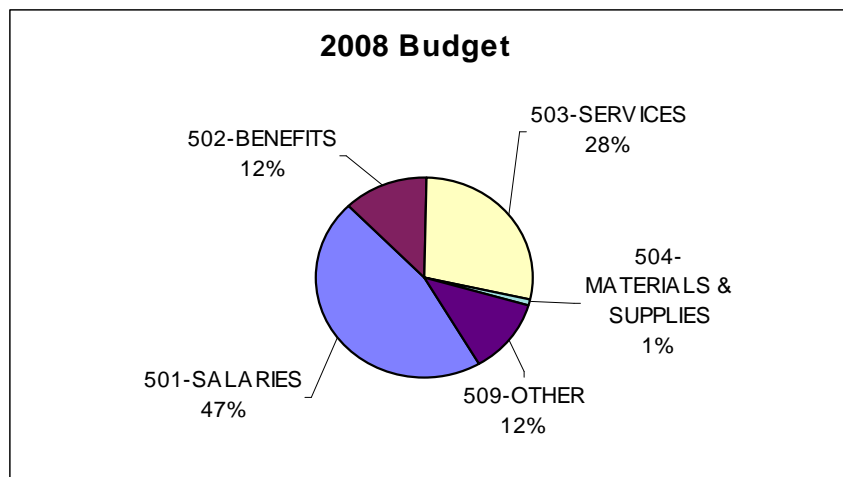
Communications

Major Budgetary Changes

- ◆ **Salaries and Benefits** - Government Relations functions and associated expenses have been moved from this department to President/CEO in FY 2008
- ◆ **Services** - the professional services used for legislative services have been reduced

Note: Government Relations functions and associated expenses have been moved from this department to the President/CEO department in FY 2008.

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 249,481	\$ 244,600	\$ 96,818	\$ 172,870	\$ 76,052	78.6%
502-BENEFITS	73,867	50,611	29,249	46,093	16,844	57.6%
503-SERVICES	618,931	434,014	621,992	106,308	(515,684)	(82.9%)
504-MATERIALS & SUPPLIES	7,779	8,462	3,300	3,300	0	0.0%
509-OTHER	6,067	64,284	8,504	45,480	36,976	434.8%
TOTALS	\$ 956,125	\$ 801,971	\$ 759,863	\$ 374,051	\$(385,812)	(50.8%)
FTE's	2	3	3	3		



Board of Directors Support

Functions and Responsibilities

The Board of Director's Liaison provides support to the Board of Directors and President/Chief Executive Officer in an effort to achieve the strategic mission and vision of Capital Metro Transportation Authority (Capital Metro). The Board of Director's Liaison also coordinates meetings and works with the Legal department to ensure compliance with the Texas Transportation Code, Section 451, and Texas Open Meetings Act requirements.

Board of Directors Support Department Organizational Chart



FY 2007 Accomplishments

- ◆ Continued 100% compliance with the Texas Open Meetings Act
- ◆ Worked with Board and Staff to acquire and implement the Board Agenda Management Software
- ◆ Continued to lead the Administrative Assistants Roundtable

Planned Initiatives

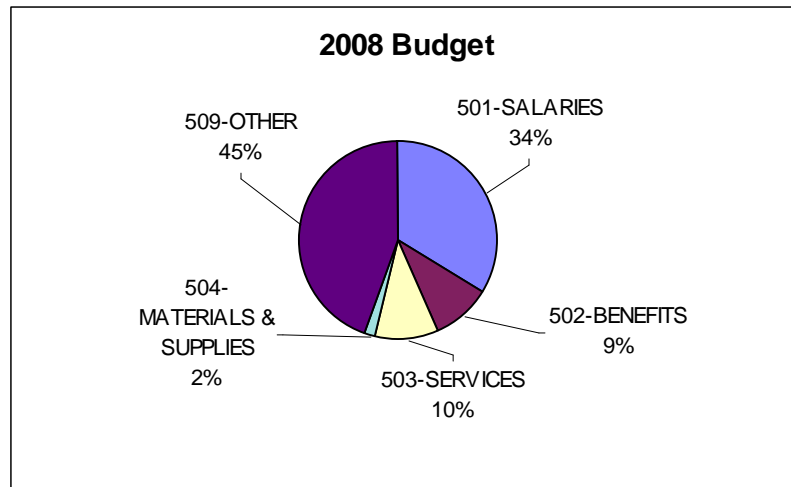
- ◆ Continue phased-in Boardroom Renovation and Board Meeting process
- ◆ Continue compliance with the Texas Open Meetings Act
- ◆ Train Board members and staff on the Agenda Management Software

Board of Directors Support

Major Budgetary Changes

- ◆ **Services** – Public hearings for FY2008 budget, service changes and any other meetings to have a person to sign language; contracts for Channel 6 (TV) and Jericho (sound system)

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES & CAPITALIZED COSTS	\$ 44,711	\$ 44,374	\$ 48,606	\$ 53,951	\$ 5,345	11.0%
502-BENEFITS	14,014	13,915	14,028	15,022	994	7.1%
503-SERVICES	5,519	2,448	5,817	16,644	10,827	186.1%
504-MATERIALS & SUPPLIES	1,790	1,741	1,600	2,700	1,100	68.8%
509-OTHER	61,952	75,444	81,220	81,320	100	(12.4%)
TOTALS	\$ 127,986	\$ 137,922	\$ 151,271	\$ 169,637	\$ 18,366	5.4%
FTE's	1	1	1	1		

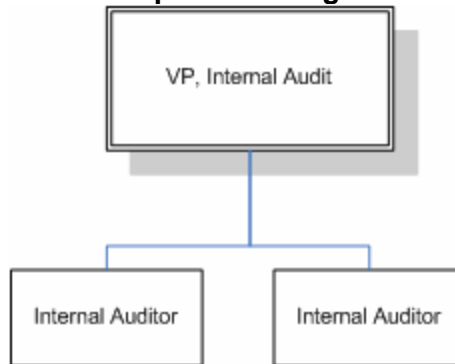


Internal Audit

Functions and Responsibilities

Capital Metro's Internal Audit Department provides independent and proactive auditing services to the Board of Directors and the President/Chief Executive Officer. Pursuant to professional standards and the formal Internal Audit Charter adopted by the Board of Directors, the Vice President, Internal Audit reports directly to the Board and the President/Chief Executive Officer. The Vice President, Internal Audit meets, as needed, with the Board's Planning, Finance & Audit Committee and provides status reports and advisory memoranda in addition to formal audit reports.

Internal Audit Department Organizational Chart



FY 2007 Accomplishments

- ◆ Completed six comprehensive program audits: payroll, recruitment, selection & hiring, purchased transportation contract audit, marketing services contract audit, transit advertising, procurement card and travel audit
- ◆ Prepared two comprehensive bi-annual status updates which covered twenty outstanding internal and external reviews; 70% of recommendations were fully implemented and 19% were actively “in process” as of the last completed status update
- ◆ Performed one special investigation review
- ◆ Performed one petty-cash audit and provided recommendations to strengthen controls and reduce risk
- ◆ Refined and updated comprehensive fraud awareness & prevention training for all Capital Metro/StarTran employees
- ◆ Provided ongoing customer-focused support and assistance to the Capital Metro management team, e.g., trained procurement staff on procurement card monitoring essentials and assisted in developing procurement card training for Authority cardholders and managers, supplied technical and controls advice during Human Resources Information System (HRIS) implementation, and served on several contractor proposal evaluations
- ◆ Supported Authority initiatives and community presence, e.g., volunteered during Leander Park & Ride Opening Ceremonies, 2006 Trail of Lights, UT football shuttle ticket sales events

Planned Initiatives

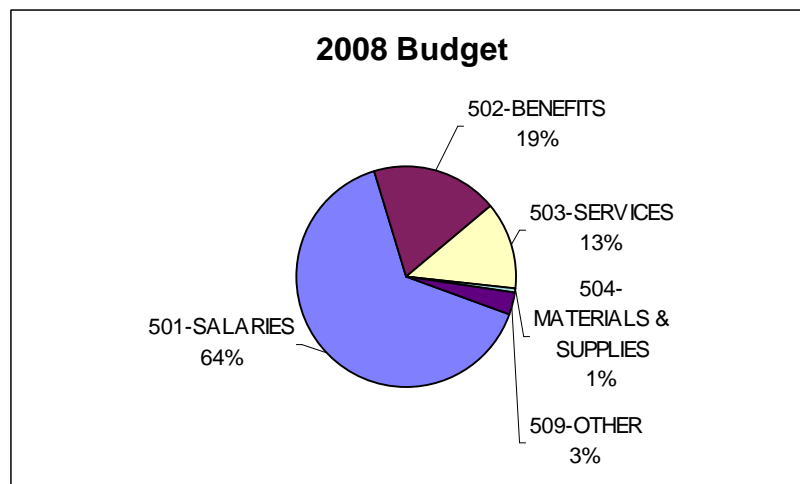
- ◆ Continue to perform planned audits and ensure ongoing risk assessment of Capital Metro operations and target internal audit resources in the most cost-effective and efficient manner
- ◆ Oversee project management of statutorily required Quadrennial Review of Capital Metro operations
- ◆ Contract for an external Quality Assurance Review of Internal Audit operations

Internal Audit

Major Budgetary Changes

- ◆ **Services** – The budget was expanded to address increased contracting risk. Contracted external audit services can be used to perform audits and/or to provide pricing assistance during contract negotiations and contract modifications, etc.

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 177,951	\$ 194,780	\$ 193,806	\$ 195,003	\$ 1,197	0.6%
502-BENEFITS	44,156	52,732	55,031	56,026	995	1.8%
503-SERVICES	(5,700)	0	6,000	38,000	32,000	533.3%
504-MATERIALS & SUPPLIES	463	523	3,300	1,800	(1,500)	(45.5%)
509-OTHER	6,448	4,882	10,765	10,075	(690)	(6.4%)
TOTALS	\$ 223,318	\$ 252,916	\$ 268,902	\$ 300,904	\$ 32,002	11.9%
FTE's	3	3	3	3		

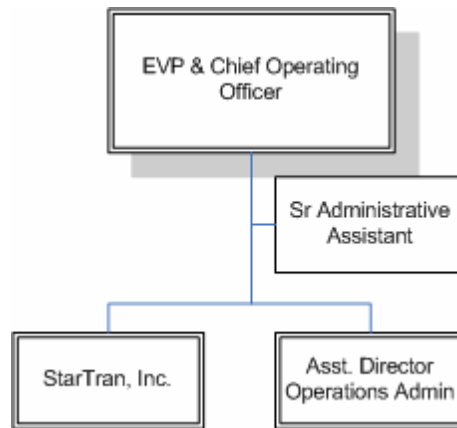


Chief Operating Officer

Functions and Responsibilities

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

Chief Operating Officer Department Organizational Chart



FY 2007 Accomplishments

- ◆ Oversaw \$106.6M operating budget
- ◆ Improve service to customers and fleet reliability
- ◆ Assisted with the planning for future Rail service, and staffed the Commuter Rail department

Planned Initiatives

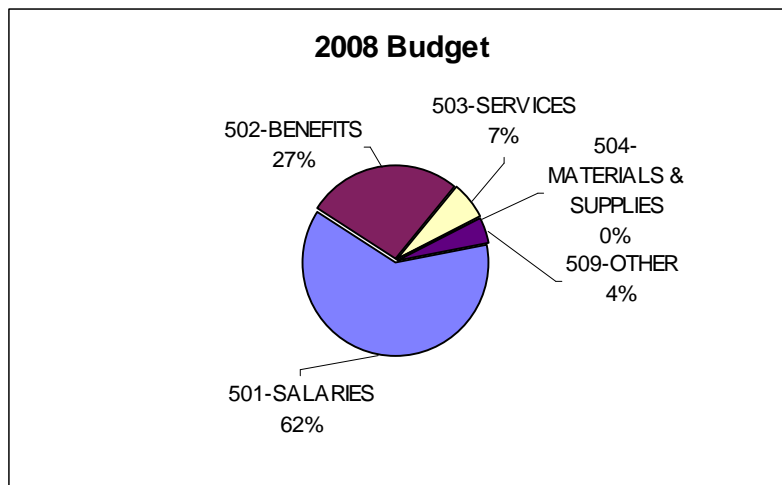
- ◆ Improve service to customers and fleet reliability through more timely Preventative Maintenance inspections
- ◆ Provide oversight and direction of labor relations
- ◆ Provide cost-effective ADA-compliant service to eligible participants
- ◆ Provide oversight and support for start-up testing of Capital MetroRail commuter rail service to begin in late 2008
- ◆ Continue oversight of implementation of Intelligent Transportation Systems and Asset Management Software
- ◆ Improve the quality and efficiency of service provided by the agency through a Business Operations Review

Chief Operating Officer

Major Budgetary Changes

- ◆ **Benefits** – Change in executive compensation package results in additional budgeted expense in FY 2008
- ◆ **Services** – consulting services for a business operations review to improve the efficiency and quality of service

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 223,811	\$ 242,500	\$ 211,981	\$232,955	\$ 20,974	9.9%
502-BENEFITS	68,668	76,225	85,330	101,796	16,466	19.3%
503-SERVICES	840	8,924	15,075	25,075	10,000	66.3%
504-MATERIALS & SUPPLIES	0	504	540	250	(290)	(53.7%)
509-OTHER	11,524	22,325	11,760	16,305	4,545	38.6%
TOTALS	\$ 304,843	\$ 350,479	\$ 324,686	\$376,381	\$ 51,695	15.9%
FTE's	3	3	3	3		



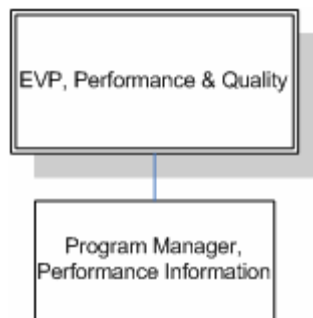
Office of Strategic Management

Functions and Responsibilities

The Office of Strategic Management is a new department that is responsible for facilitating the Strategic Plan, Strategy Maps and the Strategic Management System (Balanced Scorecard). This department also facilitates the selection of performance targets and identifies required strategic initiatives. A key focus is to develop, implement, monitor and maintain the organizational strategic performance reporting system.

Additional functions include sponsoring and supporting the Customer Satisfaction Team, managing the Recognizing Resourcefulness employee suggestion program and facilitating the organizational policy approval process.

Strategic Management Department Organizational Chart



Office of Strategic Management

FY 2007 Accomplishments

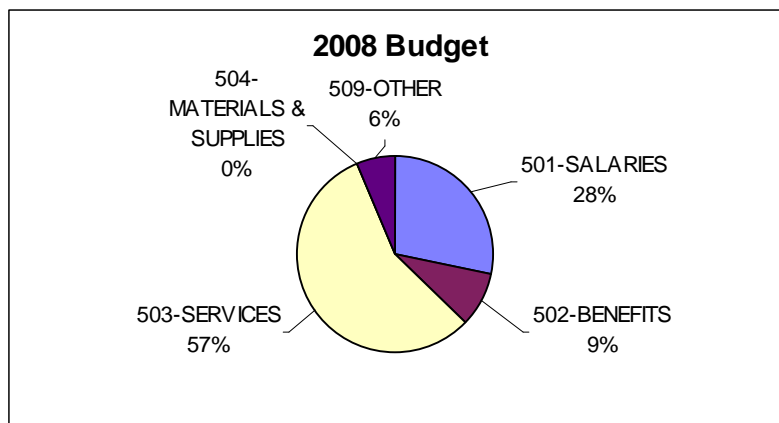
This is a new department for FY 2008.

Planned Initiatives

- ◆ Manage the implementation of the Balanced Scorecard Strategic Management System
- ◆ Define, measure and report strategic initiatives
- ◆ Analyze effectiveness of service changes
- ◆ Improve the R² Program (Recognizing Resourcefulness) by improving the reporting and response time, and responding to all inquiries for improvements

Major Budgetary Changes

<i>Account Category</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES & CAPITALIZED COSTS	\$ 181,870	\$ 2,228	1.2%
502-BENEFITS	55,517	3,237	6.2%
503-SERVICES	360,800	285,800	381.1%
504-MATERIALS & SUPPLIES	1,410	1,410	N/A
509-OTHER	40,300	34,300	571.7%
TOTALS	\$ 639,897	\$ 326,975	104.5%
FTE's	2		

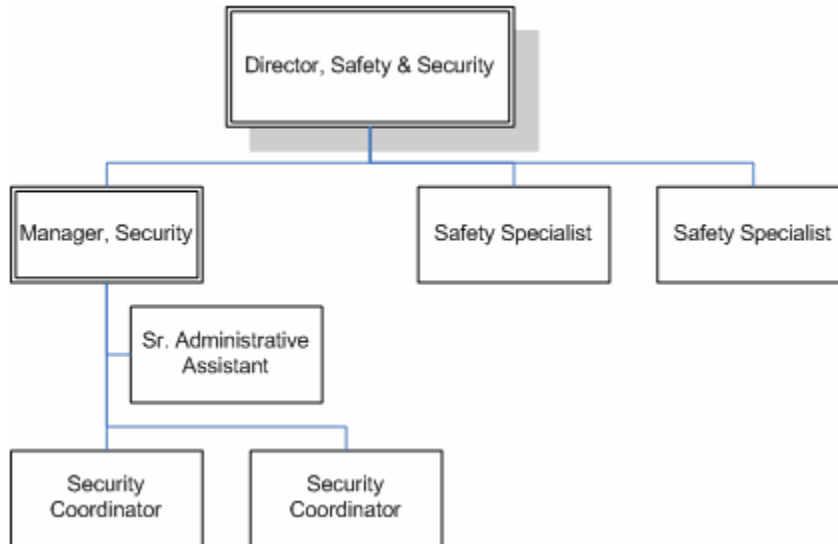


Security

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, performs reviews existing procedures. Additionally, this department manages supplemental security personnel and patrol service for the authority. Officers initiate random patrols throughout the service area via mobile patrol and/or onboard rides in uniform or plainclothes.

Safety & Security Department Organizational Chart



FY 2007 Accomplishments

- ◆ Created and published a guide for emergency responders (Fire, Police and EMS) on the technical information on transit facilities for use during emergencies
- ◆ Created standard operating procedures for street security and new post orders for Facility Security Officers
- ◆ Created a Severe Weather-Driving Guide for Bus and paratransit Operators

Planned Initiatives

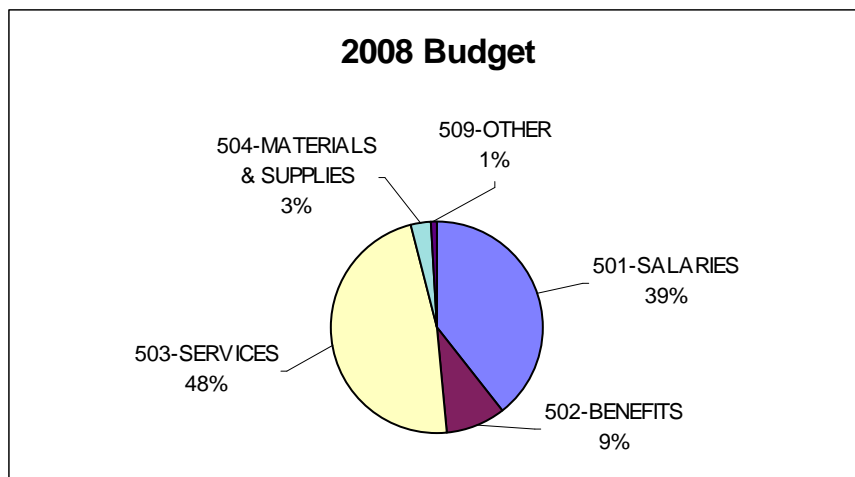
- ◆ A 5% reduction in Collisions per 100,000 miles from the FY 2007 goal
- ◆ A 5% reduction in Passenger Accidents per 100,000 miles from the FY 2007 goal
- ◆ Reduction of Employee Injuries by 5%
- ◆ Reduce the average Street Security Response Time to under 11 minutes and 24 seconds per incident
- ◆ Reduction in fixed CCTV Camera Downtime by 10 %
- ◆ Sustain Street and Facility Security Officer coverage over 96%
- ◆ Provide security support as commuter rail vehicles are delivered and during start-up and testing
- ◆ Implement DriveCam Systems® to record vehicle operations when vehicle is impacted by driving conditions. Results include improved operator driving skills, accident rate reduction, and provide video documentation of 20 seconds before and after an accident. (postponed from previous year)

Security

Major Budgetary Changes

- ◆ **Services** – Installation of DriveCam Systems® in all revenue vehicles in FY 2008. This system will provide information about incidents in vehicles (i.e. collisions, reckless driving, short stops). There is an assumed cost savings in vehicle liability insurance (see Risk Management department)
- ◆ **Materials & Supplies** – Educational materials to be purchased for employees and to install safety devices at new facilities. Purchase of radar detection system to test speedometers on vehicles. Replacement of surveillance and recording devices for expected failures due to age of equipment

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 958,219	\$ 946,644	\$1,064,679	\$1,107,548	\$ 42,869	4.0%
502-BENEFITS	232,484	224,667	246,989	258,618	11,629	4.7%
503-SERVICES	531,881	690,037	1,127,498	1,339,305	211,807	18.8%
504-MATERIALS & SUPPLIES	4,165	5,920	7,300	86,996	79,696	1091.7%
509-OTHER	50,341	42,557	74,215	22,740	(51,475)	(69.4%)
TOTAL	\$1,777,090	\$ 1,909,826	\$2,520,681	\$2,815,207	\$294,526	11.7%
FTE's	7	7	7	7		
FTE's Security Officers	12.85	12.85	12.85	12.85		

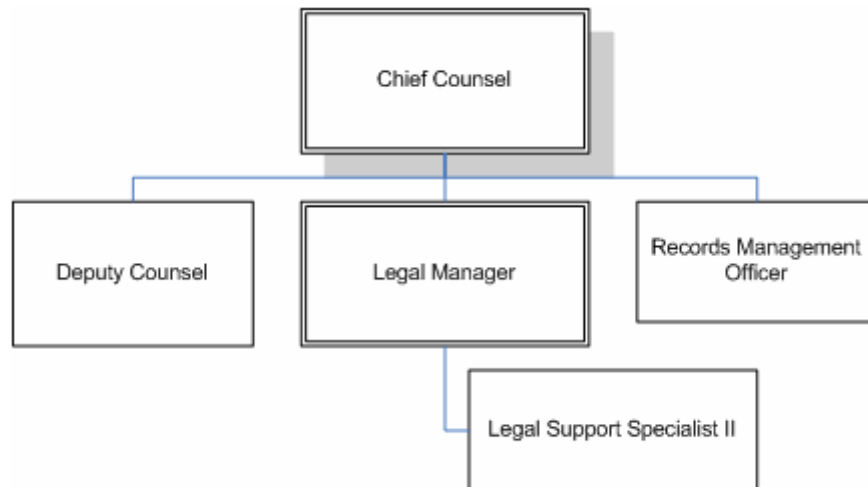


Legal

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, local and state 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; and manages outside legal services.

Legal Department Organizational Chart



FY 2007 Accomplishments

- ◆ Continued implementation of the Document /Records Management Software System and Scanning Project throughout the agency
- ◆ Continued training for administrative staff on the Texas Public Information Act and achieved a 100% compliance with the Act
- ◆ Continued to provide timely and accurate legal review and advice to the agency staff and the Board of Directors
- ◆ Created a new Deputy Counsel position; hired a new Legal Manager.

Planned Initiatives

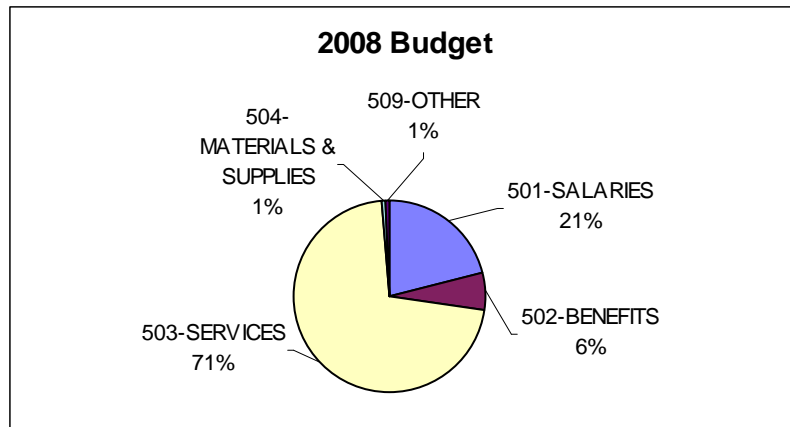
- ◆ Continue ongoing timely legal support for agency staff and the Board of Directors
- ◆ Continue to upgrade and conduct ethics training for Capital Metro and StarTran employees
- ◆ Continue to implement the Document/Records Management Software System and Scanning Project throughout the agency

Legal

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Previous year’s budget included high capitalized labor for major projects. The fiscal year 2008 does not project the same level. Addition of one FTE to support legal staff

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 220,671	\$ 230,087	\$244,195	\$ 326,219	\$595,124	221.3%
502-BENEFITS	62,280	67,371	68,343	92,265	23,922	35.0%
503-SERVICES	988,911	1,517,076	1,031,420	1,095,650	(448,870)	(29.1%)
504-MATERIALS & SUPPLIES	16,474	13,403	12,800	11,050	(1,750)	(13.7%)
509-OTHER	13,366	13,668	10,300	10,190	(110)	(1.1%)
TOTAL	\$1,301,702	\$ 1,841,605	\$1,367,058	\$1,535,374	\$168,316	12.3%
FTE's	4	4	4	5		

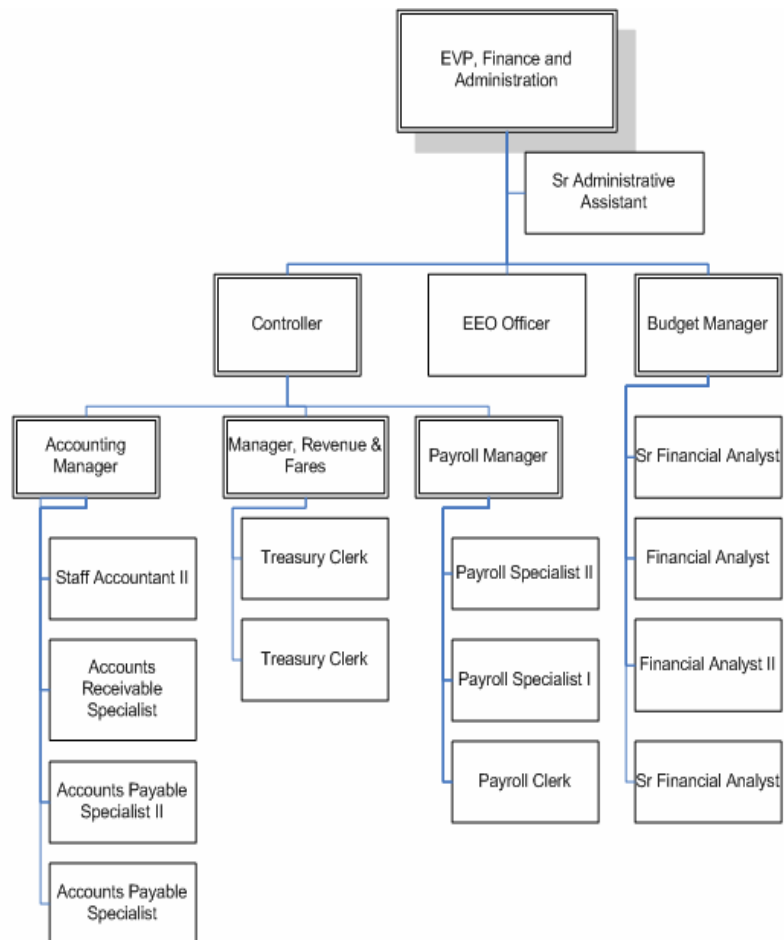


Finance

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, administering federal grant programs, safeguarding assets, and facilitating strategic financial and information technology planning.

Finance Department Organizational Chart



FY 2007 Accomplishments

- ◆ The 2006 Financial Statement Audit was completed on time and found no material weaknesses
- ◆ Received Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award
- ◆ Received GFOA Certificate of Achievement for Excellence in Financial Reporting
- ◆ Improved process for billing and collecting accounts receivable
- ◆ Implementation of new payroll and time/attendance system
- ◆ Developed additional statistical analysis on bus service to improve monthly report to Board of Directors
- ◆ Initiated inter-departmental group to identify major projects for grant funding
- ◆ Paid 95% of invoices within 30 days

Planned Initiatives

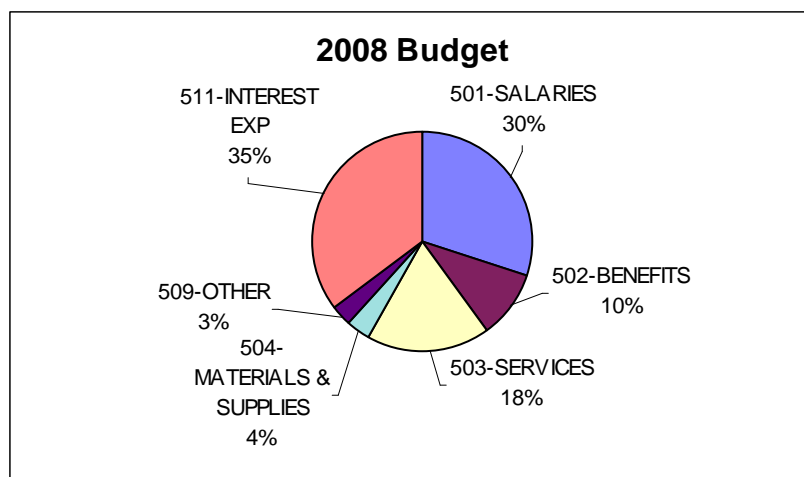
- ◆ Seek certificates of excellence in financial reporting and budget presentation
- ◆ Implement new cost allocation plan to support activity-based cost initiative
- ◆ Monitor cost center forecasts against actual trends to pinpoint potential weaknesses in forecasting skills and improve the accuracy of the budget and financial reporting process
- ◆ Completion of long range financial plan to improve financial management and governance
- ◆ Complete recommendations for Rail Fare Structure
- ◆ Implement Ticket Vending Machines for Rail Stations

Finance

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Two positions transferred from Human Resources to Finance
- ◆ **Services** – Decrease in consulting fees due to expected completion of rail fare structure project
- ◆ **Interest Expense** – Interest payments for Commuter Rail vehicles will decrease as principle payments begin

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 939,024	\$ 1,009,309	\$ 903,720	\$1,009,762	\$106,042	11.7%
502-BENEFITS	234,078	308,438	277,002	338,728	61,726	22.3%
503-SERVICES	661,670	768,719	636,731	604,955	(31,776)	(5.0%)
504-MATERIALS & SUPPLIES	137,619	155,602	139,594	122,566	(17,028)	(12.2%)
509-OTHER	38,899	104,542	101,573	100,153	(1,420)	(1.4%)
511-INTEREST EXP	760,693	1,262,899	1,254,914	1,191,377	(63,537)	(5.1%)
512-LEASE & RENT	825	0	0	0	0	N/A
TOTAL	\$ 2,772,808	\$ 3,609,508	\$3,313,534	\$3,367,541	\$ 54,007	1.6%
FTE's	20	20	20	21		

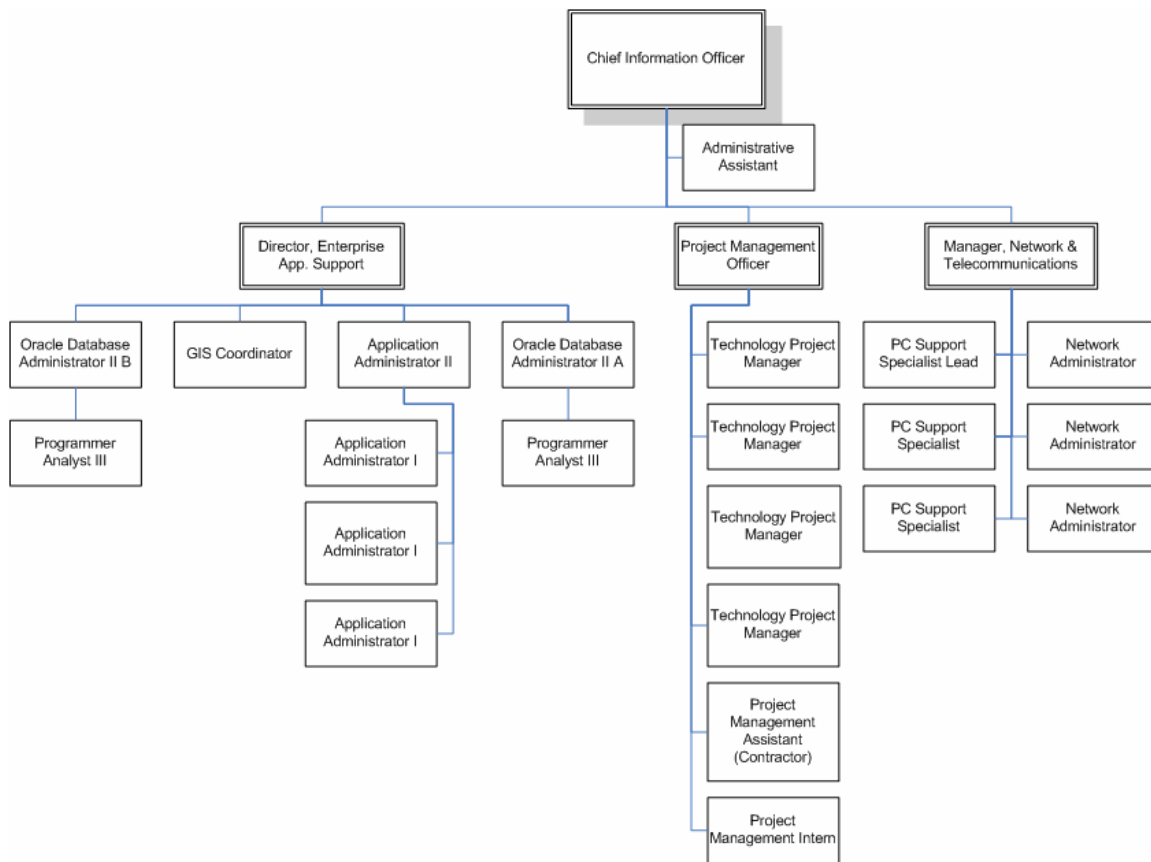


Information Technology

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 24x7 support of mission critical systems.

Information Technology Department Organizational Chart



FY 2007 Accomplishments

- ◆ Implementation of new payroll, time and attendance, and human resources system
- ◆ Upgraded Trapeze OPS and FX/PASS systems
- ◆ Made trip planning available on Google Web site in addition to Cap Metro Internet site and provided interactive maps on Capital Metro Internet site
- ◆ Upgraded Ontira Interactive Voice Response system
- ◆ Implemented ArcSDE/ArcIMS tools for GIS usage
- ◆ Re-designed Intranet site for usage of Oracle Portal product
- ◆ Implemented enhancements to RidePro system
- ◆ Successfully implemented WiFi pilot on express route from Leander, receiving high praise from customers
- ◆ Successfully replaced all radios on vehicles operated by contractors, First Transit (UT Shuttle) and Veolia (fixed route services) so that all vehicles are on the same radio system and can communicate easily across service area
- ◆ Began projects that will provide automatic vehicle location and computer aided dispatch, as well as next bus information for customers as part of the Intelligent Transportation System (ITS)
- ◆ Began projects that will support the operations of new rail service and provide features critical for successful approval of Federal Railroad Administration Commuter waiver
- ◆ Completed 23 major IT related projects
- ◆ Migrated the majority of internal servers to VMWare for greater reliability and flexibility
- ◆ Implemented Storage Area Networks for production and development environments to allow greater data storage and reliability
- ◆ Built redundant fiber link to vehicle maintenance building and service island to improve communication capability
- ◆ Rebuilt Citrix environment for greater redundancy and availability
- ◆ Set up rail trailer for commuter rail contractor (Veolia) and installed dispatch system ready for ITS and MetroRail implementation

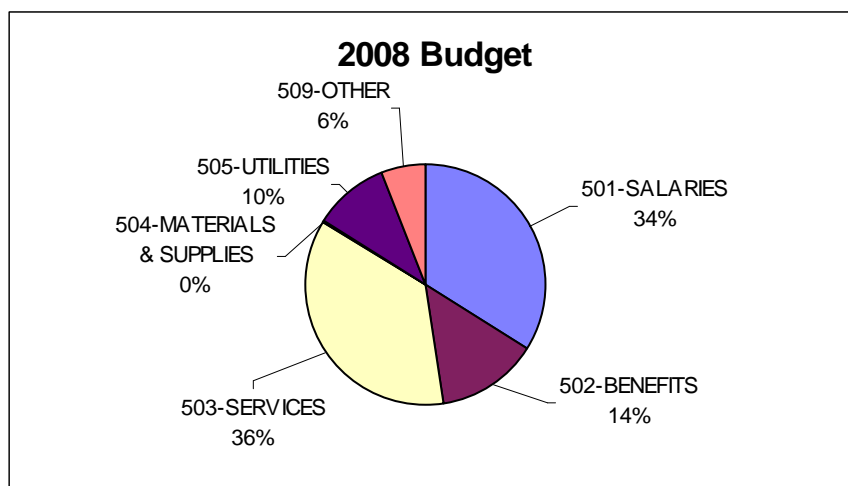
Planned Initiatives

- ◆ Upgrade Oracle Suite to version 11i
- ◆ Implement new Risk Management application
- ◆ Migrate main Capital Metro Internet Site to a commercial hosting provider
- ◆ Upgrade Hummingbird document management system for greater features and ease of use
- ◆ Complete implementation of ITS system for paratransit and rail operations
- ◆ Complete implementation of rail dispatch system for both freight and MetroRail operations
- ◆ Implement new ticket vending machine service in time for MetroRail opening
- ◆ Implement DriveCam Systems® video monitoring system on all vehicles to improve safety of drivers and customers, and reduce claims in accidents
- ◆ Implement system to support electronic voting, public display of agenda, automatic tracking of agenda during Board meetings
- ◆ Expand Wi-Fi implementation to new MetroRail services and additional express routes.
- ◆ Implement new Vehicle Maintenance Asset Management system and install new Asset Management system for MetroRail Operations
- ◆ Transition all maintenance and paratransit desktops to Wyse devices that connect to Citrix via Wyse device for greater flexibility and lower maintenance cost
- ◆ Move production systems from Co-location facility to CTECC facility as part of disaster recovery plan
- ◆ Provide new telephone and network capabilities for North Ops facility
- ◆ Migrate critical file servers from Microsoft to Novell operating systems
- ◆ Complete the setup of IP on the phone system at 323 Congress
- ◆ Upgrade of all voice recorders to VOIP

Major Budgetary Changes

- ◆ **Salaries & Benefits**– Increases in temporary project managers to support implementing technology projects
- ◆ **Services** – Increases in hardware, and software and telephone maintenance contracts
- ◆ **Utilities** – Increases to support facility expansion of North Ops and additional communications requirements for implementing ITS
- ◆ **Other** - In FY 2007 additional training for ITS project was included in budget.

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$1,026,819	\$ 1,237,048	\$ 989,860	\$1,146,476	\$156,616	15.8%
502-BENEFITS	307,018	337,611	392,318	462,638	70,320	17.9%
503-SERVICES	886,432	796,767	1,084,384	1,225,020	140,636	13.0%
504-MATERIALS & SUPPLIES	4,822	8,809	9,288	10,385	1,097	11.8%
505-UTILITIES	224,487	232,781	244,311	348,556	104,245	42.7%
509-OTHER	139,521	163,450	292,570	195,504	(97,066)	(33.2%)
TOTAL	\$2,589,099	\$ 2,776,467	\$3,012,731	\$3,388,579	\$375,848	12.5%
FTE's	22	23	23	23		

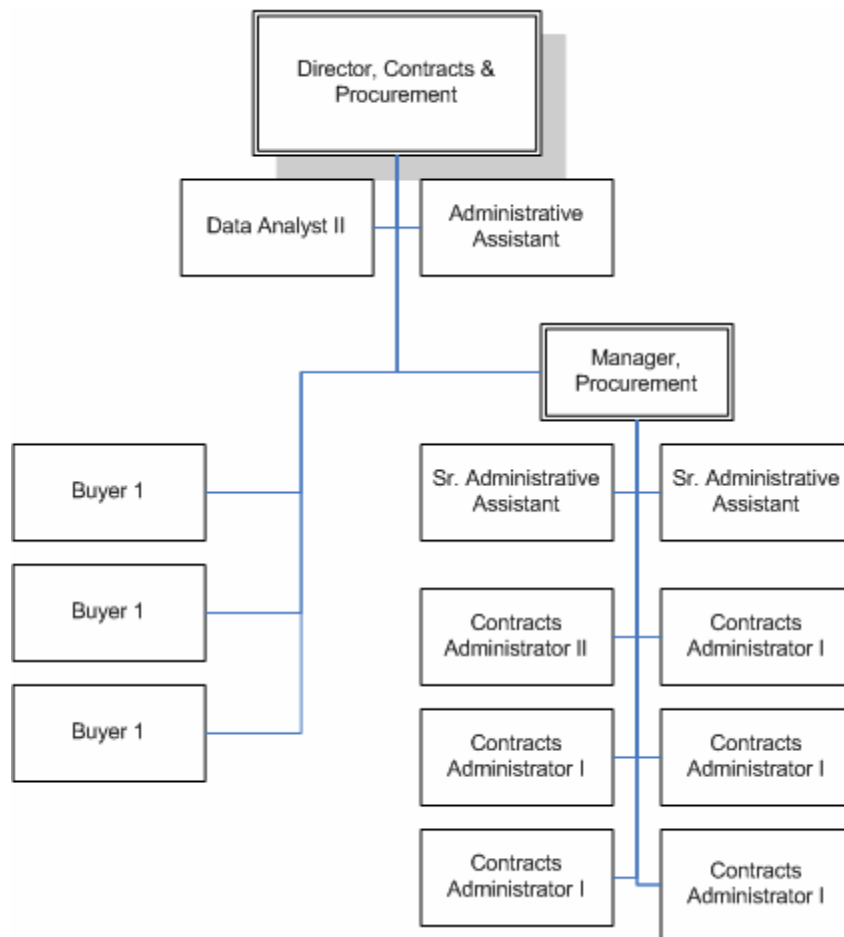


Procurement

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 2007 Accomplishments

- ◆ Enhanced process and technology training for staff and internal departments; ongoing training on formal solicitations and implemented small purchases training
- ◆ Developed external baseline customer service survey to identify areas for improvement; results were very good
- ◆ Focused on participation in community outreach regarding procurement opportunities
- ◆ Implemented majority of recommendations from 2006 Internal Audit

Planned Initiatives

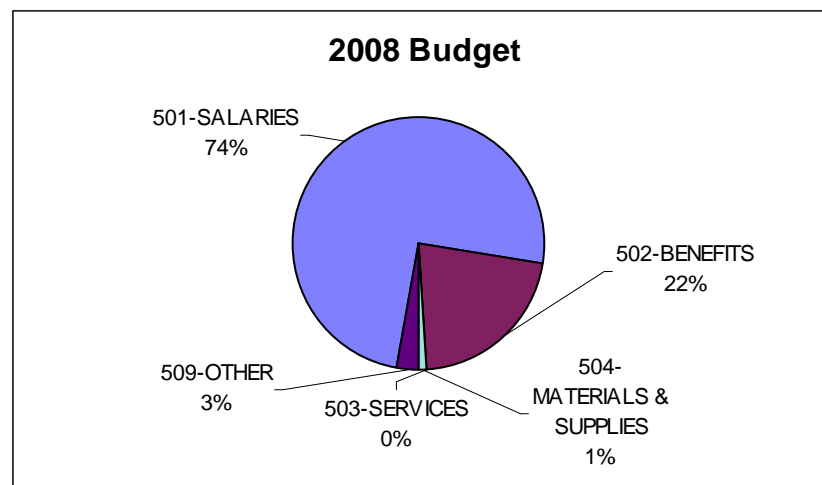
- ◆ Implement pilot Vendor Managed Inventory system for selected parts in Vehicle Maintenance
- ◆ Conduct biennial internal customer satisfaction survey
- ◆ Continue to enhance process and technology training of staff and internal departments
- ◆ Implement remaining recommendations from 2006 Internal Audit

Procurement

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Increase related to movement of several employees in department job families related to increased proficiency of experience, or obtaining advanced degrees and/or certification
- ◆ **Services** – In prior years, budget for outside audit of cost plus contracts. It is expected that this service will be provided internally.
- ◆ **Materials & Supplies** – Budget reduced to reflect effort to re-use supplies for procurements
- ◆ **Other** - Increase in travel expenses for proposed procurements

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES & CAPITALIZED COSTS	\$ 635,080	\$ 700,295	\$ 734,218	\$ 765,685	\$ 31,467	4.3%
502-BENEFITS	178,120	171,240	208,243	220,857	12,614	6.1%
503-SERVICES	18,790	8,968	15,920	0	(15,920)	(100.0%)
504-MATERIALS & SUPPLIES	(10,079)	29,519	12,005	9,100	(2,905)	(24.2%)
509-OTHER	19,564	23,030	21,737	29,749	8,012	36.9%
TOTALS	\$ 841,475	\$ 933,052	\$ 992,123	\$1,025,391	\$ 33,268	3.4%
FTE's	14	15	15	15		

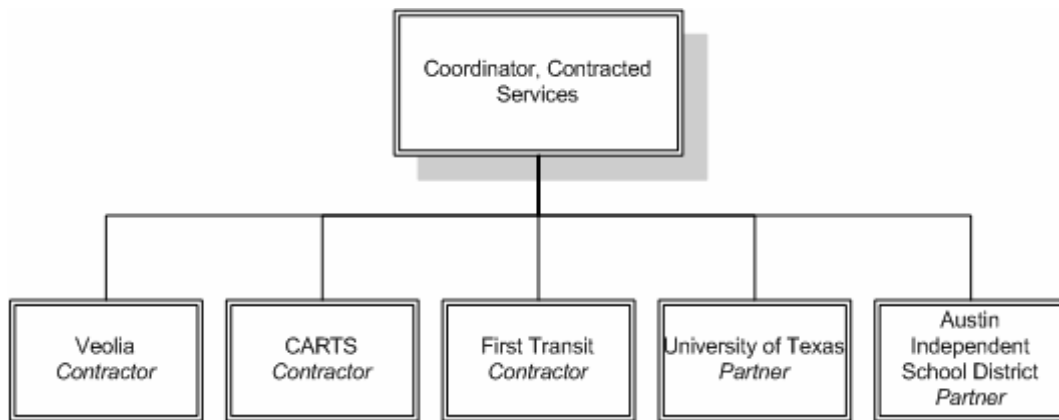


Purchased Transportation

Functions and Responsibilities

The Purchased Transportation department provides management oversight of Capital Metro's bus service 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

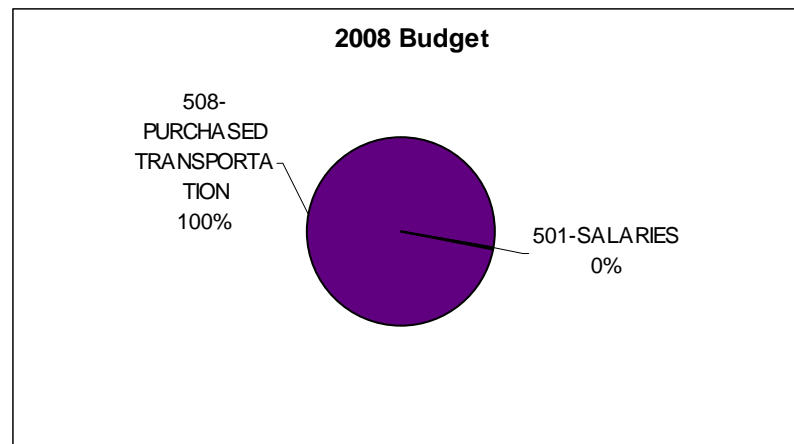


Purchased Transportation

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Turnover in staff resulted in lower salary cost
- ◆ **Purchased Transportation** -- Hourly billing rates with contractors increased per contract agreements.

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 30,906	\$ 52,021	\$ 55,189	\$ 48,836	\$ (6,353)	(11.5%)
502-BENEFITS	32,071	22,540	15,892	14,227	(1,665)	(10.5%)
503-SERVICES	0	600	0	0	0	N/A
504-MATERIALS & SUPPLIES	(41)	0	480	0	(480)	(100.0%)
508-PURCHASED TRANSPORTATION	13,868,493	15,422,680	15,209,606	16,562,770	1,353,164	8.9%
509-OTHER	2,363	0	0	1,500	1,500	N/A
TOTALS	\$ 13,933,792	\$15,497,842	\$15,281,167	\$16,627,333	\$1,346,166	8.8%
FTE's	1	1	1	1		



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 services.

FY 2007 Accomplishments

- ◆ Met or exceeded most contractual performance standards, including on-time performance, customer comments, and scheduled maintenance
- ◆ Submitted all National Transit Database (NTD) information in a timely and accurate manner
- ◆ Veolia now also assists Capital Metro when needed for special events and at other times when additional manpower is needed

Planned Initiatives

- ◆ Continue to effectively manage the contracted fixed route – local service contract

Performance standards per contract include:

- Maintaining on-time performance (90.0%),
- Keeping the number of accidents per 100,000 miles no more than 3.71,
- Reducing the number of missed trips per month,
- Reducing the number of late trips per month, and
- Monitoring quality of customer service by conducting periodic “ghost” ride checks.

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).

FY 2007 Accomplishments

- ◆ Met or exceeded all contractual performance standards
- ◆ Submitted all NTD reports in a timely and accurate fashion
- ◆ Ridership on the demand response service (Northwest Dial a Ride) remains strong

Planned Initiatives

- ◆ Continue managing the rural services contract
 - Performance standards include:
 - Maintaining on-time performance (90%),
 - Reducing the number of accidents per 100,000 miles,
 - Maintaining response time to customer comments,
 - Maintaining 75% rate of resolution to customer comments,
 - Reducing the number of missed trips per month, and
 - Reducing the number of late trips per month.

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.

FY 2007 Accomplishments

- ◆ Met or exceeded contractual performance standards
- ◆ Maintained an 85% overall satisfaction level with the performance of the shuttle system as measured by an annual survey of over 8,000 campus users

Planned Initiatives

- ◆ Continue to partner with University to conduct annual UT shuttle bus customer satisfaction survey
- ◆ Continue to effectively manage the UT Shuttle service contract
Performance standards per contract include:
 - Maintaining on-time performance (95.0% or greater),
 - Keeping the number of accidents per 100,000 miles no more than 3.71,
 - Reducing the number of missed trips per month,
 - Reducing the number of late trips per month, and
 - Reducing the number of customer complaints received per passenger.
- ◆ Move UT shuttle service operations to new North Ops facility in second quarter of 2008

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.

FY 2007 Accomplishments

- ◆ Adjusted existing routes to accommodate students, as well as make routes and the number of stops more efficient
- ◆ Attended orientation meetings at participating “magnet” schools
- ◆ Participated in the Safe Walk Home program that promotes student safety
- ◆ Extended Interlocal Agreement for a two-year period

Planned Initiatives

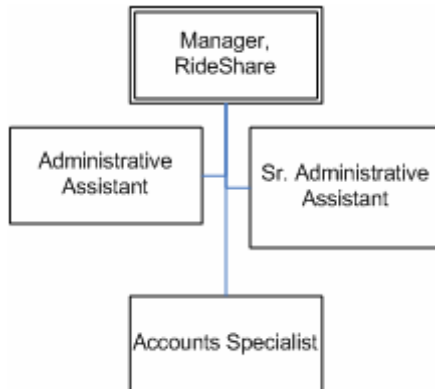
- ◆ Continue coordinating the work between AISD route schedulers and Capital Metro planning staff to improve the efficiency of AISD routing and stop change processes
- ◆ Create a plan for the future of the partnership with AISD

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 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 2007 Accomplishments

- ◆ Implemented fourteen (14) new vanpools and carpool groups
- ◆ Increased RideShare program membership by thirty-four (34) members
- ◆ Staged or staffed fifty-four (54) worksite events or employee presentations throughout the Capital Metro service area for community outreach

Planned Initiatives

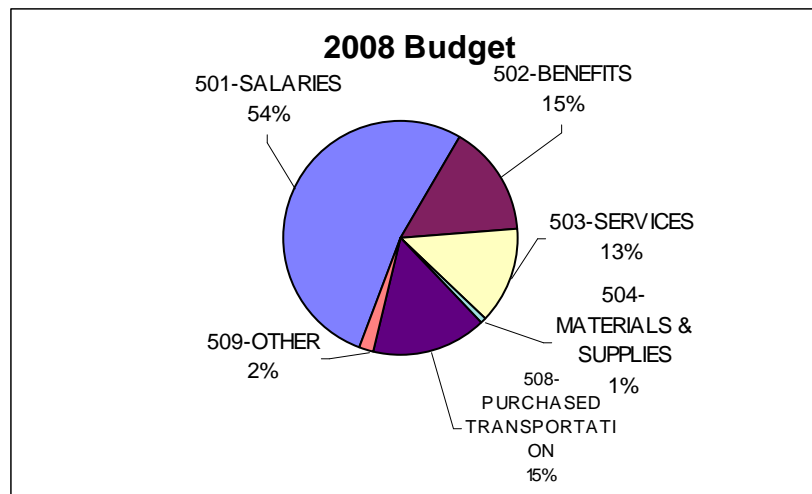
- ◆ Implement car/vanpool driver online reporting program
- ◆ Train approximately 300 car/vanpool drivers to provide NTD data via the online reporting program
- ◆ Increase RideShare program membership by 50 members
- ◆ Research new RideShare program that leases vans and requires a larger fiduciary participation by members

Rideshare

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Decreased due to reduction of position
- ◆ **Purchased Transportation** – Research new RideShare program that leases vans and requires a larger contribution by members
- ◆ **Other** – Marketing promotion to supplement vanpool program

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES & CAPITALIZED COSTS	\$139,036	\$ 135,766	\$ 151,011	\$127,057	\$(23,954)	(15.9%)
502-BENEFITS	38,831	43,937	43,825	36,916	(6,909)	(15.8%)
503-SERVICES	26,604	6,672	32,159	31,930	(229)	(0.7%)
504-MATERIALS & SUPPLIES	1,605	1,165	2,000	1,800	(200)	(10.0%)
508-PURCHASED TRANSPORTATION	215	546	900	37,125	36,225	4025.0%
509-OTHER	3,466	2,239	4,725	4,797	72	1.5%
TOTALS	\$209,757	\$ 190,325	\$ 234,620	\$239,625	\$ 5,005	2.1%
FTE's	4	3	3	3		

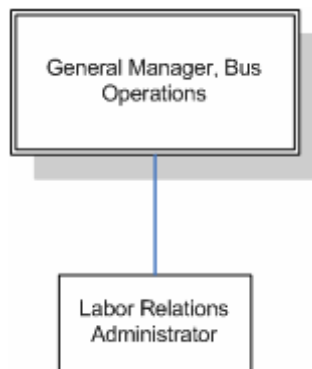


Labor Relations

Functions and Responsibilities

The Labor Relations department provides labor relations direction and oversight, provides labor/employment law counsel, responds to employee claims or charges, and coordinates with outside counsel, as needed. The Labor Relations department engages in negotiations between StarTran, Inc. and its unions, the Amalgamated Transit Union, Local 1091 (ATU) and the International Union of Electricians, Local 1129 (IUE), and provides guidance regarding interpretation and application of the labor agreements, directs StarTran's response to grievances, conducts labor arbitrations, directs the accident review board and the complaint review board, generates various reports relating to bargaining unit performance, and coordinates the pay for performance plans.

Labor Relations Department Organizational Chart



FY 2007 Accomplishments

- ◆ Continued to develop and update policies and procedures concerning administration of the labor agreements to promote sound and consistent application of contract provisions
- ◆ Responded to unfair labor practice charges filed by ATU resulting in dismissal or deferral of all charges
- ◆ Calculated the individual payments to employees under the collectively bargained incentive plans in a timely and accurate manner
- ◆ Continued to control costs of outside counsel through in-house litigation, arbitration, and responses to governmental agencies
- ◆ Reduced the quantity of grievances through prompt and fair responses to employee's concerns

Planned Initiatives

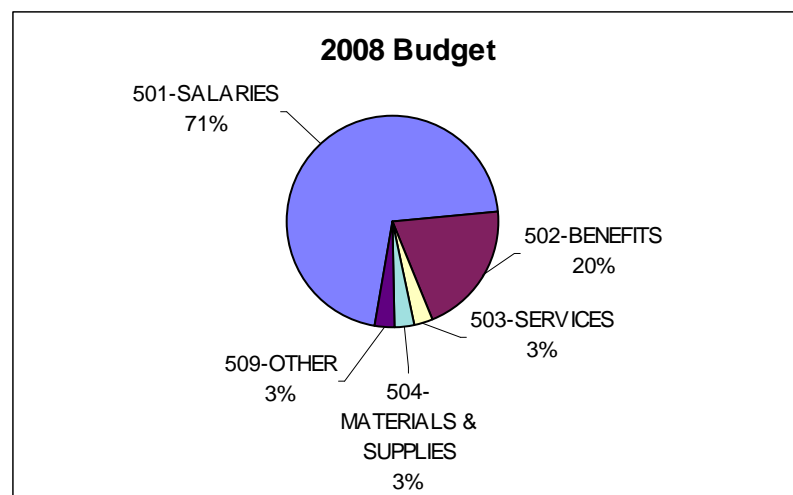
- ◆ Complete negotiations with the ATU resulting in a mutually acceptable and cost-effective labor agreement.
- ◆ Work with the ATU and IUE to revise policies and procedures to facilitate improved productivity and employee performance
- ◆ Continue promoting positive labor relations and fostering the relationship with collective bargaining representatives, including focusing on the utilization of interest-based bargaining techniques
- ◆ Continue the resolution of grievances and develop policies and practices to reduce the level of grievance activity and encourage consistent and fair employee relations
- ◆ Train managers to promote more consistent corrective action and discipline.

Labor Relations

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Increase due to a re-organization of StarTran that includes more oversight and management
- ◆ **Services** – Reduced expense for arbitrations
- ◆ **Other** – Reduced expense for arbitration venues

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$139,405	\$ 110,665	\$ 117,624	\$ 135,266	\$ 17,642	15.0%
502-BENEFITS	42,996	36,445	34,448	38,870	4,422	12.8%
503-SERVICES	(3,788)	13,760	7,800	5,200	(2,600)	(33.3%)
504-MATERIALS & SUPPLIES	4,979	311	5,660	5,660	0	0.0%
509-OTHER	6,802	3,038	9,874	6,000	(3,874)	(39.2%)
TOTALS	\$190,394	\$ 164,219	\$ 175,406	\$ 190,996	\$ 15,590	8.9%
FTE's	3	2	2	2		



Planning

Functions and Responsibilities

Planning functions are divided into four major areas of responsibility:

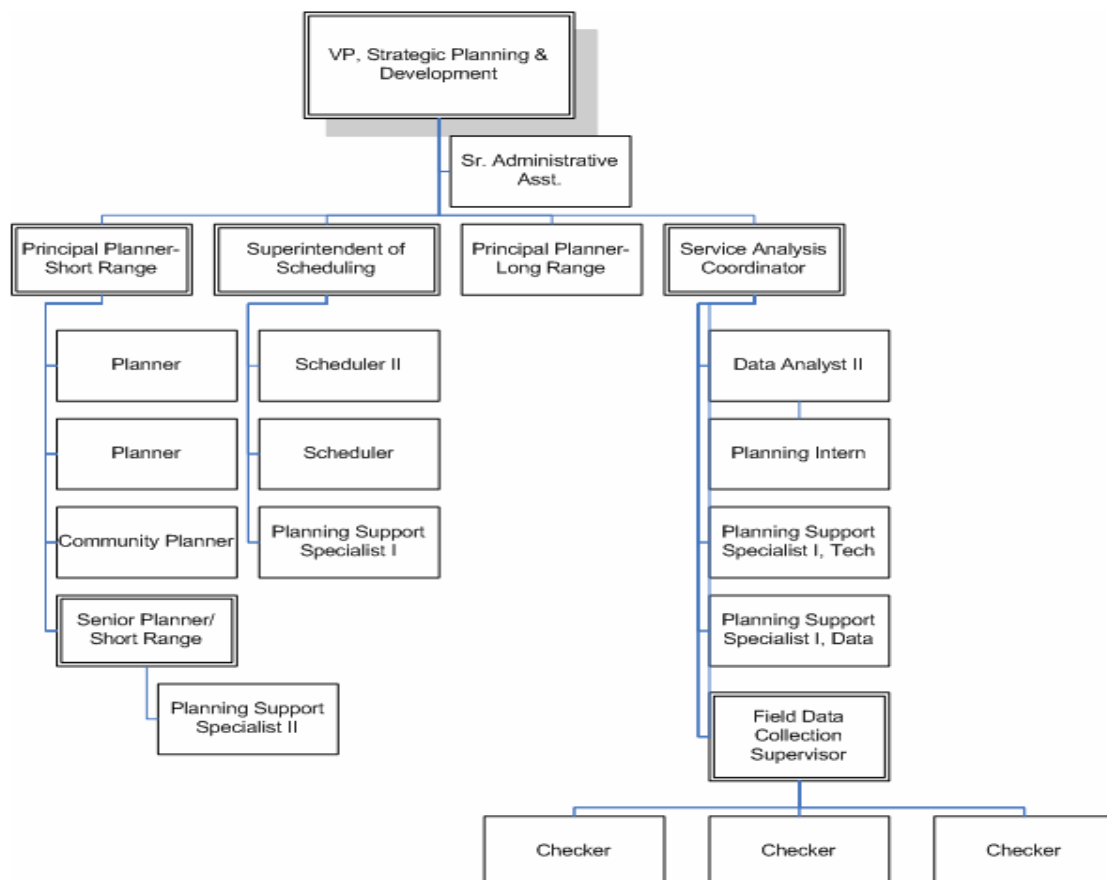
Service Planning: Plan current services and changes within a five-year horizon, which includes: reviewing and analyzing services, preparing and communicating service changes, developing short-range plan documents, handling service and bus stop-related issues and requests, helping manage the Capital Metro 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 2007 Accomplishments

- ◆ Designed and implemented service improvements
- ◆ Completed bus and bus operator scheduling functions
- ◆ Accomplished statistical reporting and analysis of system ridership and on-time performance
- ◆ Advanced Rapid Bus initiative, including shelter design and transit signal priority system development
- ◆ Developed draft regional transit vision, building upon All Systems Go! initiative
- ◆ Enhanced partnerships with regional partners, including City of Austin, Texas Department of Transportation and key stakeholders such as the Alliance for Public Transportation and Envision Central Texas

Planned Initiatives

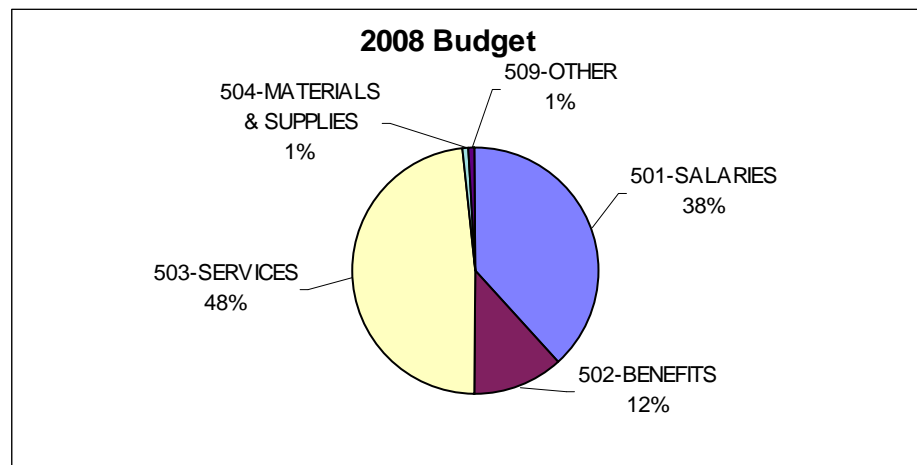
- ◆ Advance Rapid Bus initiative
- ◆ Redesign 'Dillo service
- ◆ Initiate Comprehensive Operational Analysis (COA) of entire fixed route system. The COA will evaluate and restructure bus service. The first phase will look at Capital Metro's market base to determine the demographics of the system's users. The next phase analyzes existing service to develop better route alignment and propose new routes in areas needing more transit service.
- ◆ Complete market segmentation research in coordination with Marketing Dept.
- ◆ Respond to Board and community direction regarding additional rail initiatives
- ◆ Continue work on service planning, scheduling and statistical analysis
- ◆ Build stakeholder relations with planning partners

Planning

Major Budgetary Changes

- ◆ **Salaries** – Increase due to one headcount growth in 2008 budget vs. 2007 budget, additionally revised compensation due to salary survey from FY 2007
- ◆ **Services** – Consulting Fees for Regional Visioning and for a Comprehensive Operational Analysis

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 752,334	\$ 882,527	\$ 757,629	\$ 892,114	\$ 134,485	17.8%
502-BENEFITS	203,322	255,674	240,619	271,363	30,744	12.8%
503-SERVICES	47,202	108,087	87,581	1,129,711	1,042,130	1189.9%
504-MATERIALS & SUPPLIES	15,419	13,515	15,951	15,217	(734)	(4.6%)
509-OTHER	5,053	8,593	17,096	21,288	4,192	24.5%
TOTALS	\$1,023,330	\$ 1,268,397	\$1,118,876	\$2,329,693	1,210,817	108.2%
FTE's	21	21	21	22		

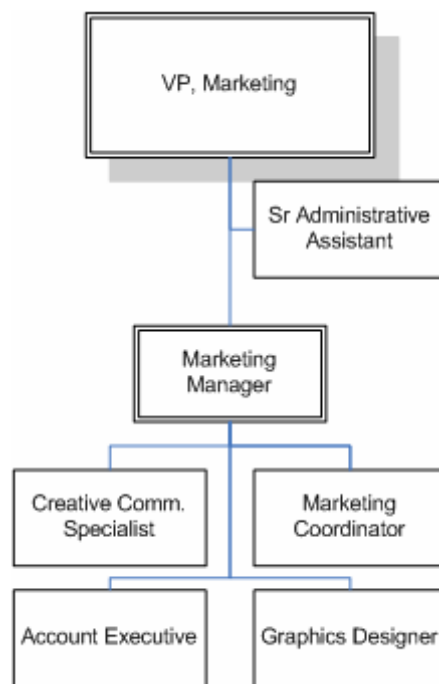


Marketing

Functions and Responsibilities

The Marketing department oversees strategic marketing, brand management, graphic design, customer literature production and distribution, special event 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. Working with an external advertising agency, 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 2007 Accomplishments

- ◆ Planned with Government and Public Relations the Leander Station Park and Ride grand opening and ongoing marketing campaign.
- ◆ Worked with Planning to implement the first phase of a comprehensive market segmentation study.
- ◆ Created materials to promote rail safety for Capital MetroRail.
- ◆ Recognized as an American Public Transportation Association (APTA) Adwheel First Place winner for the Dump The Pump fan giveaway
- ◆ Developed and implemented a business-supported marketing campaign to promote extended midday Orange 'Dillo Bus Trolley service to a popular restaurant and retail corridor
- ◆ Produced a comprehensive new system map that incorporates an easy to understand design and new information about services and schedules
- ◆ Developed and implement the first Customer Service Challenge in conjunction with the annual Bus Rodeo
- ◆ Completed the final brand design for MetroRapid and MetroRail services

Planned Initiatives

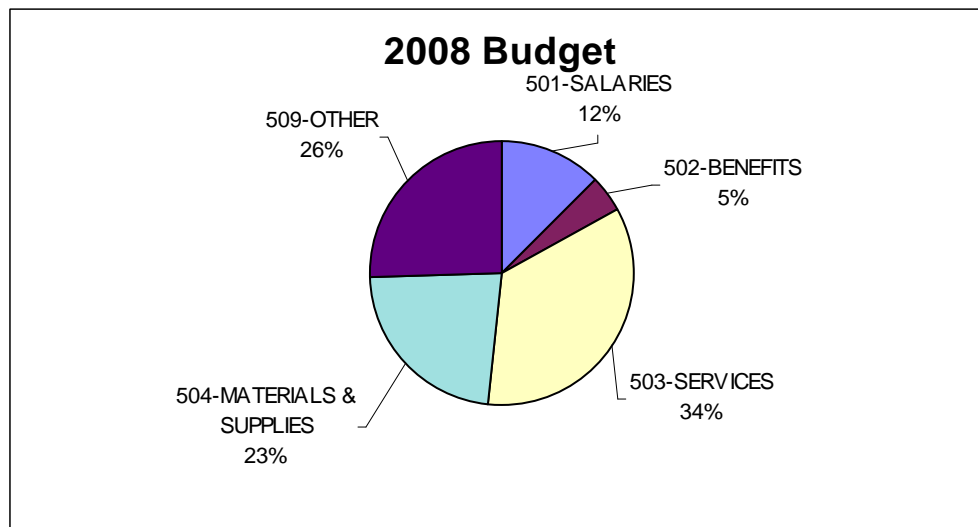
- ◆ Work with Planning department on the initial phase of the Comprehensive Operational Analysis (COA)
- ◆ Plan grand opening of South Central Transit Center
- ◆ Implement iRide campaign to promote ridership

Marketing

Major Budgetary Changes

- ◆ **Services** – Increases are related to the implementation of Phase 2 and 3 market segmentation research projects, the development of rail education and marketing pieces, a customer satisfaction survey and the development of wayfinding solutions for the new rail stations
- ◆ **Materials & Supplies** – Rail collateral, schedules and related printing; a significant increase in the volume of jobs performed in-house requires the purchase of more paper, inks and displays
- ◆ **Other** – FY 2008 expenses have less dues and subscriptions versus prior year's budget

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 191,972	\$ 318,525	\$ 402,219	\$ 394,217	\$ (8,002)	(2.0%)
502-BENEFITS	45,555	83,968	114,644	143,129	28,485	24.8%
503-SERVICES	425,423	574,664	949,450	1,102,400	152,950	16.1%
504-MATERIALS & SUPPLIES	468,706	561,067	609,000	727,000	118,000	19.4%
509-OTHER	670,306	391,378	859,449	812,250	(47,199)	(5.5%)
TOTALS	\$ 1,801,962	\$ 1,929,601	\$2,934,762	\$3,178,996	\$244,234	8.3%
FTE's	5	7	7	7		

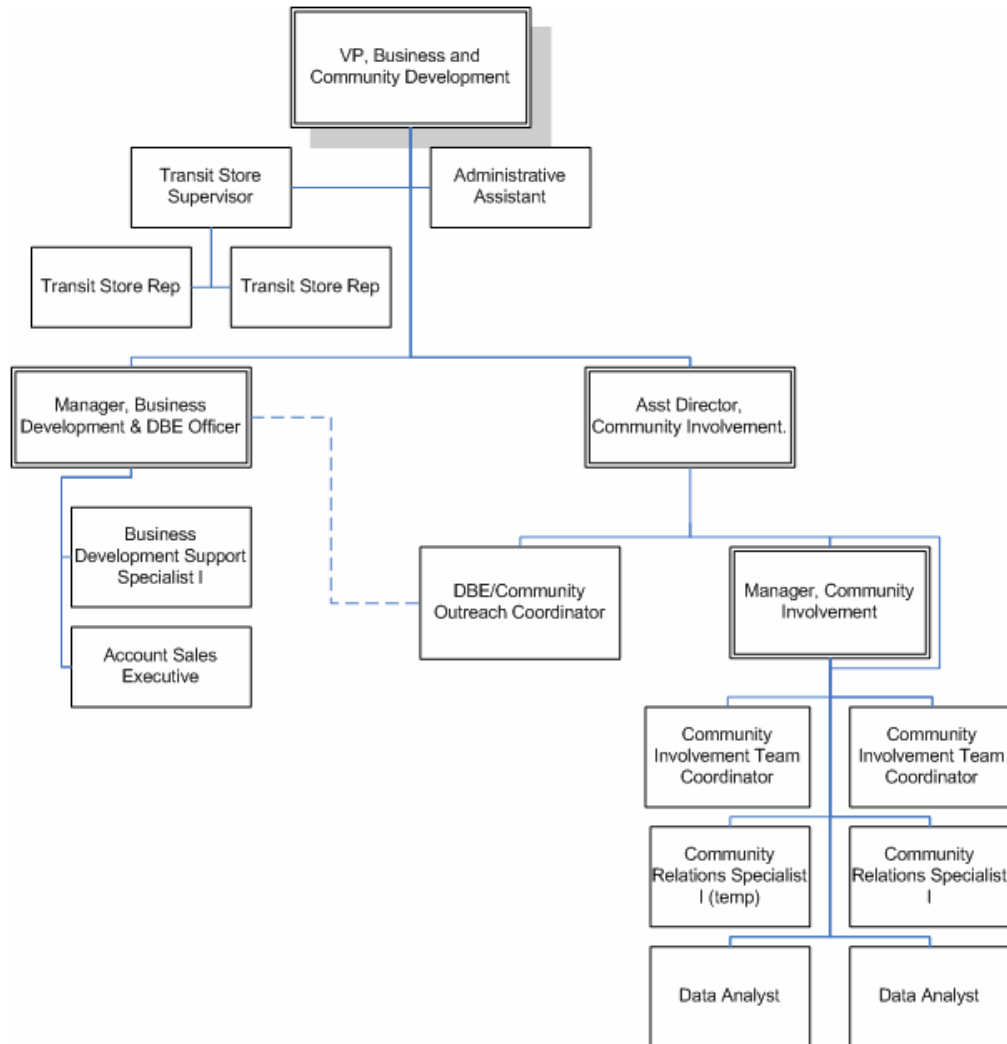


Business & Community Development

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.

BC&D Department Organizational Chart



FY 2007 Accomplishments

- ◆ Achieved Transit Advertising sales of \$817,000
- ◆ Continued Tri-Ethnic Partnerships with Minority Chambers of Commerce
- ◆ Met the agency-wide DBE goal of 25% according to Federal Transit Administration guidelines
- ◆ Completed Station Area Community Workshops for all nine (9) Capital MetroRail stations with participation from over 700 community stakeholders.
- ◆ Completed fifteen community partnerships with an approximate value of \$75,000 in transit advertising
- ◆ Implemented Capital Metro's permanent exhibit "Kid Metro" in partnership with the Austin Children's Museum
- ◆ Created the Grassroots Rail Outreach Working Group (GROW) composed of over 50 community partners to obtain community input/feedback on rail safety initiatives along Capital MetroRail
- ◆ Completed two pilot business pass projects with Whole Foods and Travis County

Planned Initiatives

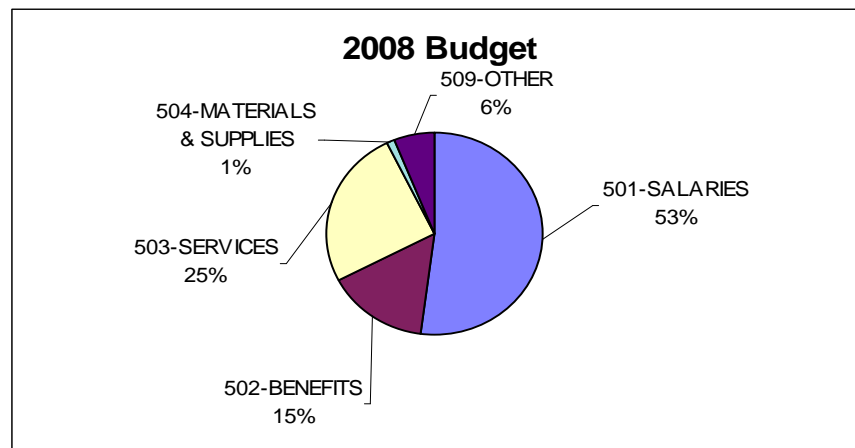
- ◆ Launch the new *Employee Choice* program promoting the sale of tickets and passes to employees of major employers, the State of Texas and UT complex
- ◆ Launch revenue generating initiatives using public private partnerships for new business programs associated with enhanced bus and rail service
- ◆ Continue support of the Disability Fare Card Renewal Program and implement enhanced disability verification processes and procedures
- ◆ Maintain Tri-Ethnic Partnerships with Minority Chambers of Commerce

Business & Community Development

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Increase due to upgrade of several positions to support responsibilities of this department; the addition of one FTE (existing temporary position will become fulltime employee)
- ◆ **Services** – Less use of temporary services for community outreach. Use of professional and contracted services to support the Disability Fare Card Renewal Program and other community outreach efforts required for the implementation of the Capital MetroRail Red Line [e.g., Rail Safety Education Grassroots Outreach (GROW)].
- ◆ **Other** – Support dollars for the Austin Children’s Museum, to continue the support of Capital Metro’s permanent “Kid Metro” exhibit, and the finalization of the design and implementation of a temporary rail exhibit are included.

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$574,248	\$ 709,016	\$ 710,592	\$ 780,350	\$ 69,758	9.8%
502-BENEFITS	141,571	169,114	197,318	232,419	35,101	17.8%
503-SERVICES	155,938	197,473	542,960	382,155	(160,805)	(29.6%)
504-MATERIALS & SUPPLIES	15,520	13,031	10,016	18,199	8,183	81.7%
509-OTHER	109,764	85,273	95,920	90,325	(5,595)	(5.8%)
TOTALS	\$997,041	\$ 1,173,907	\$1,556,806	\$1,503,448	\$(53,358)	(3.4%)
FTE's	16	17	17	17		



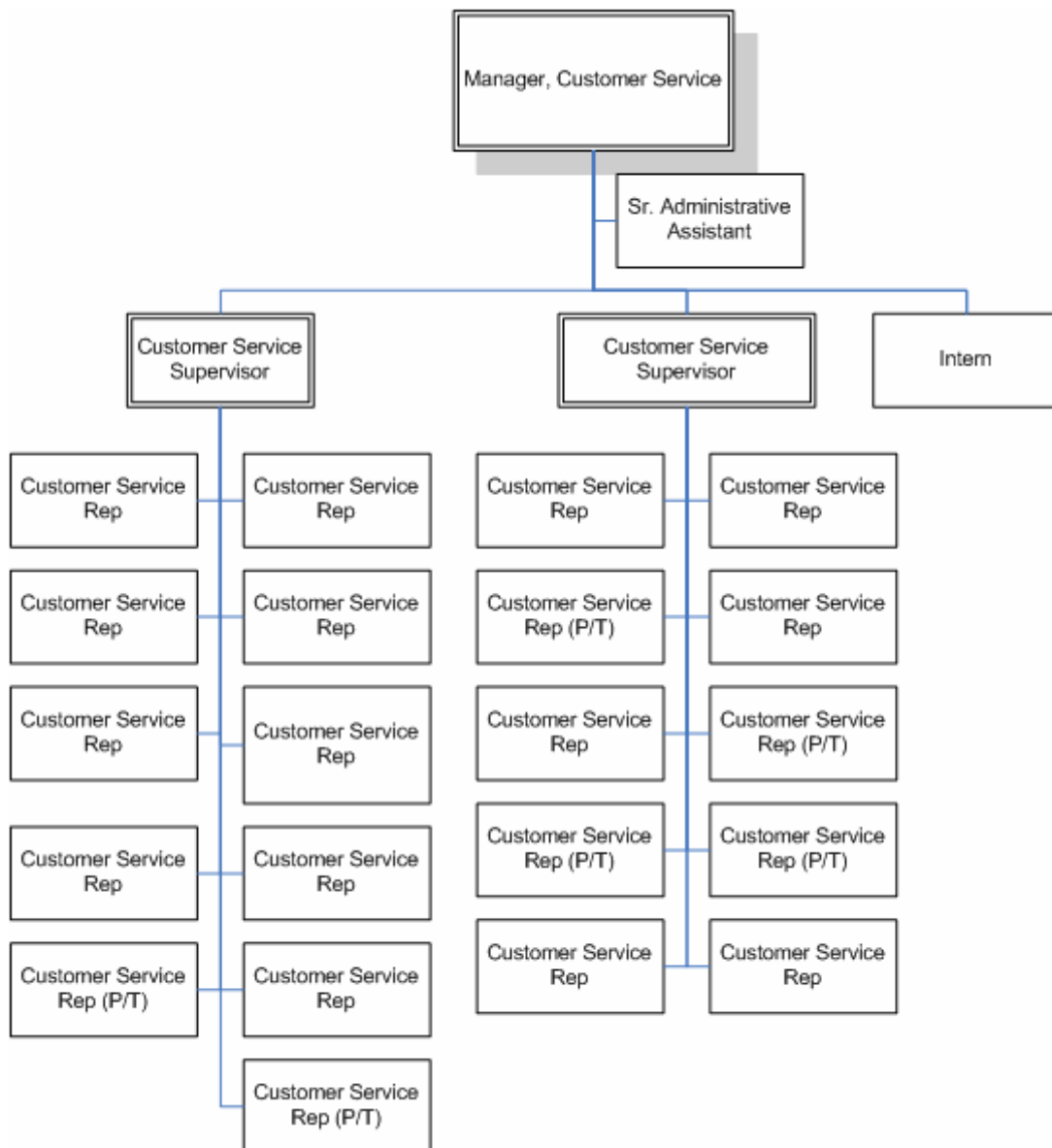
Customer Service

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 2007 Accomplishments

- ◆ Answered 662,239 customer calls with live agents, down 14% from 2006, while processing an additional 639,245 calls exclusively through the Interactive Voice Response (IVR) system. Met abandonment and service level goals every month.
- ◆ Recorded 8,757 Customer Call Reports, down 11% compared to the prior year
- ◆ Completed the first full fiscal year of offering 24x7 Interactive Voice Response system (IVR) service to customers, whereby 100% of callers initially are offered IVR assistance and can opt to speak with a live agent during hours of staffed coverage for customer service inquiries.
- ◆ Developed and implemented an agent measurement tool whereby automated phone system data and timecard data are merged to provide useful productivity goals and performance evaluation.

Planned Initiatives

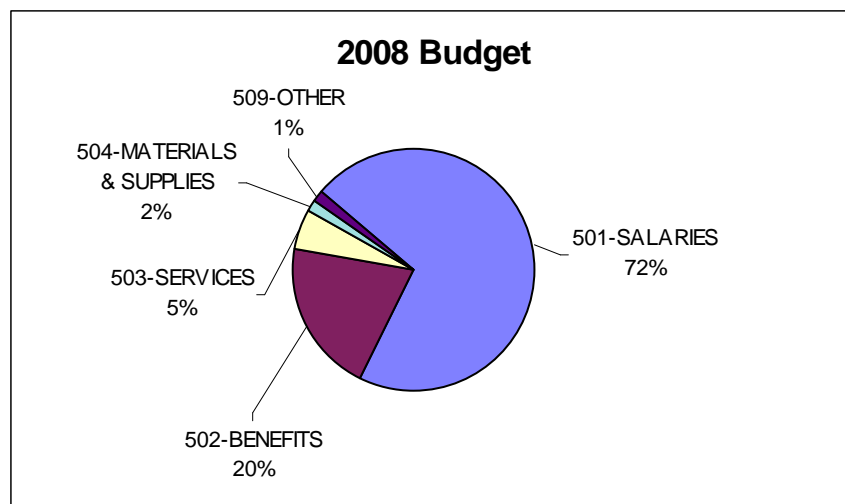
- ◆ Re-evaluate the Customer Call Reporting system, with an eye toward implementing an improved system in FY09.
- ◆ Continue to enhance the Interactive Voice Response (IVR) system for improved customer ease of use.
- ◆ Utilize Customer Service Representatives as 'home agents', testing the technology and the process of having representatives work from home.
- ◆ Rollout an internal career growth progression strategy for members of the customer service team.
- ◆ Implement the Customer Service portion of the Intelligent Transportation System initiative, currently under development throughout the Authority.

Customer Service

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Slight decrease in 2008 budget from 2007, resulting from greater customer use of automated call answering system; Interactive Voice Recorder (IVR)
- ◆ **Services** – Language translation service, professional voice talent recordings, and call center software consulting.
- ◆ **Materials & Supplies** – Purchase of replacement workstation chairs

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$562,726	\$ 567,670	\$691,058	\$677,591	\$(13,467)	(1.9%)
502-BENEFITS	127,712	135,196	177,967	194,956	16,989	9.5%
503-SERVICES	127,378	41,849	57,072	49,996	(7,076)	(12.4%)
504-MATERIALS & SUPPLIES	2,827	6,814	6,428	15,620	9,192	143.0%
509-OTHER	5,977	843	15,722	14,200	(1,522)	(9.7%)
TOTALS	\$826,620	\$ 752,373	\$948,247	\$952,363	\$ 4,116	0.4%
FTE's	22	22	22	22		



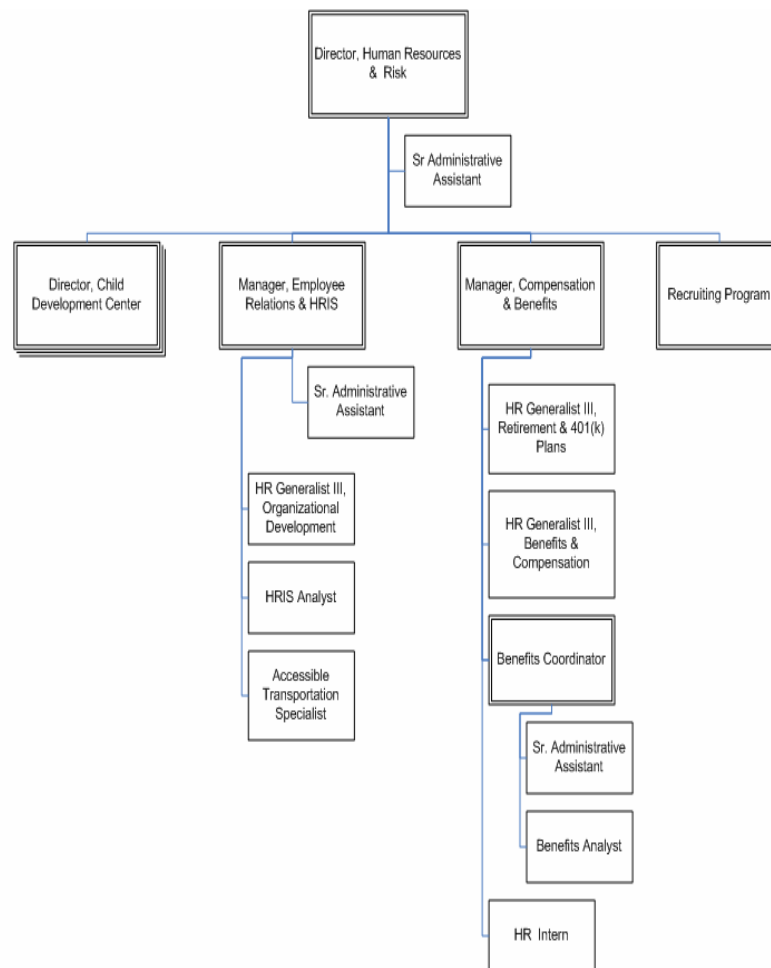
Human Resources

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 Star Tran 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



FY2007 Accomplishments

- ◆ Implemented conversion to new Human Resources Information System that will assist with streamlining HR processes and provide improved reporting
- ◆ Developed career ladders for several departments to provide employees with increased advancement opportunities
- ◆ Implemented on-line benefits enrollment for non-bargaining employees resulting in increased employee control and improved efficiencies
- ◆ Contracted out recruiting function resulting in improved turnaround time for the hiring process

Planned Initiatives

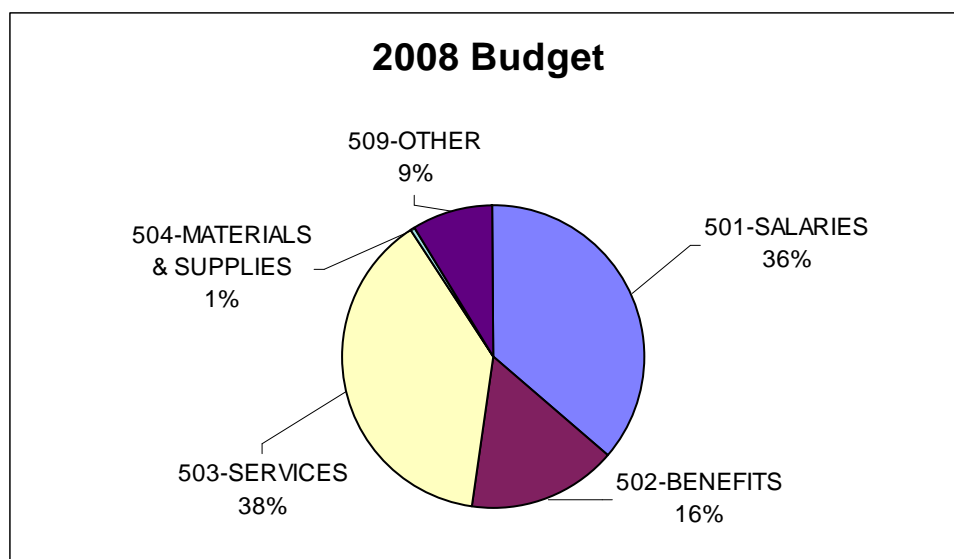
- ◆ Automate the performance management and recruiting processes through the new Human Resources Information System
- ◆ Implement on-line benefits enrollment for bargaining employees
- ◆ Enhance supervisor and manager training

Human Resources

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Reduction due to transfer of two positions to Finance
- ◆ **Services** – Increase due to contracting recruitment function and addition of investment consultant for the 401(k) and retirement plans
- ◆ **Other** – Increase in local meetings, tuition reimbursement; newspaper media increase for projected cost to recruit operators and mechanics

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES & CAPITALIZED COSTS	\$ 732,912	\$ 687,736	\$ 804,575	\$ 732,338	\$(72,237)	(9.0%)
502-BENEFITS	261,414	254,294	331,099	319,778	(11,321)	(3.4%)
503-SERVICES	539,487	593,084	735,376	772,958	37,582	5.1%
504-MATERIALS & SUPPLIES	17,171	14,040	11,780	12,600	820	7.0%
509-OTHER	196,429	117,365	171,466	173,114	1,648	1.0%
512-LEASE & RENT	3,299	0	0	0	0	N/A
TOTALS	\$1,750,712	\$ 1,666,519	\$2,054,296	\$2,010,788	\$(43,508)	(2.1%)
FTE's	16	16	16	13		



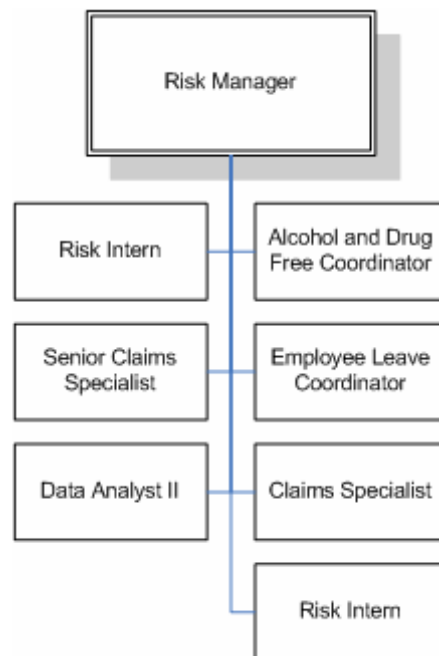
Risk Management

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. The Risk Management department works with other departments 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. Risk Management thoroughly investigates all accidents and injuries and recommends preventive measures based on identified trends.

In addition, Risk Management 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. The Risk Management 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



FY 2007 Accomplishments

- ◆ Capital Metro's Wellness Program was recognized with the 2007 Work Life Innovative Excellence Award. This prestigious national award recognizes those programs which are innovative and industry leading in the area of work life balance
- ◆ Capital Metro's Wellness Program received the 2006 PRIMA Risk Management Achievement Award at their annual conference in Corpus Christi. The award recognized the Capital Metro program for its originality and innovation
- ◆ Capital Metro's Wellness Program was featured in the World at Work "Workspan" magazine. The story focused on the many benefits provided to our employees and the progress our employees have made since the program's inception
- ◆ Risk Management collected over \$154,474.52 in subrogation recoveries from responsible parties in FY 07
- ◆ The Alliance Medical Network for Workers Compensation became effective July 1, 2007. This program is expected to produce savings in workers compensation costs by improving the quality of medical care, reducing costs for unnecessary treatment and enabling employees to return to work earlier
- ◆ Spearheaded efforts to transfer Capital Metro transportation contractors under a single insurance umbrella which should result in major cost-savings for the Authority

Planned Initiatives

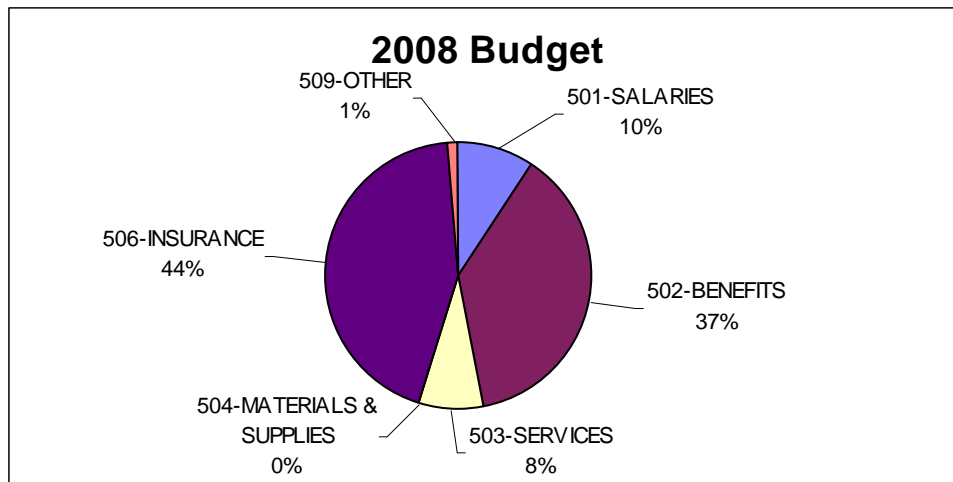
- ◆ Work with other departments and our cafeteria contractor to coordinate, facilitate and manage the renovation and improvement of our cafeteria and dining area
- ◆ Coordinate all aspects of implementing the insurance aspects of the commuter rail project
- ◆ Continue efforts to ensure the success in the implementation of the Worker's Compensation Medical Network, which is expected to result in major costs savings
- ◆ Procure and implement a new Risk Management database that will result in improved record keeping, organization and efficiency while reducing costs

Risk Management

Major Budgetary Changes

- ◆ **Services** – The Wellness Program expenses have been set up in a separate department
- ◆ **Insurance** – FY2008 cost decrease due to the following line items:
 - **Worker’s Compensation** – anticipated decrease in claims due to installation of DriveCam Systems® on entire fleet, and the introduction of the Workers Compensation Medical Network
 - **Drug and Alcohol Program** – Transferred Drug & Alcohol prevention program, responsibilities and position to Risk Management
 - **Property Insurance & Worker’s Comp. Premiums** – Reduction in premiums due to positive claims experience
 - **Auto Liability Premiums & Loss** – Increase due to the addition of contractor vehicles to Capital Metro’s policy for the first full year

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 173,043	\$ 264,446	\$ 242,219	\$ 320,506	\$ 78,287	32.3%
502-BENEFITS	1,561,474	1,360,142	1,190,368	1,259,887	69,519	5.8%
503-SERVICES	188,426	272,497	296,780	255,078	(41,702)	(14.1%)
504-MATERIALS & SUPPLIES	2,306	5,300	5,500	5,000	(500)	(9.1%)
506-INSURANCE	1,103,139	1,244,012	1,553,821	1,486,496	(67,325)	(4.3%)
509-OTHER	25,810	40,195	43,685	35,410	(8,275)	(18.9%)
TOTALS	\$3,054,198	\$ 3,186,591	\$3,332,373	\$3,362,377	\$ 30,004	0.9%
FTE's	4	5	5	5		

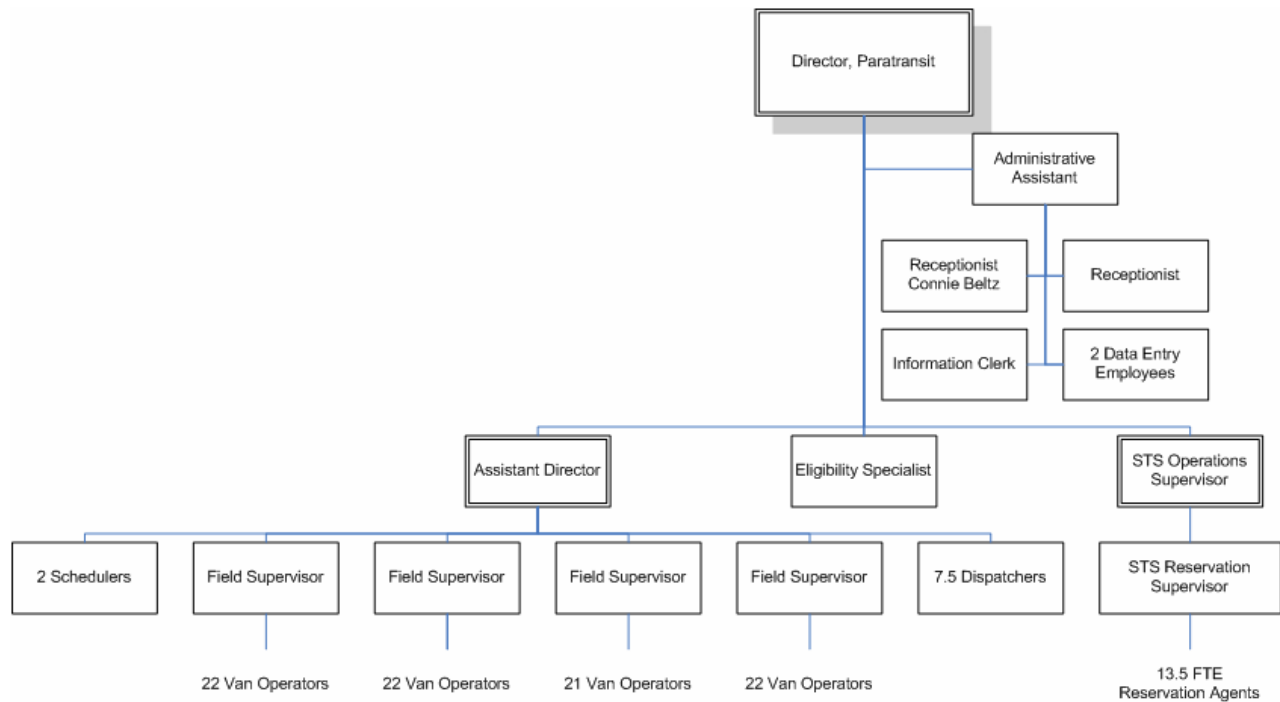


Special Transit Services/Paratransit Services

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.

Special Transit Service (STS) Department Organizational Chart



FY 2007 Accomplishments

- ◆ Achieved on-time performance of 90%
- ◆ Accommodation of 100% of ADA paratransit trip requests
- ◆ Call abandonment rate reduced to below 5%
- ◆ Reduced reservation call center hold time below 2 minutes
- ◆ Increased productivity from 1.7 trips per hour to 1.89 trips per hour
- ◆ Negotiated option year cab company contracts, which included voucher program improvements, and continuing mandatory cab driver training and drug/alcohol testing
- ◆ Implemented dedicated contracted sedan paratransit service in order to supplement the over flow of paratransit trips request

Planned Initiatives

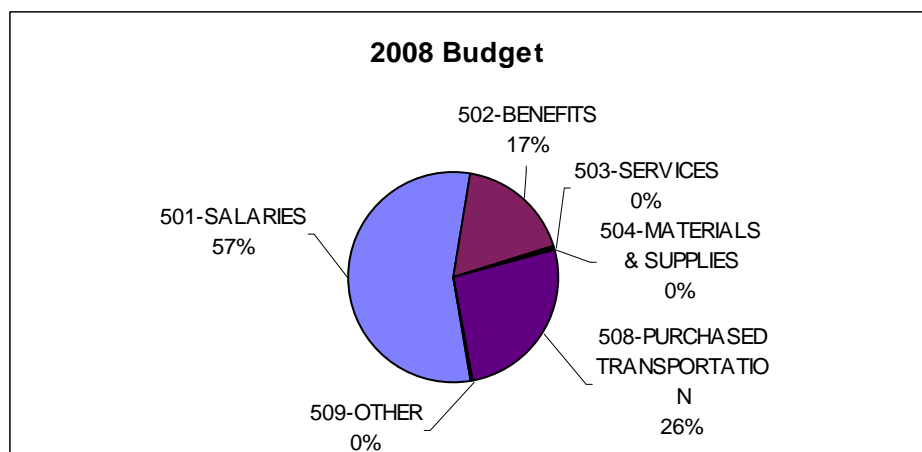
- ◆ Revise service policies with input from ACCESS committee
- ◆ Implement an on line web based reservation system
- ◆ Implement the installation and application use of Mobile Data Terminal (MDT)/Automatic Vehicle Locator (AVL) technology as part of the ITS project
- ◆ Develop and report Key Performance Indicators
- ◆ Reduce cancellations of trips by 5%
- ◆ Reduce No Shows of trips 2%
- ◆ Replace 47 existing paratransit vans
- ◆ Relocation to the new North Operating Facility
- ◆ Continue emphasis on service efficiency and scheduling improvements

Special Transit Services/Paratransit Services

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Reorganization of staff and responsibilities to manage and analyze service for increased productivity and improved performance. Intelligent Transportation System implementation in second quarter of FY 2008 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

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 5,920,701	\$ 6,159,074	\$ 6,859,659	\$ 6,534,043	\$(325,616)	(4.7%)
502-BENEFITS	1,851,663	1,885,755	2,061,601	2,037,816	(23,785)	(1.2%)
503-SERVICES	58,859	106,095	34,620	58,435	23,815	68.8%
504-MATERIALS & SUPPLIES	15,066	21,449	47,462	53,578	6,116	12.9%
508-PURCHASED TRANSPORTATION	3,312,760	2,993,756	2,751,255	3,050,741	299,486	10.9%
509-OTHER	16,349	12,644	16,322	16,827	505	3.1%
TOTALS	\$11,175,398	\$11,178,773	\$11,770,919	\$11,751,440	\$ (19,479)	(0.2%)
FTE's	13	13	13	15		
FTE's Bargaining	164	164	164	168		

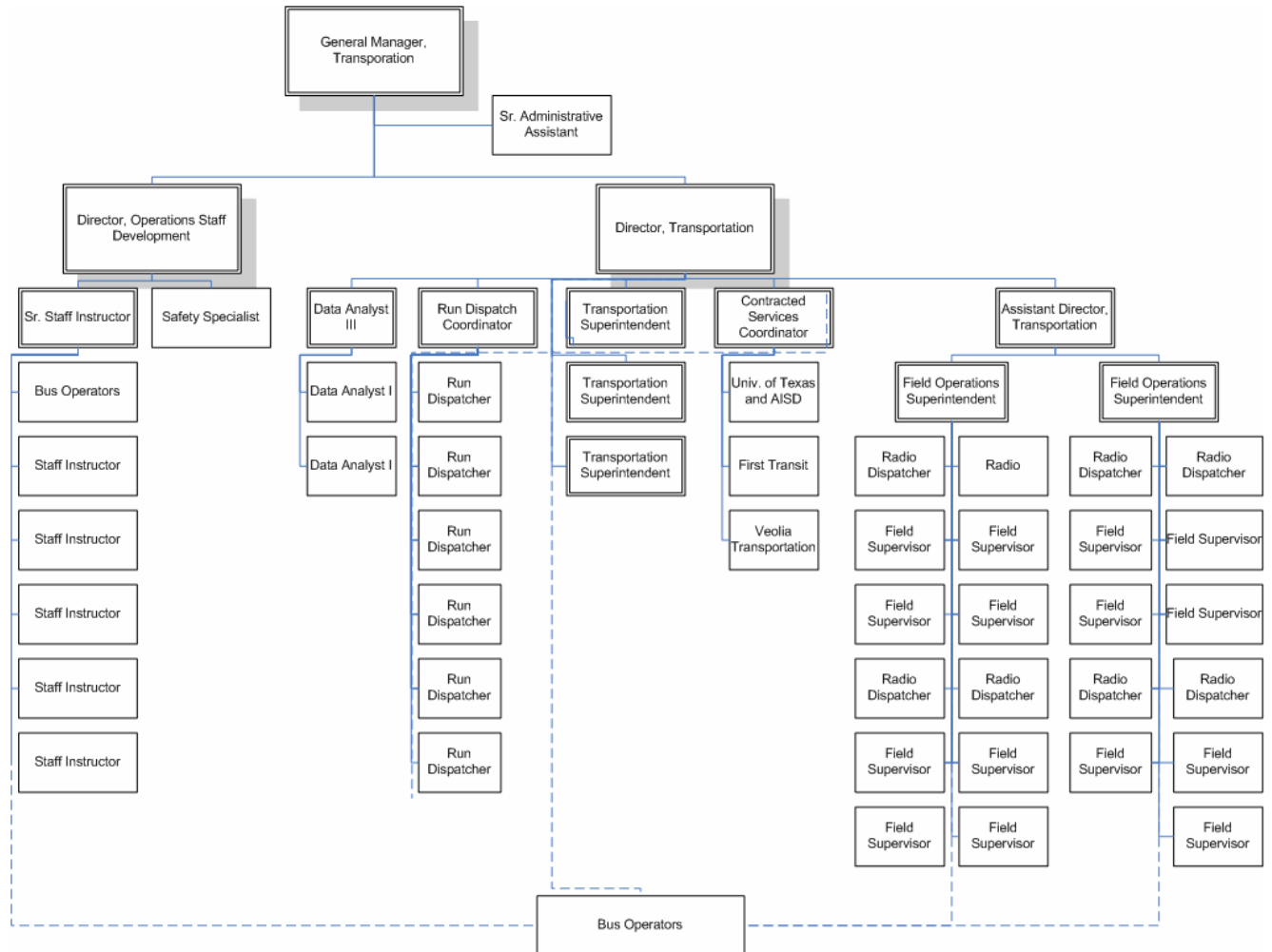


Fixed Route Services

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 Mainline, Flyer, Park & Ride, and Magnet School Services. Fixed route bus service also ensures fleet accessibility in accordance with the Americans with Disabilities Act (ADA).

Fixed Route Department Organizational Chart



FY 2007 Accomplishments

- ◆ Lost service was reduced by 10% (from 0.09% of hours lost to 0.08% of hours lost).
- ◆ Improved on-time performance from 88.5% to 89.82%
- ◆ Overall customer complaints related to Fixed Route Service (FRS) were reduced by 17.5% (from 13.47 complaints per 100,000 riders to a ratio of 11.11).
- ◆ Reduced FRS Operator absenteeism by 3%.

Planned Initiatives

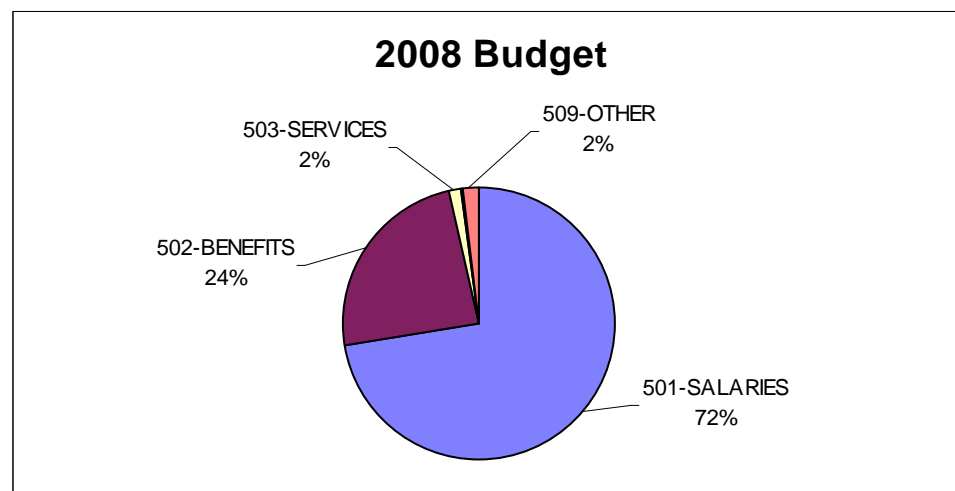
- ◆ Reduce the vehicular accident rate by 10%
- ◆ Increase on time performance (OTP) to 90%
- ◆ Improve the documentation of FRS processes and procedures.
- ◆ Reduce overall customer complaints
- ◆ Work with the IT department to implement the ITS system including automatic passenger counters, computer aided dispatch/automatic vehicle location, mobile data terminal, radios and signage
- ◆ Implement the daily management of the DriveCam Systems®, a video-based coaching and training tool

Fixed Route Services

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Increase in bus operators to coincide with service levels associated with new facilities.
- ◆ **Services** – Decrease in costs associated with City of Austin for CTECC facility
- ◆ **Materials & Supplies** – Adjustment of office supply expense for training materials
- ◆ **Other** – Hosting 2008 APTA Roadeo and Bus Conference

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$21,599,151	\$21,677,030	\$21,676,275	\$21,928,487	\$673,845	3.1%
502-BENEFITS	7,028,862	6,934,691	7,248,722	7,223,266	4,386	0.1%
503-SERVICES	24,324	9,732	25,536	464,473	(12,536)	(49.1%)
504-MATERIALS & SUPPLIES	39,078	27,317	31,623	37,597	5,974	18.9%
508-PURCHASED TRANSPORTATION	0	3,644	0	0	0	N/A
509-OTHER	453,970	364,922	506,393	607,586	101,193	20.0%
TOTALS	\$29,145,385	\$29,017,336	\$29,488,549	\$30,261,411	\$772,862	2.6%
FTE's	50	49	49	49		
FTE's Bargaining	518	520	515	535		

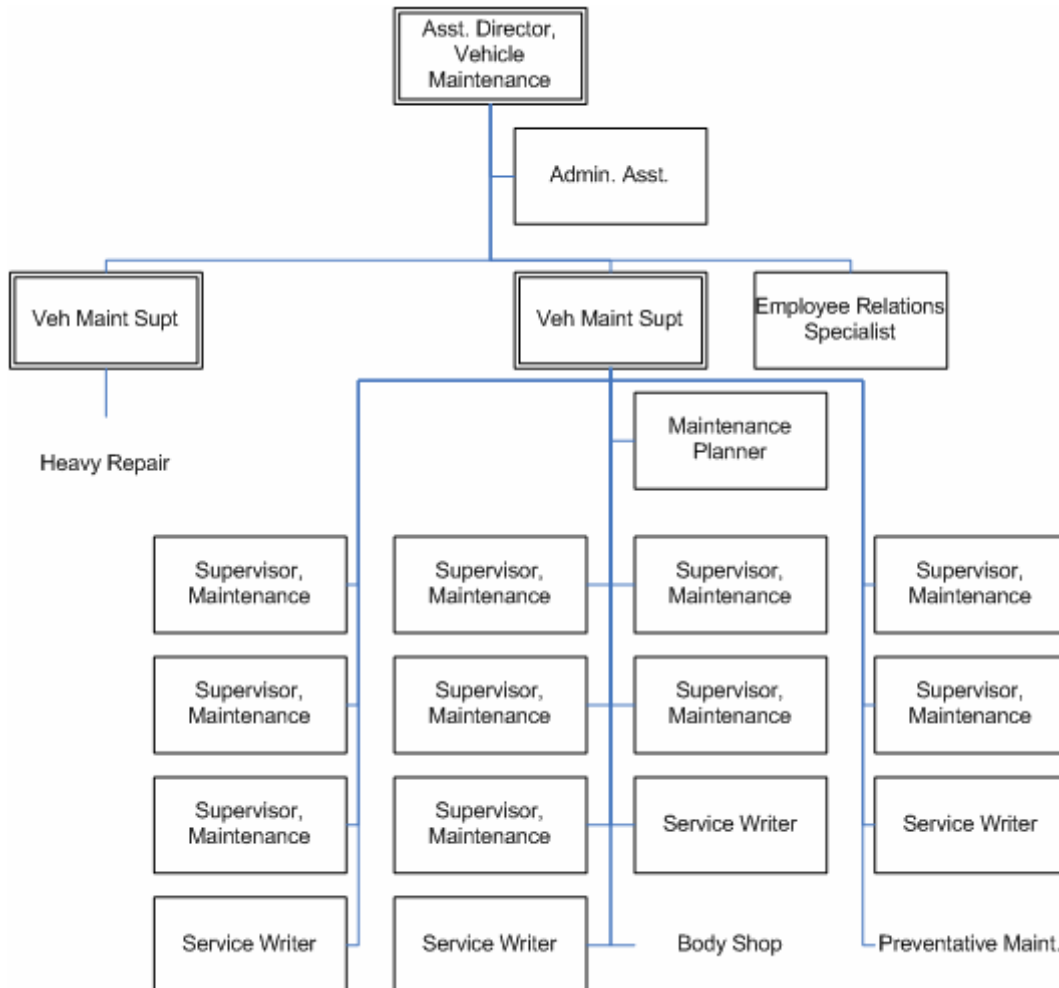


Running Repair

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 2007 Accomplishments

- ◆ Achieved improvements in FRS Bus Reliability by 36% by averaging 5,772 miles between mechanical roadcalls.
- ◆ Maintained a 99.9% on time for Preventive Maintenance Inspections

Planned Initiatives

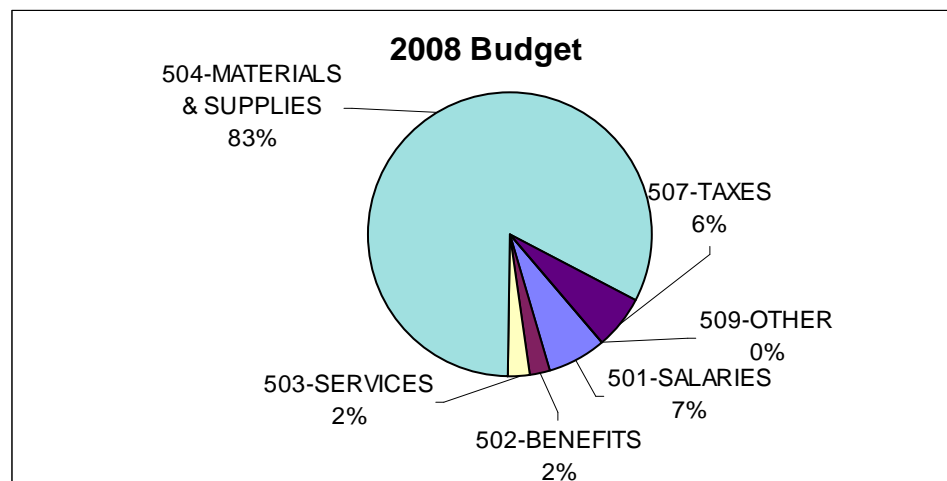
- ◆ Continue to improve reliability through mechanic training and PMI improvements
- ◆ Take receipt of one new hybrid bus, and 12 new 40' buses in FY 08
- ◆ Move Paratransit Maintenance and Operations to the North Operations facility

Running Repair

Major Budgetary Changes

- ◆ **Salaries & Benefits** – FY 2008 budget decreased based on prior year actuals. Vehicle Maintenance management has had a difficult time filling positions.
- ◆ **Services** – In FY 2007, Capital Metro purchased a tow truck. In FY 2008, project lower operating expense for this purchase.
- ◆ **Materials & Supplies** – Increase in costs per mile due to the age of fleet and expiration of warranty for fare boxes

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 1,046,977	\$ 934,198	\$ 1,167,352	\$ 1,099,263	\$ (68,089)	(5.8%)
502-BENEFITS	364,005	248,229	457,594	412,377	(45,217)	(9.9%)
503-SERVICES	382,232	508,428	332,604	390,180	57,576	17.3%
504-MATERIALS & SUPPLIES	11,504,151	10,784,088	12,859,244	13,810,846	951,602	7.4%
507-TAXES	761,562	989,518	1,002,033	1,043,617	41,584	4.1%
509-OTHER	4,330	19,940	2,520	2,520	0	0.0%
TOTALS	\$ 14,063,257	\$ 13,484,401	\$ 15,821,347	\$ 16,758,803	\$ 937,456	5.9%
FTE's	3	3	3	3		
FTE's Bargaining	26	35	35	35		

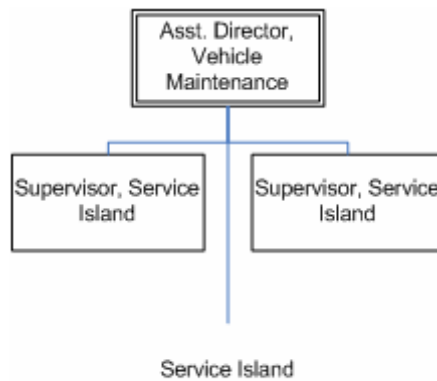


Service Island

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 2007 Accomplishments

- ◆ Initiated the use of a NOx reducing diesel fuel additive
- ◆ Serviced fleet for revenue service daily in a timely manner
- ◆ Improved work flow by implementing an “assembly line” work process

Planned Initiatives

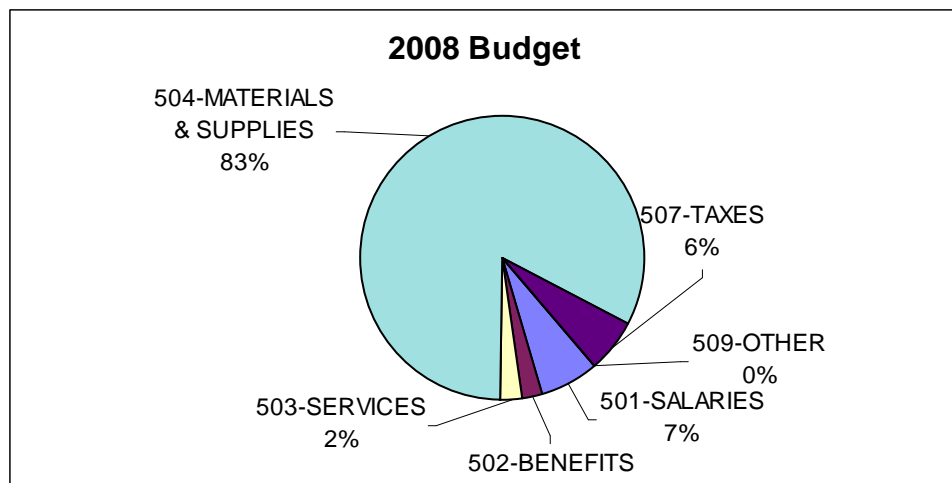
- ◆ Fuel and service revenue vehicles for service every day
- ◆ Participate with UT to demonstrate a plug-in electric fuel cell bus

Service Island

Major Budgetary Changes

- ◆ **Salaries & Benefits** – In prior years utilized temporary workers to staff positions. The FY 2008 Budget reflects this change.
- ◆ **Materials & Supplies** – Fuel costs are projected to continue to increase based on recent history and market instability

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 1,046,977	\$ 934,198	\$ 1,167,352	\$ 1,099,263	\$(68,089)	(5.8%)
502-BENEFITS	364,005	301,651	457,594	412,377	(45,217)	(9.9%)
503-SERVICES	382,232	455,360	331,384	390,180	58,796	17.7%
504-MATERIALS & SUPPLIES	11,504,151	10,797,457	12,859,244	13,810,846	951,602	7.4%
507-TAXES	761,562	994,226	1,003,253	1,043,617	40,364	4.0%
509-OTHER	4,330	1,449	2,520	2,520	0	0.0%
TOTALS	\$14,063,257	\$13,484,340	\$15,821,347	\$16,758,803	\$937,456	5.9%
FTE's	3	3	3	3		
FTE's Bargaining	26	35	35	35		

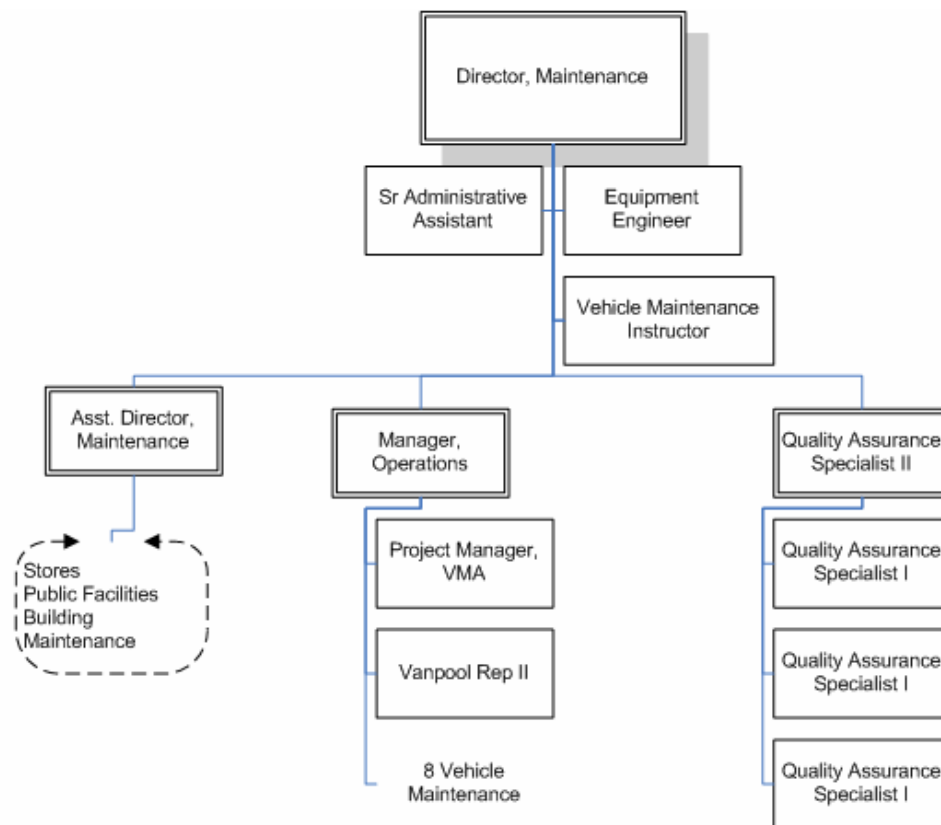


Vehicle Maintenance - Administration

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 2007 Accomplishments

- ◆ Procured a replacement chassis dynamometer
- ◆ Commenced replacement of the bus lifts

Planned Initiatives

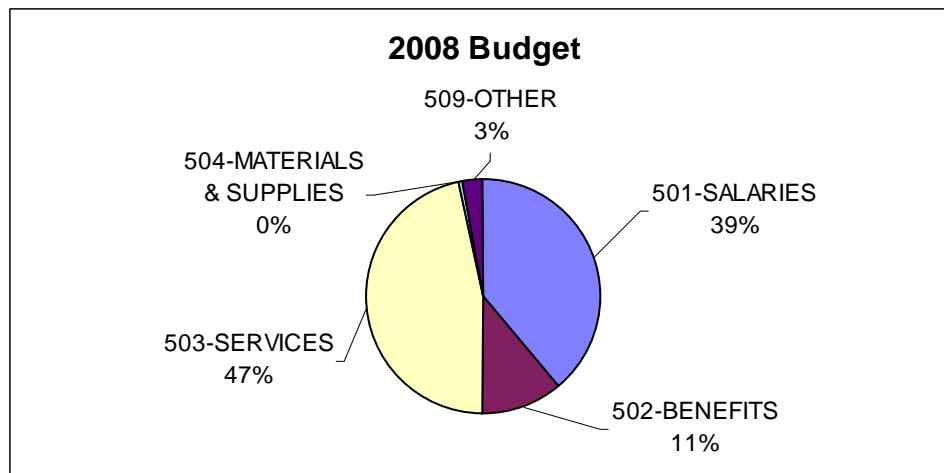
- ◆ Host the 2008 APTA Bus Rodeo
- ◆ Monitor the manufacture of the Paratransit van replacement fleet
- ◆ Monitor the manufacture of 12 new 40' buses
- ◆ Move Paratransit and the UT Shuttle into the North Operations Facility
- ◆ Implementation of the ITS system
- ◆ Implementation of DriveCam Systems® on all vehicles

Vehicle Maintenance - Administration

Major Budgetary Changes

- ◆ **Salaries** – Increase in expense due to reduction in capital projects requiring internal labor
- ◆ **Services** – Decrease mainly due to reduced professional fees for reduction in training versus prior year

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 590,061	\$ 665,596	\$ 598,153	\$ 727,713	\$129,560	21.7%
502-BENEFITS	146,782	247,649	192,314	210,263	17,949	9.3%
503-SERVICES	719,003	572,720	971,793	873,425	(98,368)	(10.1%)
504-MATERIALS & SUPPLIES	7,362	8,661	6,795	9,004	2,209	32.5%
509-OTHER	56,583	16,718	36,438	51,898	15,460	42.4%
TOTALS	\$1,519,791	\$ 1,511,344	\$1,805,493	\$1,872,303	\$ 66,810	3.7%
FTE's	13	14	14	14		



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 building maintenance.

Stores Department Organizational Chart



FY 2007 Accomplishments

- ◆ Prepared for the implementation of a new Asset Management System
- ◆ Reduced the quantity of “bus days out of service” by 25%

Planned Initiatives

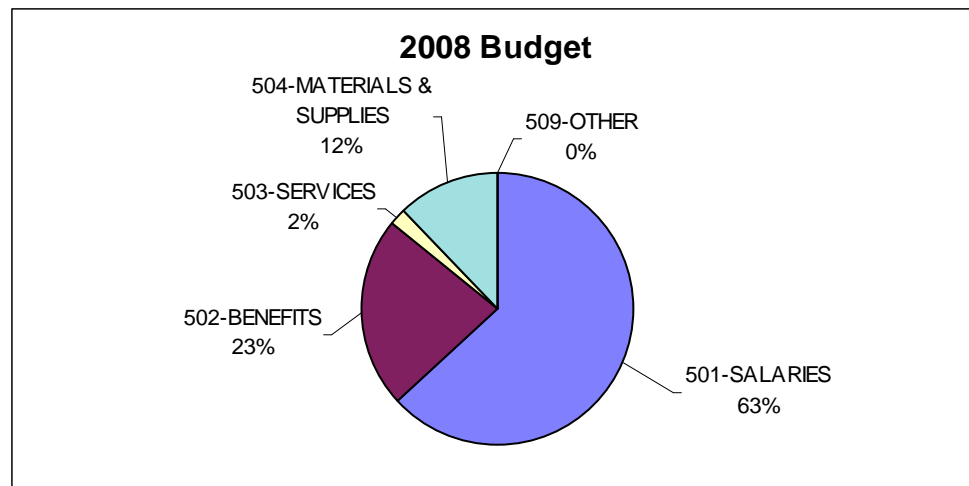
- ◆ Implementation of the new Asset Management System
- ◆ Relocation of Paratransit inventory to North Operations Facility

Stores

Major Budgetary Changes

- ◆ **Materials & Supplies** – Increased due to increases in delivery costs

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$422,275	\$ 426,400	\$416,242	\$ 417,936	\$ 1,694	0.4%
502-BENEFITS	142,317	147,256	157,758	150,476	(7,282)	(4.6%)
503-SERVICES	11,190	14,489	17,243	13,278	(3,965)	(23.0%)
504-MATERIALS & SUPPLIES	82,412	79,294	66,917	80,751	13,834	20.7%
509-OTHER	909	45	120	120	0	0.0%
TOTALS	\$659,103	\$ 667,485	\$658,280	\$ 662,561	\$ 4,281	0.7%
FTE's	2	2	2	2		
FTE's Bargaining	10	10	10	10		

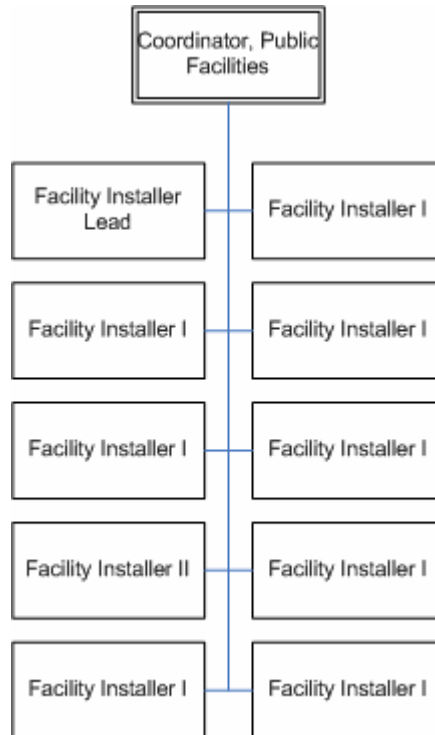


Public Facilities

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 2007 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 Austin City Limits and Trail of Lights

Planned Initiatives

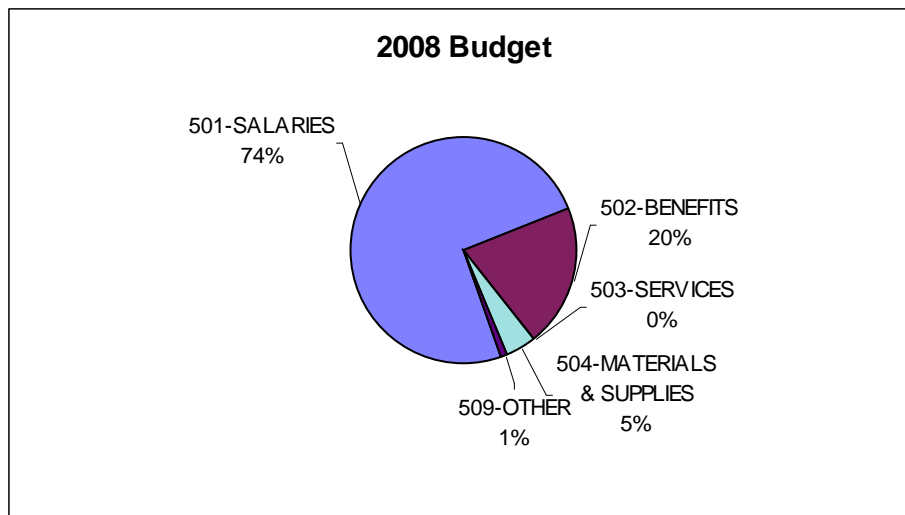
- ◆ Provide for cleaning and repairs to an increasing inventory of passenger amenities
- ◆ Participate in adding new public amenities such as benches and shelters
- ◆ Continue to maintain a level of quality of passenger information such as schedules and bus stop signs

Public Facilities

Major Budgetary Changes

- ◆ **Services** – Reduced contracted services for bus stop maintenance

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$421,217	\$ 441,756	\$ 479,189	\$500,597	\$ 21,408	4.5%
502-BENEFITS	122,561	139,409	117,510	132,527	15,017	12.8%
503-SERVICES	5,548	1,390	84,420	0	(84,420)	(100.0%)
504-MATERIALS & SUPPLIES	33,258	24,709	27,013	30,557	3,544	13.1%
509-OTHER	3,218	2,740	1,980	5,480	3,500	176.8%
512-LEASE & RENT	41,733	0	0	0	0	N/A
TOTALS	\$627,535	\$ 610,005	\$ 710,112	\$669,161	\$(40,951)	(5.8%)
FTE's	10	11	11	11		

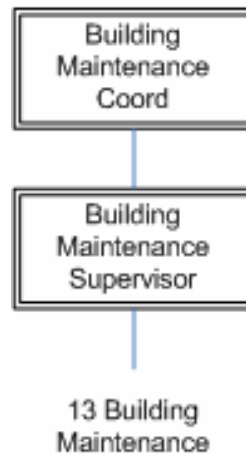


Building Maintenance

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 2007 Accomplishments

- ◆ Supported fleet operations by performing planned maintenance to prevent unplanned 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, 5910 Johnny Morris Road for the UT Shuttle service, Northwest Park 'n' 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 new automatic security gate for employee parking lot

Planned Initiatives

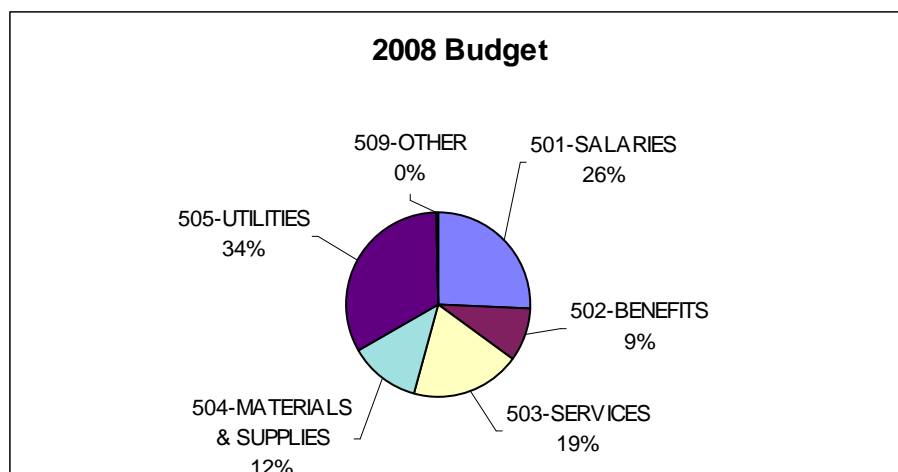
- ◆ Continue planned maintenance for all Building Maintenance assets and associated repairs to reduce unplanned work orders/requests (emergency work included)
- ◆ Respond to a 50% increase in facility space
- ◆ Provide oversight and assistance of support services related to new facilities, such as the new North Ops facility construction project and new planned park 'n' rides
- ◆ Replacement of underground lifts to provide safety and improved maintenance practice for 2910 East 5th facility fleet operations
- ◆ Improve bus safety capabilities with the installation of an in-ground brake tester

Building Maintenance

Major Budgetary Changes

- ◆ **Salaries** – Addition of two supervisory and six maintenance staff for North Operations facility
- ◆ **Services** – Decrease mainly due to reduced cost for custodial services at the facilities
- ◆ **Utilities** – Increase due to North Operations facility opening in January 2008
- ◆ **Other** – Increase due to North Operations facility opening in January 2008

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 602,369	\$ 595,768	\$ 621,900	\$ 899,830	\$277,930	44.7%
502-BENEFITS	225,126	208,166	231,188	317,767	86,579	37.4%
503-SERVICES	659,897	795,713	1,021,826	675,201	(346,625)	(33.9%)
504-MATERIALS & SUPPLIES	453,418	447,843	416,631	430,468	13,837	3.3%
505-UTILITIES	967,920	1,045,419	997,128	1,157,787	160,659	16.1%
509-OTHER	2,998	4,707	6,220	6,160	(60)	N/A
TOTALS	\$2,911,728	\$ 3,097,618	\$3,294,893	\$3,487,213	\$192,320	5.8%
FTE's	2	2	2	4		
FTE's Bargaining	12	12	12	18		



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. The primary function of this department for FY 2008 is the construction of the MetroRail commuter rail system.

Rapid Transit Department Organizational Chart



FY 2007 Accomplishments

Construction of the MetroRail Commuter Rail Line from downtown Austin to Leander included the following milestones:

- ◆ Leander Station platform construction and landscaping completed
- ◆ Crestview and Highland Station platforms construction continues (to be completed in early 2008)
- ◆ MLK Station platform construction underway and on track for scheduled completion
- ◆ Plaza Saltillo Station platform nearing completion and on time
- ◆ Railcar Maintenance Facility construction underway (to be completed in early 2008)
- ◆ First four commuter railcars have been completed and received in Austin, with the last two in January 2008
- ◆ U.P.R.R. overpass construction nearing completion in December 2007
- ◆ Railroad track sidings construction complete at four locations
- ◆ Railroad dispatch control system installation underway and on schedule to assist with system testing in FY 2008
- ◆ Ticket vending machine contract has been awarded and manufacturing work has begun

Planned Initiatives

Work continues on the scheduled opening and implementation of the new Capital Metro Rail Line for commuters in Fall of 2008 including the following:

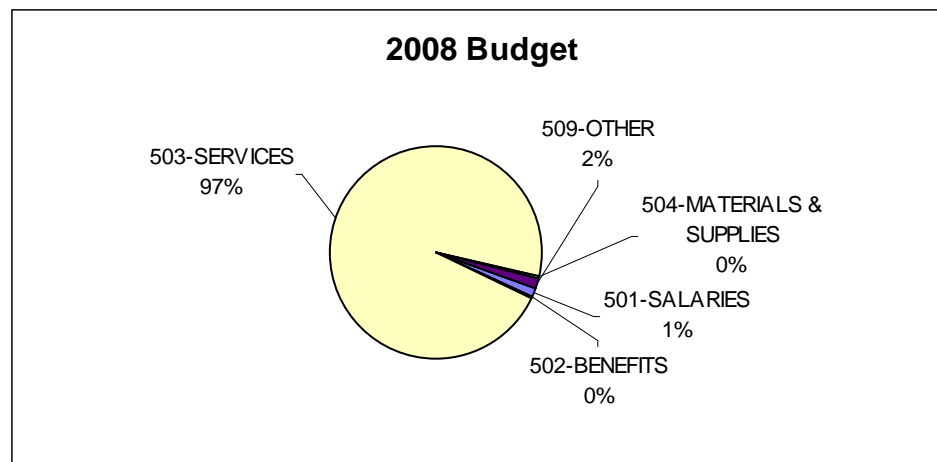
- ◆ Design of the relocated Howard Station to the new MOPAC location
- ◆ Final design of the MLK Station construction
- ◆ Design of the relocation of the Burnet Station to a new Kramer Station proceeding
- ◆ Final design of the last two track sidings continue
- ◆ Design of the downtown Austin Convention Center station proceeding

Rapid Transit

Major Budgetary Changes

- ◆ **Salaries & Benefits** – decreases in capitalized labor costs related to design and construction of the Urban Commuter Rail line
- ◆ **Services** – Special Planning Consultant services related to implementation of future rail elements of the All Systems Go Long Range Plan are reduced following completion of the Future Connections Circulator Alternatives Analysis

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 8,356	\$ 18,124	\$ 3,525	\$ 13,354	\$ 9,829	278.8%
502-BENEFITS	22,835	76,358	55,409	74,440	19,031	34.3%
503-SERVICES	739,591	977,244	1,645,000	944,945	700,055	42.6%
504-MATERIALS & SUPPLIES	1,147	1,229	0	2,000	2,000	100%
509-OTHER	41,937	29,122	34,150	18,720	(15,430)	(45.2%)
TOTALS	\$813,866	\$ 1,102,078	\$1,738,084	\$1,053,459	\$(684,625)	(39.4%)
FTE's	1	2	2	2		

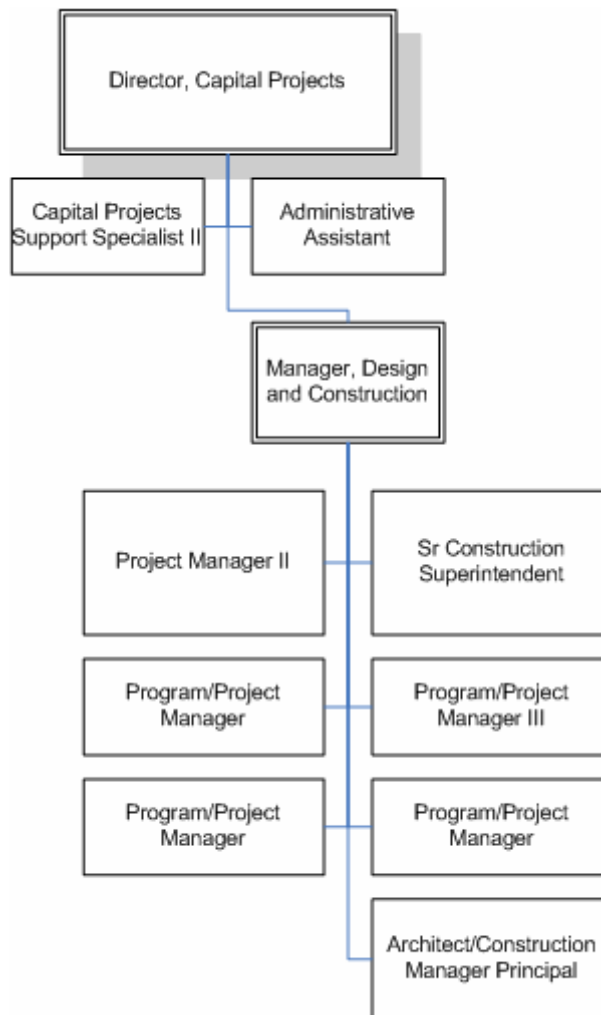


Capital Projects Group (Facilities Design & Construction)

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. This department was separated into four new departments in FY 2008.

Facilities Design & Construction Department Organizational Chart



FY 2007 Accomplishments

- ◆ Successful completion of ten internal building renovations
- ◆ Implemented passenger amenities/bus stop improvement program
- ◆ Administered BGA/BCT and Quarter Cent Programs
- ◆ Continued design and construction of North Operations Maintenance Facility
- ◆ Began construction of South Central Transfer Center
- ◆ Initiated Facilities Programming Study Project to program future facility needs
- ◆ Began Pavilion Park and Ride expansion
- ◆ Developed Capital Projects Group Policies and Procedures
- ◆ Developed project/problem statement for Downtown Transit Center

Planned Initiatives

- ◆ Capital project and facilities management efforts for Administration Building Boardroom, 323 Congress offices, Thompson Lane facility, and Administration Annex Building Conference Room
- ◆ Begin design process on South IH-35 Transit Facility
- ◆ Complete Pavilion Park and Ride expansion
- ◆ Implement new bus stop signage program
- ◆ Complete South Central Transfer Center
- ◆ Complete North Operations Maintenance Facility
- ◆ Complete Facilities Programming Study Project
- ◆ Initiate project for North Mopac Park and Ride
- ◆ Complete Policies and Procedures manual
- ◆ Continue initial efforts for Downtown Transit Center

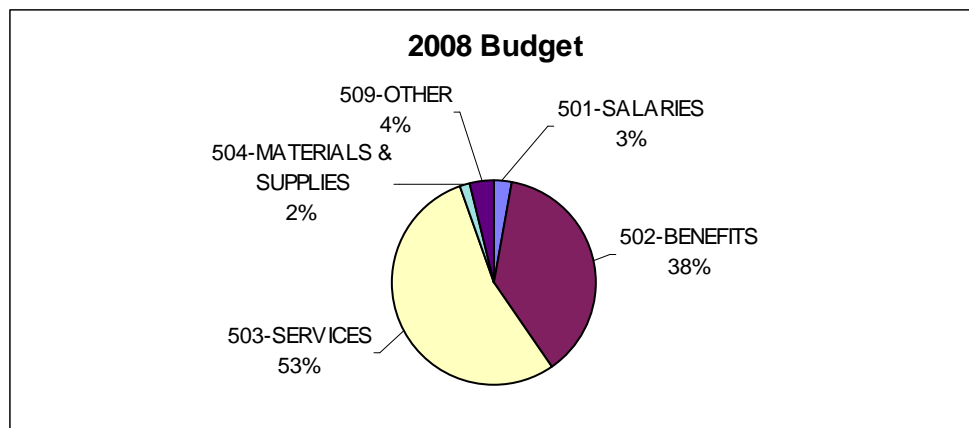
Capital Projects Group (Facilities Design & Construction)

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Decrease in labor applied to capital projects
- ◆ **Services** - New projects and land purchases lead to a higher level of professional contracted services
- ◆ **Other** – Reduced and extended out for site improvements for various properties

Note: The former Facilities Design & Construction department was divided in to four department in FY 2008, the FY2007 budget was “normalized” to provide year to year comparability. FY 2006 Actuals and FY 2007 Forecast were not “normalized”.

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 242,988	\$ 306,587	\$ 13,421	\$ 13,958	\$537	4.0%
502-BENEFITS	162,059	183,110	196,384	180,175	(16,209)	(8.3%)
503-SERVICES	1,316,303	613,381	178,558	259,956	81,398	45.6%
504-MATERIALS & SUPPLIES	5,254	7,777	4,632	7,706	3,074	66.4%
509-OTHER	88,068	232,474	83,197	18,555	(64,642)	(77.7%)
512-LEASE & RENT	398,186	646,208	0	0	0	N/A
TOTALS	\$2,212,858	\$ 1,989,537	\$476,192	\$480,350	\$4,158	0.9%
FTE's	8	8	8	8		

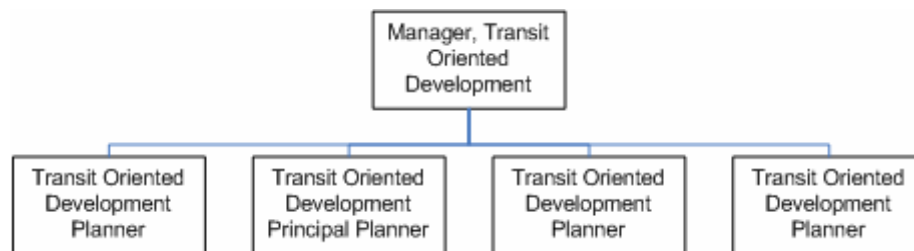


Capital Projects Group (T. C. D.)

Functions and Responsibilities

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

Transit Community Department Organizational Chart



FY 2007 Accomplishments

- ◆ Initiated Economic Market Studies for four potential Transit Oriented Development (TOD) areas
- ◆ Completed Streetcar financial analysis
- ◆ Performed preliminary studies and efforts on Leander, North Burnet, and Crestview
- ◆ Presented programs as part of outreach to the real estate community
- ◆ Drafted TOD development guide
- ◆ Sponsored and participated in the Opportunity Mapping Project. In our metropolitan regions, opportunities are not equally distributed. Opportunities are often geographically clustered in a few communities, while they are lacking or insufficient in others, creating a web of high- and low-opportunity neighborhoods across metropolitan regions. Due to geographic variation, not everyone has access to the critical opportunities needed to excel or advance in life. These opportunities can be access to jobs, education and healthcare. Capital Metro is participating in this process in order to plan and support transportation services that provide access to these opportunities.

Planned Initiatives

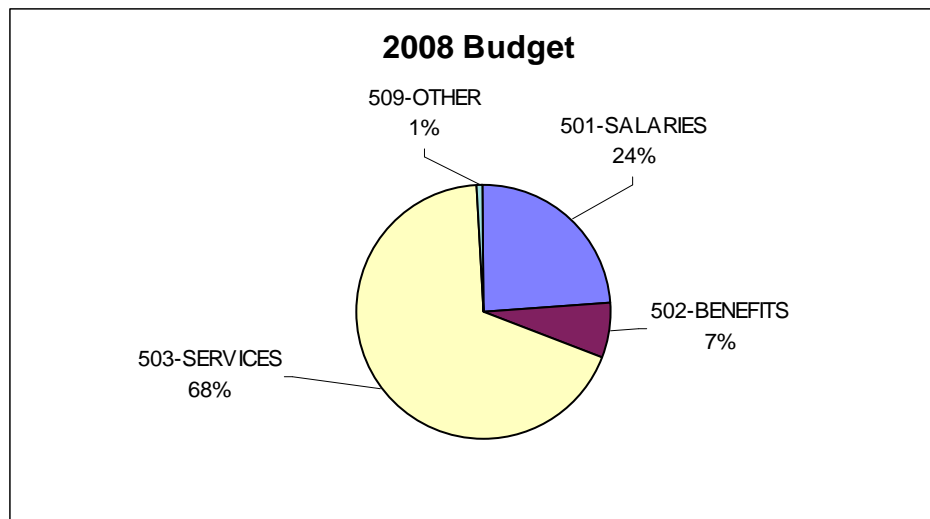
- ◆ Draft TOD policy for Board consideration and adoption
- ◆ Represent Capital Metro's interests in the City of Austin's Station Area Planning process
- ◆ Develop conceptual development plans for Lakeline and Leander TODs
- ◆ Prepare a transit-ready guide for developers
- ◆ Meet with area property owners to communicate plans
- ◆ Develop pedestrian access and bicycle access plans for all rail station areas, as needed

Capital Projects Group (T. C. D.)

Major Budgetary Changes

- ◆ **Services** – Transit community planning and market analyses

<i>Account Category</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 242,836	\$ 223,300	(19,536)	(8.0%)
502-BENEFITS	69,962	64,719	(5,243)	(7.5%)
503-SERVICES	467,000	640,000	173,000	37.0%
504-MATERIALS & SUPPLIES	0	0	0	N/A
507-TAXES	0	0	0	N/A
509-OTHER	1,000	8,050	7,050	705.0%
TOTALS	\$ 780,798	\$ 936,069	155,271	19.9%
FTE's	4	4		



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 2007 Accomplishments

- ◆ Identified outstanding TOD opportunities
- ◆ Identified outstanding South IH-35 Transit Facility alternative opportunities
- ◆ Acquired two lots for the expansion of the Pavilion Park and Ride

Planned Initiatives

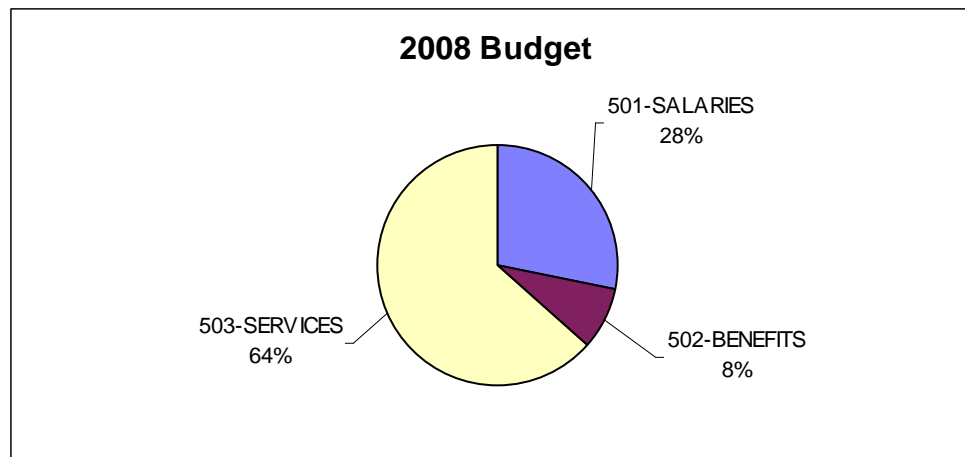
- ◆ Continue to develop plans for land acquisition in key areas to support transit needs

Capital Projects Group (Real Estate)

Major Budgetary Changes

- ◆ **Salaries & Benefits** – New projects expected to increase capitalized labor in FY 2008, in support of expanded Real Estate projects
- ◆ **Services** – Tenant management services

<i>Account Category</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 131,878	\$123,512	\$(8,366)	(6.3%)
502-BENEFITS	37,869	35,705	(2,164)	(5.7%)
503-SERVICES	384,000	275,000	(109,000)	(28.4%)
504-MATERIALS & SUPPLIES	0	0	0	N/A
507-TAXES	0	0	0	N/A
509-OTHER	0	0	0	N/A
TOTALS	\$ 553,747	\$434,216	\$(119,531)	(21.6%)
FTE's	2	2		



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 2007 Accomplishments

- ◆ New department created as part of the Capital Projects Group

Planned Initiatives

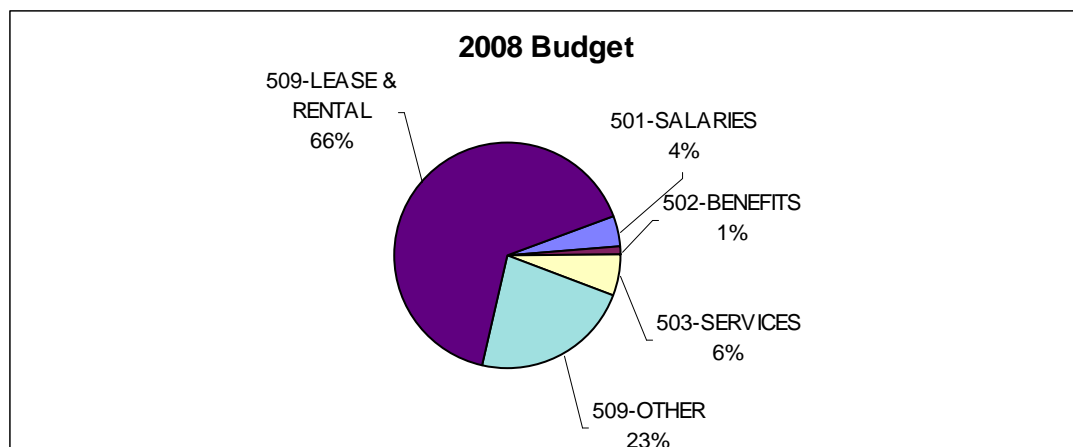
- ◆ Accumulate and consolidate information on all owned and leased real estate
- ◆ Refine business plan for continuing real estate management

Capital Projects Group (Property Management)

Major Budgetary Changes

- ◆ **Salaries & Benefits** – In FY 2007 an FTE was budgeted for this department but wasn't hired. FY 2008 includes hiring this position in March 2008.
- ◆ **Services** – The FY 2007 budget included services to assist with facility management. The FY 2008 budget delayed these services until the Facilities Programming Study Project (see page ___) is completed.

<i>Account Category</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 41,256	\$ 38,949	\$(37,316)	(48.9%)
502-BENEFITS	21,858	10,397	(11,461)	(52.4%)
503-SERVICES	360,000	50,000	(310,000)	(86.1%)
504-MATERIALS & SUPPLIES	0	0	0	N/A
507-TAXES	0	0	0	N/A
509-OTHER	198,390	199,050	660	0.3%
509-LEASE & RENTAL	611,016	582,155	(28,861)	(4.7%)
TOTALS	\$1,232,520	\$ 880,551	\$(386,978)	(30.5%)
FTE's	1	1		

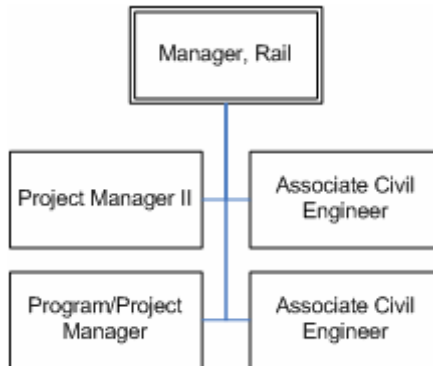


Freight Railroad

Functions and Responsibilities

The Freight Railroad Department is responsible for managing and preserving the Authority’s railroad assets. Currently the department manages approximately 162 miles of railroad right-of-way known as the Giddings/Llano freight rail line. Operations and management of the rail line is performed by a contracted rail freight operator. The contractor fulfills Capital Metro’s common carrier obligation by providing freight service to shippers along the line. 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. Additionally, the department is responsible for 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 2007 Accomplishments

- ◆ Successful solicitation and award of a contract for the provision of rail freight operations with Veolia Transportation and WATCO Companies
- ◆ Completed upgrades to rail infrastructure for increased freight speeds for more economy and efficiency of freight operations
- ◆ Final design and implementation of a temporary Dispatch Control System for train and equipment movements along all aspects of the Giddings/Llano rail line.
- ◆ Design and testing of the Hansen Spear 4i asset management system for rail maintenance supplies

Planned Initiatives

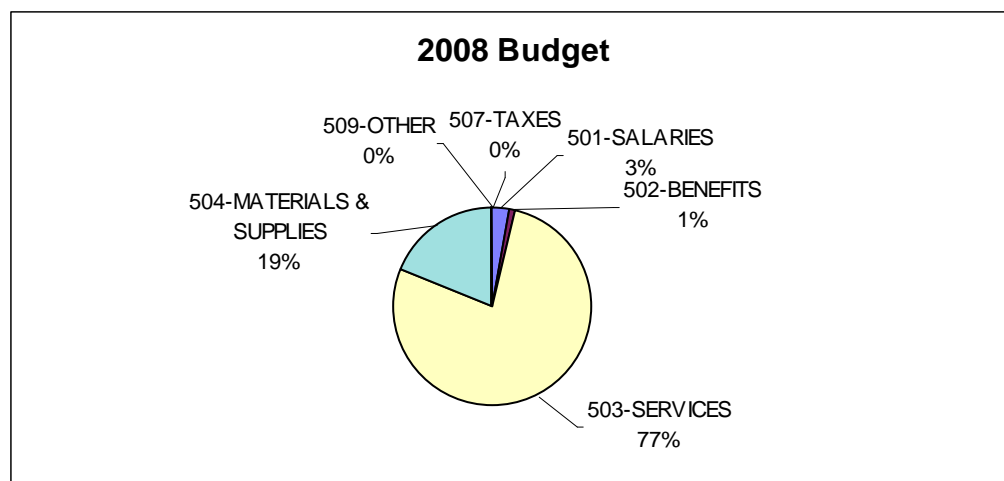
- ◆ Move in for the Rail Department and the contractor to the North Operations and Rail Maintenance Facility.
- ◆ Implementation of the Hansen Spear 4i asset management system for rail
- ◆ Work with freight contractor to maximize revenue potential on rail freight corridor.

Freight Railroad

Major Budgetary Changes

- ◆ **Freight Rail Revenue** – Projected freight volume results in approximately 60% increase in revenue
- ◆ **Salaries & Benefits** – Projecting lower capitalized labor in FY 2008
- ◆ **Services** – Completion of a needs assessment of the Giddings/Llano rail line for the preparation of a ten-year capital improvement program; startup of a new contractor to handle freight rail operations and maintenance
- ◆ **Materials & Supplies** – Costs related to safety training and signage. Beginning in FY 2008, diesel fuel for freight locomotives is being purchased by Capital Metro. This will provide a larger volume discount with the purchases for bus operations.

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 258,453	\$ 256,653	\$ 180,502	\$ 361,942	\$ 181,440	100.5%
502-BENEFITS	72,938	77,912	81,867	87,430	5,563	6.8%
503-SERVICES	8,834,890	8,707,431	8,354,597	9,042,940	688,343	8.2%
504-MATERIALS & SUPPLIES	7,823	1,716	16,900	2,207,880	2,190,980	12964.4%
507-TAXES	0	0	0	8,170	8,170	N/A
509-OTHER	1,458	3,518	8,780	6,280	(2,500)	(28.5%)
TOTALS	\$9,175,562	\$ 9,047,230	\$8,642,646	\$11,714,642	\$3,071,996	35.5%
FTE's	4	4	4	4		
FTE's Security Officers	1.75	1.75	1.75	1.75		

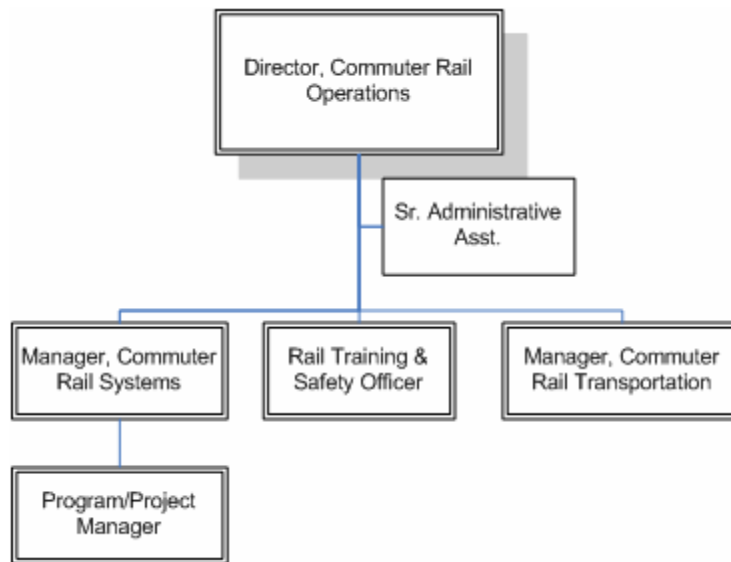


Commuter Rail Operations

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 2008.

Commuter Rail Department Organizational Chart



FY 2007 Accomplishments

- ◆ Submitted application to Federal Railroad Administration (FRA) and TxDOT for a waiver for operation of the Urban Commuter Rail
- ◆ Submitted application to FRA and TxDOT for a conditional test waiver for the testing of the Rail Diesel Multiple Units (DMU) within the Urban Commuter Rail Corridor. A DMU is a self-propelled commuter railcar with the capacity to pull coaches.
- ◆ Successful solicitation and award of a contract for the provision of commuter rail services to Veolia Transportation
- ◆ Final design and begin construction of the passing sidings on shared freight tracks
- ◆ Final design and begin construction of the Union Pacific (UP) Overpass
- ◆ Final design and begin construction of signal upgrades at grade crossings within the commuter rail corridor for the implementation of centralized traffic control system
- ◆ Final design and implementation of a temporary Dispatch Control System for train and equipment movements along all aspects of the Giddings/Llano rail line

Planned Initiatives

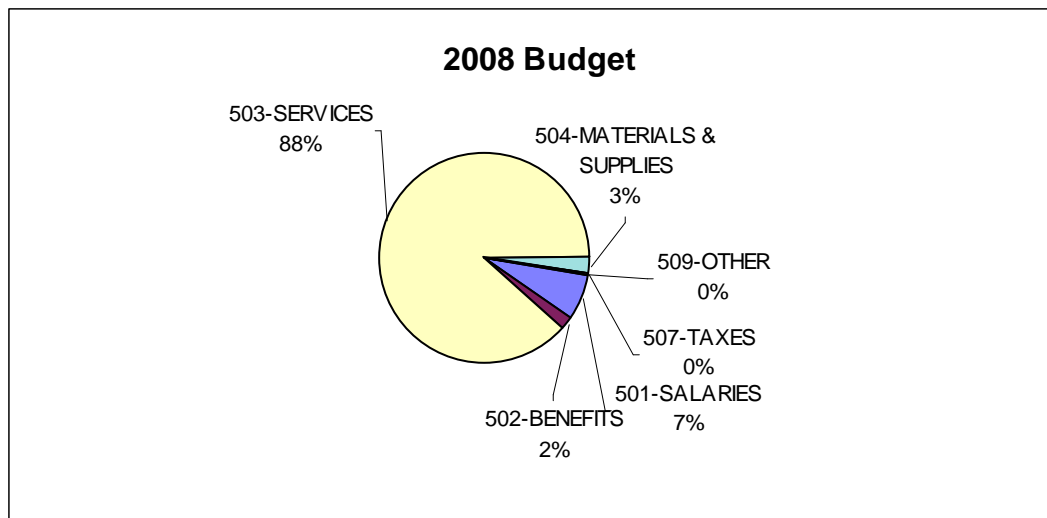
- ◆ Completion of all passing sidings for the shared track on the freight corridor
- ◆ Completion of the UP Overpass
- ◆ Completion of the signal upgrades at grade crossings within the commuter rail corridor
- ◆ Final design and construction of Centralized Traffic Control within the commuter/freight rail corridor
- ◆ Move in Commuter Rail Department, the dispatch control center and the commuter rail contractor to the North Operations Facility
- ◆ Completion of integrated testing of all commuter rail system components
- ◆ Acceptance of all six DMU vehicles
- ◆ Safety certification by TxDOT for passenger service
- ◆ Pass APTA peer review
- ◆ Final approval of FRA waiver application

Commuter Rail Operations

Major Budgetary Changes

- ◆ **Salaries & Benefits** – Reduction of capitalized labor for 2008 versus 2007 and increase for security personnel to assist with rail crossing safety
- ◆ **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

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 96,716	\$ 307,430	\$ 368,234	\$ 502,652	\$ 134,418	36.5%
502-BENEFITS	31,684	57,365	119,855	140,372	20,517	17.1%
503-SERVICES		13,874	775,000	6,311,622	5,536,622	714.4%
504-MATERIALS & SUPPLIES	0	0	900	183,648	182,748	20305.3%
507-TAXES	0	0	0	1,438	1,438	N/A
509-OTHER	12,858	37,205	31,855	18,340	(13,515)	(42.4%)
TOTALS	\$141,258	\$ 415,875	\$1,295,844	\$7,158,072	\$5,862,228	452.4%
FTE's	2	6	5	5		



Business Center

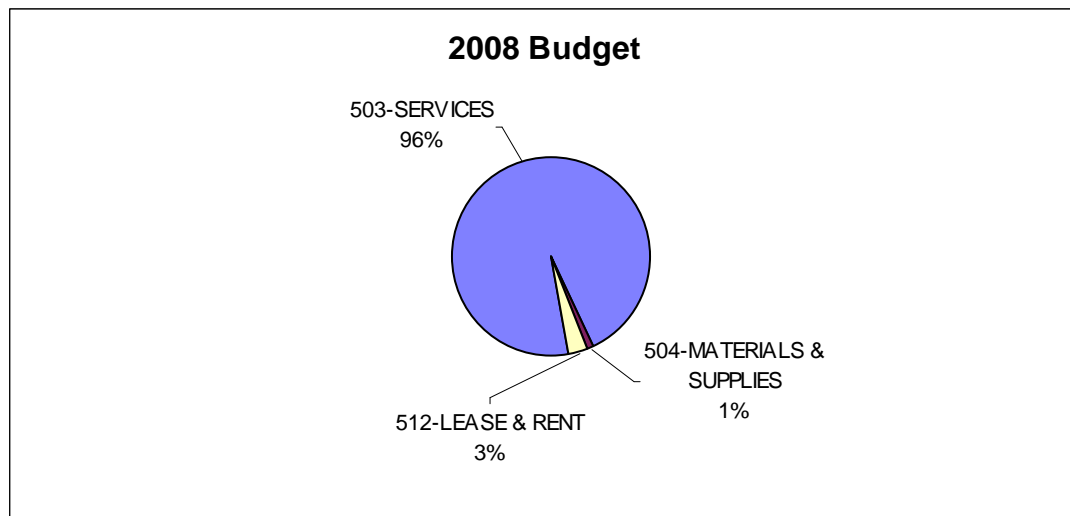
Functions and Responsibilities

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

Major Budgetary Changes

- ◆ **Services** – Additional costs associated with North Operating facility

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
503-SERVICES	\$ 392,310	\$ 400,412	\$349,600	\$413,564	\$ 63,964	18.3%
504-MATERIALS & SUPPLIES	3,850	221	4,949	18,363	13,414	N/A
TOTALS	\$ 396,160	\$ 400,633	\$354,549	\$431,927	\$ 77,378	198.8%



Wellness and Fitness Centers

Functions and Responsibilities

The Wellness and Fitness Center department's mission is to partner with employees to change and maintain healthy long term lifestyle. 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;
- ◆ Develop and manage fitness centers for Capital Metro.

FY 2007 Accomplishments

- ◆ Improved focus on employee wellness through incentives for making lifestyle improvements
- ◆ Received two awards: 2006 PRIMA Risk Management Achievement Award and 2007 Work Life Innovative Excellence Award
- ◆ Featured in the World at Work "Workspan" magazine
- ◆ Planned and executed the "Free Healthy Breakfast" initiative
- ◆ Refashioned food service contract to require a daily healthy entrée as well as require healthy ingredients and preparation of all foods

Planned Initiatives

- ◆ Implement health risk assessments including biometrics to assist employees with understanding their state of health and explore avenues for improvement
- ◆ Assist in Health & Dental Plan Design to meet health needs of employees
- ◆ Modify Wellness initiatives and programs based on identified risks
- ◆ Hire a part time Dietician to assist with improved nutrition and lower the dangers of obesity
- ◆ Develop wellness culture by increasing participation in fitness and healthy eating programs
- ◆ Open a new fitness facility in the North Ops facility in January 2008.

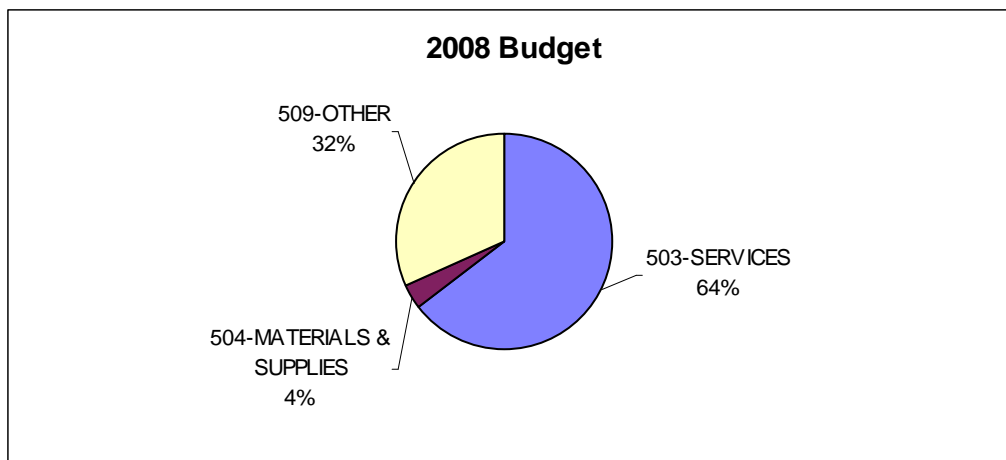
Wellness and Fitness Centers

Major Budgetary Changes

- ◆ **Services** – Additional fees under the contract with Health and Lifestyles for management of the Wellness Program and Fitness Center opening of North Operations facility
- ◆ **Materials & Supplies** – Maintenance for fitness equipment, computer program updates for the Tri-Fit Polar program, new gym replacement items and other educational material
- ◆ **Other** – Increased utilization of the healthy eating program and incentive paid to employees for participating in the Wellness and Fitness Center programs; costs were previously in Risk Management budget

Note: The Wellness Center department is new for FY 2008. In prior years this was included in the Risk Management department. The FY 2007 budget was “normalized” in order to provide comparability. The FY 2006 Actuals and FY 2007 Forecast were not “normalized” and those expenses remain in the Risk Management department.

<i>Account Category</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
503-SERVICES	195,390	234,705	39,315	20.1%
504-MATERIALS & SUPPLIES	5,500	14,650	9,150	166.4%
509-OTHER	82,400	115,435	33,035	40.1%
TOTALS	\$283,290	\$364,790	\$ 81,500	28.8%



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 year of operation, a lower turnover and absenteeism rate for employees using the Center has been achieved.

FY 2007 Accomplishments

- ◆ Completed first year of operations.
- ◆ Developed new marketing materials: brochures and video.
- ◆ Initiated Parent Advisory Committee.
- ◆ Offered Summer Camp Program.
- ◆ Upgraded infant and toddler playground.
- ◆ Designated as a Texas Rising Star in recognition of the high quality of care offered by the Center.

Planned Initiatives

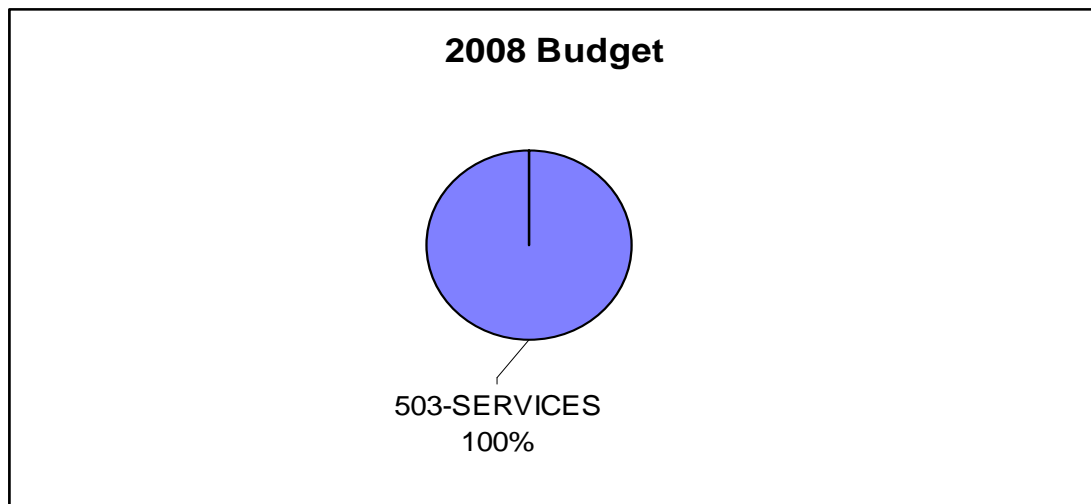
- ◆ Increase marketing to Capital Metro contractors' employees who are eligible to use the Center
- ◆ Participate in the Bright Horizons Back-up Child Care Advantage Program to bring additional revenue to the Center.
- ◆ Begin accepting Child Care Assistance through Texas WorkSource.

Childcare Facility

Major Budgetary Changes

- ◆ **Services** – The cost for operation of the Center through the contract with Bright Horizons was increased for FY 2008 to reflect continued growth of enrollment and increased staffing; projected revenue for the Center was also increased based on projected enrollment increases

<i>Account Category</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES & CAPITALIZED COSTS	\$ 10,430	\$ -	\$ -	\$ -	\$ -	0.0%
502-BENEFITS	1,068	0	0	0	0	0.0%
503-SERVICES	197,127	568,355	508,164	562,284	54,120	10.7%
504-MATERIALS & SUPPLIES	1,702	186	0		0	N/A
509-OTHER	(59,783)	7,615	0	1,000	1,000	N/A
TOTALS	\$150,544	\$ 576,156	\$508,164	\$563,284	\$ 55,120	10.8%



Non-Allocated General & Administrative Overhead

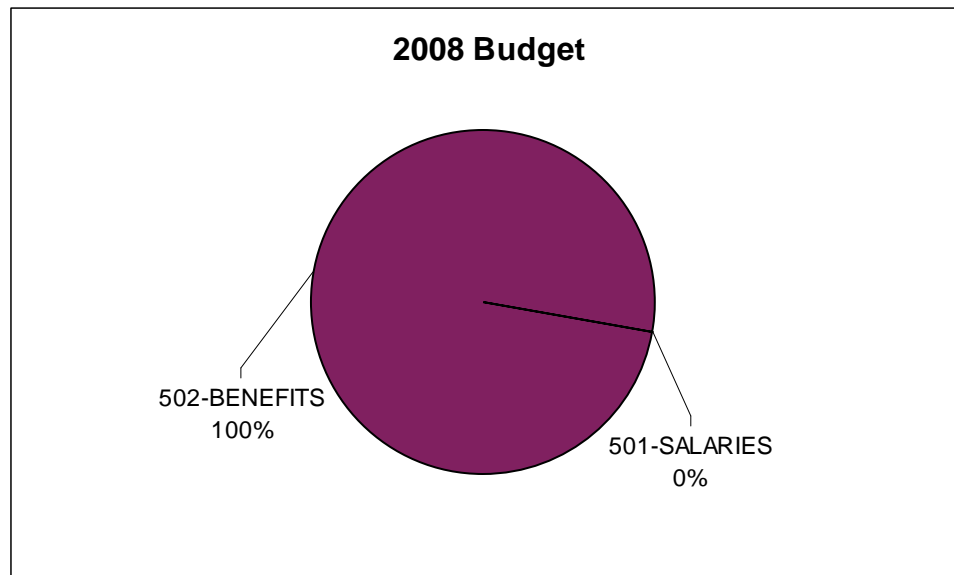
Functions and Responsibilities

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>FY 2006 Actual</i>	<i>FY 2007 Annualized Forecast</i>	<i>2007 Budget</i>	<i>2008 Budget</i>	<i>Variance \$'s</i>	<i>Variance %</i>
501-SALARIES	\$ 2,910	\$ -	\$ -	\$ -	\$ -	0.0%
502-BENEFITS	16,087,319	17,944,812	17,985,796	18,667,348	681,552	3.8%
TOTALS	\$ 16,090,229	\$ 17,944,812	\$17,985,796	\$18,667,348	\$ 681,552	3.8%





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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 persons 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.

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

Build Central Texas: Formerly the Build Greater Austin program. Created in 1994 to support the transportation infrastructure for the Austin metropolitan area and surrounding communities in the service 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 This is a system that allows dispatchers to monitor and control the position of trains on the tracks we operate

Deadhead: Hours or 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.

'Dillo: No-fare downtown circulator service.

DMU: Diesel Multiple Unit railcar. A self-propelled commuter railcar with the capacity to pull coaches.

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 1 through September 30.

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.

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

Grant: Revenue from another governmental 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 replacement

ITS: Intelligent Transportation System This 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

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 the Americans with Disabilities Act.

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 ratio: 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.

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). SAFETEA-LU 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) This is a 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.

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 STS 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.

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**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY**

BOARD OF DIRECTORS

STATE OF TEXAS

RESOLUTION NO.: CMTA-2007-0924-060

COUNTY OF TRAVIS

WHEREAS, pursuant to Section 451.102 of Chapter 451 of the Texas Transportation Code, the budget for FY 2008 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, 2007 –September 30, 2008 budget as presented below be adopted.

<u>Operating Expenses by Category</u>	<u>FY2008 Budget</u>
Labor and Fringe Benefits	\$85,591,160
Services	31,376,067
Materials & Supplies	23,517,123
Purchased Transportation	19,650,636
Utilities	1,506,343
Insurance	1,486,496
Taxes	1,068,167
Lease/Rentals	596,945
Other	3,250,338
Total Operating Expenses	\$169,234,653

It was moved by Cowman seconded by Gomez to approve the above resolution. The motion carried a vote of 6 ayes (Walker, Gomez, McCracken, Martinez, Trevino and Cowman) 1 abstained (Allen).

Date: September 24, 2007

Gina Estrada
Executive Assistant/Board Liaison



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Capital Metropolitan Transportation Authority
Texas**

For the Fiscal Year Beginning

October 1, 2006

President

Executive Director

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