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Mission

To improve the quality of life for everyone in the greater Charlotte region by providing outstanding community-wide public transportation services while proactively contributing to focused growth and sustainable regional development.

Vision

A steadily increasing share of transit competitive travel markets in the Charlotte region choose to use public transportation on a regular basis.

The citizens of the region perceive public transportation as an important public service which benefits the community as a whole while consistently providing exemplary service to efficiently meet diverse individual needs.

Public transportation employees are seen, and see themselves, as committed, competent, and motivated members of the region's premier public service.

CATS is recognized, both locally and nationally, for its contribution to effective, innovative and community-focused regional development.

Goals

Customer Service Focus: Provide safe, dependable, high-quality transportation services to all customers, and support our employees in that endeavor.

System Development: Expand and reorganize public transportation services to retain current customers and attract new ones by providing services that meet customer and community needs while supporting transit-oriented and pedestrian-friendly land use patterns.

Fiscal Responsibility: Ensure cost-effective and efficient use of resources and aggressively pursue funding partnerships to supplement local resources.

Community Benefits: Provide social, economic, and environmental benefits to the community through system operations and improvements, and promote community awareness of these contributions.

Prepare for the Future: Pursue process improvements, business practices, and technologies that will support cost-effective and customer-friendly service delivery in the future.

Invest in Employees: Provide training and career development support that enhances employees' abilities to perform their jobs and be prepared for promotional opportunities.



Mayor Patrick McCrory
Chair of Metropolitan Transit Commission

It was just five years ago that the 2025 Integrated Transit / Land-Use Plan, a vision developed to improve the quality of life for everyone in the region, was approved by the citizens of Mecklenburg County. I am proud to report to you that the Metropolitan Transit Commission (MTC) has made significant progress over the past five years in laying the foundation for building a regional transit system integrated with land-use planning. Some of the milestones achieved since 1998 include:

- Creating a new regional transit system: the Charlotte Area Transit System (CATS);
- Establishing a strong, nationally recognized management team to implement the 2025 Integrated Transit / Land-Use Plan;
- Overseeing the development and implementation of a five year county-wide transit service expansion plan;
- Establishing financial and operational policies to guide CATS' management in meeting the obligations of operating and expanding a regional transit system;
- Conducting hundreds of meetings obtaining the public's input into the design of a rapid transit system, determining station locations, identifying land-use needs and recommending the transit mode for each rapid transit corridor;
- Obtaining \$134.1 million in state and federal funding to leverage the local sales tax revenue needed to develop the transit system;
- Achieved a 31% growth in ridership since 1998;
- And, developing the facilities, bus fleet, and bus stop amenities necessary to create a customer friendly and growing regional transit system.

In Fiscal Year 2003, the MTC was intimately involved in advancing initiatives from approving the locally preferred alternative for the four remaining rapid transit corridors to establishing Transit Station Area Joint Development Guidelines to approving a new fare structure to establishment of the transit program that includes the start of construction for North Carolina's first light rail system.

At the same time, the MTC took steps to ensure that we are being good stewards of the public's investment through enhancing CATS financial policies by reducing the administrative overhead percentage and by increasing the percentage that passenger fares contribute to the operation of the transit system.

I am proud that the MTC members and past members were part of creating the vision in 1998 and in making the 2025 Integrated Transit / Land-Use Plan become a reality. The MTC, consisting of the Chair of the Mecklenburg Board of County Commissioners and the Mayors from the City of Charlotte, and the towns of Cornelius, Davidson, Huntersville, Matthews, Mint Hill and Pineville, and the surrounding cities and counties, completed an enormous task over the past five years in developing a public transit system that benefits the region. We are well on our way to achieving that goal.



Ronald J. Tober
Chief Executive Officer

I am pleased to report to the community that the Charlotte Area Transit System (CATS) experienced another year of record ridership, increased revenue from passenger fares, expanded service to the community, improved our safety record and completed major milestones in the development of the rapid transit corridors. In a year marked by a sluggish economy, world conflicts, higher unemployment, regional layoffs in the airline and manufacturing sectors, and a reduction in overall sales tax revenues, the achievement of such outstanding accomplishments, under budget and with a high quality of service, is an accolade representative of our employees' and contractors' tremendous efforts and commitment to customer service and the public.

The reality of an integrated transit / land-use system again took major steps during the year. The South Corridor Light Rail Project (SCLRP) received its Record of Decision from the Federal Transit Administration in May 2003, paving the way to start property acquisition and final design. In June 2003, the North Carolina Department of Transportation (NCDOT) signed a State Full Funding Grant Agreement committing \$93 million toward the construction of the SCLRP. In addition, the 2025 Corridor System Plan, outlining the locally preferred alternatives for each of the four remaining rapid transit corridors, was approved by the MTC. I am pleased that many local government entities adopted the Transit Station Area Joint Development guidelines providing the framework for Transit Oriented Development (TOD) to occur at future rapid transit stations throughout the region.

We saw more commuters choosing CATS, growing the ridership by five point six percent (5.6%) over last year. Since 1998, ridership on CATS' services has grown over thirty-one percent (31%). At the same time, new services were implemented, including the Union County Regional Express, neighborhood shuttles in the Beatties Ford and Eastland Mall areas, and expanded service to the disabled community. In addition, CATS implemented many initiatives to enhance customer service. Mainline bus routes were streamlined, reducing deviations and travel times, new shelters and benches were installed across the system, and improvements were made on responding to customers' concerns.

As we move forward to new challenges in the year ahead, I am confident that the talent and commitment of CATS employees and contractors will be a driving force in achieving future successes of implementing the 2025 Corridor System Plan. It is this commitment to the public that develops a transit system that benefits the entire community, supports economic development and enhances the quality of life of the region.



Pictured from left to right:

Front Row: George Fowler, Mayor of Pineville; Bill Powers, City of Gastonia Councilmember; Kim Phillips, Mayor of Huntersville; Randall Kincaid, Mayor of Davidson, Vice-Chair MTC; Patrick McCrory, Mayor of Charlotte, Chair of MTC; Tom Cox, Chairman Mecklenburg County Commission; Judy Davis, Mayor of Monroe; Jerry Cox, Huntersville Town Manager; Paul Edmunds, Chairman TSAC.

Middle Row: Marion Cowell, Jr., NCDOT Representative; R. Todd Lamb, Mint Hill Town Manager; Jerry Blackmon, CTAG Co-Chair; Mary Ann Creech, Pineville Town Administrator; Leamon Brice, Davidson Town Administrator.

Back Row: Lee Myers, Mayor of Matthews; Ted H. Biggers, Mayor of Mint Hill; Pamela Syfert, Charlotte City Manager; Harry Jones, Mecklenburg County Manager; Ralph Messera, Matthews Town Designee; Doug Spell, Monroe City Manager; Anthony Roberts, Cornelius Town Manager.

Absent: Carson Cato, Mayor of Cornelius; Al Jones, Mayor of Mooresville; Richard McLean, Mooresville Town Manager; Scott Padgett, Mayor of Concord; Douglas Echols, Mayor of Rock Hill; Bayles Mack, SCDOT Representative; Jeff Brown, CTAG Co-Chair.

The Metropolitan Transit Commission (MTC) is CATS' governing board and is responsible for reviewing and recommending all long-range public transportation plans. The MTC reviews the transit system's operating and capital programs and makes recommendations to the affected governments for their approval and funding of those programs. The MTC is composed of voting and non-voting members. The voting members are the Chair of the Mecklenburg County Board of Commissioners and the mayors and managers of the City of Charlotte, and the six towns in Mecklenburg County: Cornelius, Davidson, Huntersville, Matthews, Mint Hill, and Pineville. To ensure regional involvement, the MTC includes five non-voting members representing local governments outside of Mecklenburg County and one non-voting member each from the North Carolina and South Carolina Departments of Transportation.

Citizen Advisory Committees

To aid in reviewing long-range transit plans and provide input into the day-to-day operations of the transit system, the MTC has two citizen advisory committees: the Citizens Transit Advisory Group (CTAG) and the Transit Services Advisory Committee (TSAC).

Citizens Transit Advisory Group

The CTAG reviews long-range transit system planning and proposed operating and capital programs from the community's perspective, and makes recommendations to the MTC. This advisory board is made up of members of the community appointed by the Mecklenburg County Board of Commissioners, the Charlotte City Council, each of the six towns, and the Charlotte-Mecklenburg Board of Education. It may include no elected official, and its members serve staggered two-year terms.

Transit Services Advisory Committee

The TSAC reviews, makes recommendations, and provides input into short-range transit operations. The committee focuses on day-to-day operations of the transit service to ensure that it meets the needs of the community. It makes recommendations to the MTC on issues within its sphere of interest and acts as a vehicle to promote public involvement on short-term transit planning. The TSAC is made up of representatives appointed by the City of Charlotte, the Mecklenburg County Board of Commissioners and the six towns.

PUBLIC MEETINGS

MTC
Fourth Wednesday of each month
5:30 p.m. to 7:30 p.m.
Charlotte-Mecklenburg Government Center
Room 267
600 East Fourth Street, Charlotte, N.C.

CTAG
Third Tuesday of each month
7:15 a.m. to 9:00 a.m.
Charlotte-Mecklenburg Government Center
CH-14 Basement Level
600 East Fourth Street, Charlotte, N.C.

TSAC
Second Thursday of each month
4:00 p.m. to 5:30 p.m.
Charlotte-Mecklenburg Government Center
Ninth floor
600 East Fourth Street, Charlotte, N.C.



Pictured from right to left:

Seated: Ronald J. Tober, *Chief Executive Officer*
 John Muth, *Chief Development Officer*
 Paula Washam, *Executive Assistant to the Chief Executive Officer*
 Keith Parker, *Chief Operating Officer*

Standing:
 Carolyn Johnson, *Senior Assistant City Attorney*
 Dee Pereira, *Administration Manager*
 Olaf Kinard, *Marketing and Communications Manager*



Many of you played a part in shaping the future for the Charlotte region over the past five years. From attending public meetings that developed the 2025 Integrated Transit / Land-Use Plan to participating in the historic 1998 vote approving the plan and the dedicated half-cent sales tax to riding one of the Charlotte Area Transit System's (CATS) many services and to creating mixed-use development along the rapid transit corridors, your participation is making the 2025 Integrated Transit / Land-Use Plan become a reality. And, in FY2003, CATS made further progress in laying this foundation for shaping the future of the regional community.

2025 Corridor System Plan Approved

In September 2002, after two years of in-depth study and over a hundred public meetings, CATS presented its recommended 2025 Corridor System Plan to the Metropolitan Transit Commission (MTC). This recommended corridor system plan, based on the 2025 Integrated Transit / Land-Use Plan, consisted of multiple rapid transit improvements in five corridors, a series of improvements in Center City Charlotte, and bus service and facility improvements throughout the rest of the region. During October 2002, the MTC conducted a public hearing, drawing over forty speakers voicing their support and making suggestions for altering elements of the 2025 Corridor System Plan. Five basic criteria were used in evaluating and recommending the services for each corridor: Land-Use, Mobility, Environmental factors, Financial requirements and System integration.

In November 2002, the MTC approved the 2025 Corridor System Plan, laying the foundation for integrating transit and land-use in the region over the next fifty

years. When completed, the 2025 Corridor System Plan will serve more than four times as many transit customers as the present system does today. There will be 28 miles of Bus Rapid Transit (BRT) guideways, 21 miles of Light-Rail, 11 miles of streetcars, 30 miles of commuter rail, and an expanded network of buses and other transportation services throughout the entire region. The goals of blending land-use and transit in the 2025 Corridor System Plan are to support new and existing communities, reduce our dependence on overloaded roads, ease air pollution, and enhance our area's quality of life.

During FY2003, the South Corridor Light Rail Project (SCLRP) completed the Preliminary Engineering / Environmental Impact Statement (PE/EIS) phase of the federal development process, which advanced the design of the light rail system, assessed the potential environmental, social and economic impacts of constructing the light rail system, and recommended



measures to mitigate any adverse impacts. Throughout the PE/EIS phase, CATS sought citizen and public agencies' comments into the decision-making process. CATS submitted the Environmental Impact Statement to the Federal Transit Administration (FTA) in the spring of 2003, and in May 2003, CATS received a Record of Decision (ROD) from the FTA on the SCLRP, paving the way to begin property acquisition and enter the Final Design Phase of the Project.

Other activities were started during the year to prepare for opening the light rail line in 2006. Early in 2003, a 12-month procurement process started seeking proposals to determine the type and quantity of light rail vehicles needed for the SCLRP. And, in June 2003, the North Carolina Department of Transportation (NCDOT) signed a State Full-Funding Grant Agreement with CATS, committing approximately \$93 million for the SCLRP.

Transit / Land-Use Connection

In order for local governmental entities to realize the goal of creating pedestrian-friendly, mixed-use neighborhoods around rapid transit stations, a set of development tools are necessary. CATS' staff developed Transit Station Area Joint Development Policy Guidelines providing specific development tools regarding: Public Facilities (parks, libraries, etc.), Public Infrastructure (water, sewer, street, etc.), Housing (affordable, assisted, ownership, etc.), Joint Public/Private Development (smart growth acquisition, parking, etc.), Private Sector Development Incentives (zoning, permitting process, etc.), Marketplace Venues (kiosks, retail, etc.) for transit station areas. Following adoption by the MTC in FY2003, the City of Charlotte, Mecklenburg County, and the Charlotte Mecklenburg Board of Education adopted the Transit Station Area Joint Development Policy Guidelines.

It's My Public Art!

CATS' Art-in-Transit Program is committed to integrating public art into most major projects including stations, maintenance facilities, and passenger amenities. This year, the Art-In-Transit program made great strides towards integrating public art into neighborhood-oriented transit facilities, completed a public art master plan for the SCLRP, and established an advisory committee to guide the art program. The Art Advisory Committee was established in the spring of 2003. Made up of seven art professionals, the committee advises CATS on commissioning public art, recommends art selection panelists, reviews artists' proposals, art plans and budgets, helps keep the

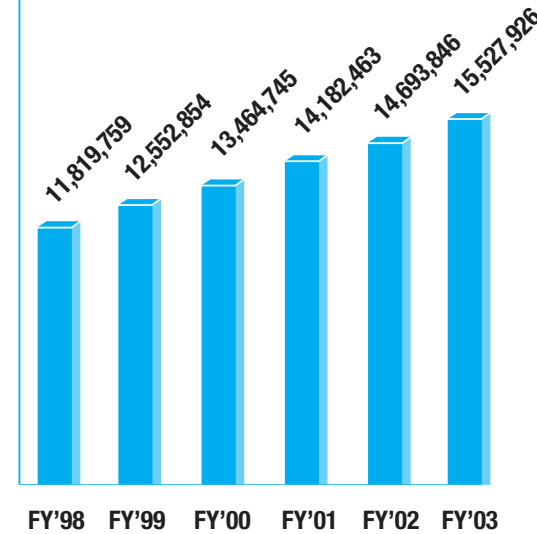
2025 Corridor System Plan



community informed and ensures community involvement. The committee, working with the Art-in-Transit Manager, developed a Call to Artists for the SCLRP stations, maintenance facilities, park-n-ride lots and other transit projects. The selection of artists is scheduled to occur in mid FY2004.

In March of 2003, the Art-In-Transit program kicked-off the "Art in Motion" project featuring the photography of local regional area elementary students incorporated with poetry by local poets. The artwork was displayed inside CATS buses, making the ride more enjoyable. Another new project called "Voice", included children from the Dillehay Courts neighborhood incorporating their art into local bus shelters to create a sense of community.

CATS Ridership



It's My Commute!

A customer survey conducted in January 2003 indicated that ninety-six percent (96%) of customers rate CATS high as a value to them personally and ninety-eight percent (98%) rated CATS valuable to the region. It is this acceptance by customers of CATS' services that helped increase ridership by five point six percent (5.6%) over the previous year to 15,527,926 customer rides. This was the fifth straight year that ridership increased, and represented a thirty-one percent (31%) growth in ridership since 1998.

Many new and expanded services were introduced during the year. New neighborhood shuttle services in the Beatties Ford and Eastland Mall areas provided residents increased access to local retail establishments, medical facilities and connections to other CATS routes. These new neighborhood services also allowed CATS to streamline several mainline routes, reducing travel times, improving operating efficiencies and enhancing customer service.

In June 2003, the customer response to the new regional express service to the City of Monroe and Union County was overwhelming. This new express route achieved the highest first month ridership by any other express route by nearly 50%, and the service has continued to grow. Developing services that fit the needs of customers is one key element to CATS' ridership growth, and the expansion of Sunday service this year was no exception. Previous customer surveys indicated the desire for expanded Sunday service on most routes. CATS implemented the expanded Sunday service in October 2002, and immediately saw the results. The average daily Sunday ridership grew by 19% in the first nine months of operation.

It's My Independence!

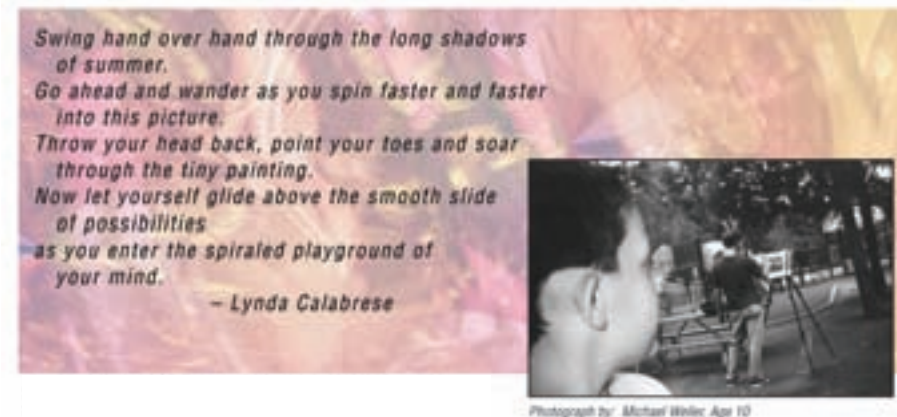
Having the independence to live a full and active lifestyle is important to many in the disabled community. CATS' Special Transportation Service (STS) continued to fulfill this need, providing more trips to customers and increasing ridership by fourteen point four percent (14.4%) in FY2003. Such growth can have an impact on operations and customer service. That is why CATS commissioned a committee to examine the effects of recent growth on STS and seek areas of improvement. The committee's analysis developed a Paratransit Improvement Plan, which was approved by the MTC, recommending that CATS: conduct a client assessment over the next 12 months, upgrade and enhance scheduling software and hardware, shorten reservation lead times, enhance driver training and customer support, and expand services into underserved areas of Mecklenburg County. In addition, with the arrival of new buses, CATS regular fleet of buses became 100% wheelchair accessible.

It's My Security Team!

Transporting over 15,000,000 customers during the year is an achievement; doing that in a safe manner is a



greater achievement. CATS had another excellent year in safety performance, reducing the accident rate for the third year in a row to less than 2.06 accidents per one thousand miles. This record did not go unnoticed. The



State of North Carolina recognized CATS with a "Safest in the State" award in May 2003, the third time since 1997. Security is another facet of CATS overall security blanket. CATS' staff conducted emergency training in cooperation with local fire, police, uptown employers and emergency agencies in a mock exercise simulating the evacuation of all uptown employees. In addition, security measures were implemented at the Charlotte Transportation Center, including adding more off-duty police officers and private security personnel and installing an enhanced 20-camera surveillance system.

It's My Contribution!

A new program to test low emission fuels for the bus fleet using Ultra Low Sulfur Diesel (ULSD) technology was started in June 2003, and was kicked-off by a visit from the Administrator of the Environmental Protection Agency. The program will assess the use of ULSD and the long-term affect on reducing emission pollution and its maintenance cost for CATS' fleet.

It's My Customer Service!

CATS continued its second year of a five-year program to enhance customer amenities at bus stops with the addition of 54 new shelters, 7 benches, and the addition of schedule information in the business district of Center City Charlotte. And, land for new Park-N-Ride facilities were purchased in the towns of Huntersville and Matthews to better serve expanding express services. The Huntersville new Park-N-Ride facility, which incorporates public art into the design, started construction in FY2003 and is scheduled for completion in early FY2004.



Responding to customer concerns and complaints is a key measure for CATS, and this year 94% of all complaints were responded to within 5 business days as compared to 81% in FY2002.

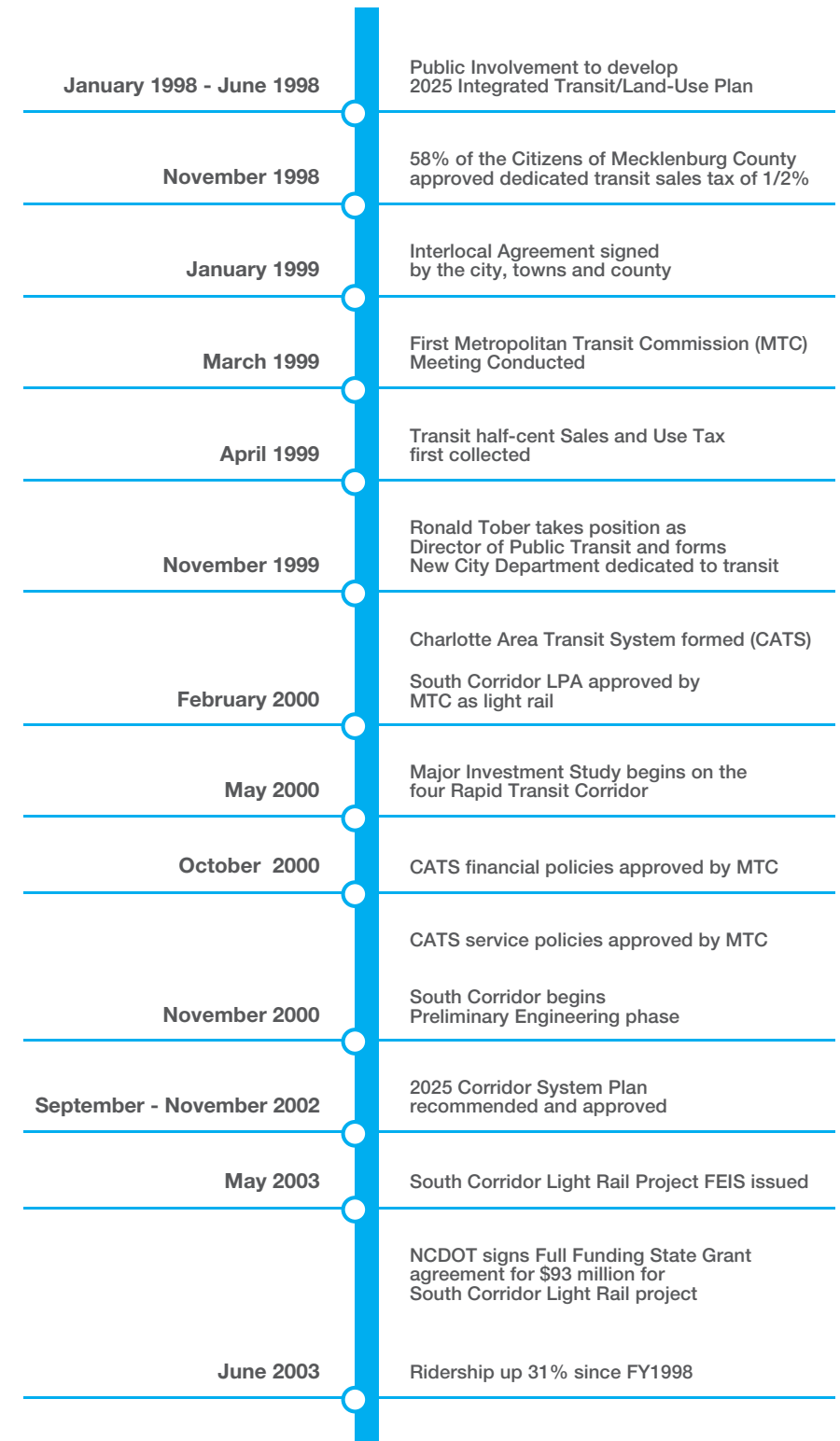
It's My Business!

Like many businesses and organizations in the region, CATS had to deal with declining sales tax revenues and increased fuel prices, while still expanding services and improving customer service. CATS' management took measures early in the fiscal year to adjust expenditures to deal with these economic conditions. These measures were successfully implemented, allowing CATS to increase ridership, meet a revised budget, and decrease the cost per hour of operating services. In March 2003, the MTC approved the first fare increase since 1997. The ten cent (.10¢) base fare increase was approved after conducting a public hearing in February 2003. The new fare structure will aid in covering the cost of new services and rising fuel prices. The new fares take effect on October 1, 2003.

- Cost per hour of service decreased by 3.5% to \$64.34 in FY2003 vs. \$66.68 per hour in FY2002.
- Increased the amount that operating revenue covered operating expenditures by 1.32% to 24.38% vs. 23.06% in FY2003 and FY2002 respectively.
- Increased pass sales by 4.8% over the FY2002 level.



Five Year Milestones since dedicated Tax Approved



Summary of Transit Program Revenue and Expenditures
Fiscal Year 2001 – Fiscal Year 2003

\$ In Millions	FY2001 Actual	FY2002 Actual	FY2003 Actual Unaudited
Operating Revenue	\$ 91.7	\$ 90.3	\$ 92.0
Operating Expenses	\$ 46.9	\$ 53.4	\$ 57.4
Operating Balance	\$ 44.8	\$ 36.9	\$ 34.6
Capital Revenue	\$ 21.1	\$ 34.5	\$ 15.6
Total Capital Revenue (Cap. Rev. + Op. Balance)	\$ 65.9	\$ 71.4	\$ 50.2
Capital Expense	\$ 21.5	\$ 50.0	\$ 37.5
Annual Contribution to Reserve Fund	\$ 44.4	\$ 21.4	\$ 12.7

During FY2003 the Charlotte Area Transit System (CATS) continued to operate as an enterprise fund of the City of Charlotte. As such, CATS accounting practices are controlled by the City of Charlotte's Finance Department in compliance with established financial and governmental reporting principles and standards.

CATS FY2003 Transit Operating Program and FY2003-FY2007 Capital Program were approved by the Metropolitan Transit Commission on March 27, 2002, the Charlotte City Council on June 24, 2002 and the Mecklenburg Board of County Commissioners on May 9, 2002. The approvals are in compliance with the 1999 Transit Governance Interlocal Agreement.

The FY2003 Actual (unaudited) Transit Program expense totaled \$ 94.9 million of which \$57.4 million was expended on Operating Programs and \$37.5 million was appropriated for Capital Programs with a balance of \$12.7 million contributed to the Capital Reserve Fund for future transit improvements. At the end of FY2003 the unaudited cumulative Capital Reserve Fund (which is the surplus amount of revenue over expenditure) is at \$117.4 million.

Highlights:

- CATS overall financial performance exceeded the objectives established by the financial policies.
- A sales tax recovery from FY2002 did not occur and revenue from sales tax was just over \$50 million. This amount was down 2% from the actual amount received in FY2002 and is the second year that sales tax revenues declined.
- Adjustments were made in the Operating Program to compensate for reductions in sales tax revenue, fluctuating fuel costs and maintenance/repair expenses. Operating expenses came in at \$57.4 million, which was \$6.1 million below budget.
- Fuel costs fluctuated during the year from a low of \$.74 to a high of \$1.13 per gallon.
- Approximately ten percent (10%) of the Operating Revenue (\$9.0 million) was received from the State of North Carolina for operating assistance. Thirty-eight percent (38%) of the funds in NCDOT's State Maintenance Assistance Program budget was allocated to CATS.
- In FY2003, CATS grant revenue totaled \$15.6 million.
- The Long Term Financial Plan continued to receive a Medium-High rating from the FTA.
- The later than normal approval of the federal transit budget resulted in delays in grant awards. This has a short term impact on CATS cash flow.
- FY2003 (unaudited) contribution to the Capital Reserve Fund is \$12.7 million.
- A State Full Funding Grant Agreement (SFFGA) for \$93 million was executed between the North Carolina Department of Transportation and the City of Charlotte. This SFFGA provides 25% of the current cost of the South Corridor Light Rail Project.
- CATS' revised Financial Policies were approved by the MTC. The revised financial policies reflect the growth and maturing of the transit system.

Financial Policy Measures

FY2003 Indicators: CATS' Financial Policies establish financial benchmarks which CATS is required to meet or exceed in managing the business. The MTC adopted changes to CATS' Financial Policies during FY2003. These changes are designed to tighten financial controls during future development of the transit system. These changes will help ensure that the taxpayer dollars used to support public transit will be used wisely and achieve maximum benefits for the community.

	FY2001 Actual	FY2002 Actual	FY2003 Actual Unaudited
Operating Ratio \geq 15% Percentage of Operating Expenses covered by operating revenues	24.4%	22.7%	24.38%
Operating Fund Balance \geq 1 Contingency against unexpected cost increases	10.55	7.96	7.96
Administration Overhead \leq 15% The cost of supporting direct service	23.8%	18.4%	11.27%*
System Cost Per Hour Total cost of delivering 1 hour of revenue service	\$ 77.11	\$ 66.68	\$ 64.24
Capital Investment Level \geq 33% An amount \geq 33% of the sales and use tax revenue must be utilized for current and future capital expenditures	78.4%	70.6%	69.1%

(*Financial policy changed this measure to 15% vs 20% in FY2001 & FY2002)

FY2003 Transit Operating Program

\$ In Millions	FY2001 Actual	FY2002 Actual	FY2003 Actual Unaudited
Operating Revenue	\$ 91.7	\$ 90.3	\$ 92.0
Operating Expenses	\$ 46.9	\$ 53.4	\$ 57.4
Operating Balance	\$ 44.8	\$ 36.9	\$ 34.6

Operating Revenue

The total operating revenue was 6% below budget. The largest source of Operating Revenue is the local one-half cent Sales & Use Tax. The actual amount of Sales Tax for FY2003 is \$50.1 million, which is 8.5% below the budgeted amount of \$54.7 million. The shortfall is attributed to (i) increasing Internet sales and (ii) lower capacity for discretionary spending by consumers as a result of the slow economic recovery in FY2003. The lower than budgeted revenue directly impacted the amount of interest earned, which was 15% below budget.

The impact of the Sales Tax reduction was mitigated to some extent by the 17% increase in operating assistance received from the State of North Carolina in FY2003.

Operating Expense

Operating expense reflects an actual overall savings of \$6.1 million, which is 10% below the budgeted amount of \$63.5 million. Key contributors to the savings were capitalization of a portion of maintenance costs, some reduction in service costs resulting from changes in service providers, lower costs for bus facilities/amenities maintenance and vacant position savings. New transit services funded during FY2003 include regional express service to Monroe and expansion of current local services.

The operating expenses funded CATS 155 regular and 23 part time staff positions and paid allocated costs of \$ 2.1 million to the City of Charlotte for support of the transit program. Mecklenburg County's cost of providing human services transportation programs for the elderly is approximately \$1.9 million.

FY2003 Transit Capital Program

\$ In Millions	FY2001 Actual	FY2002 Actual	FY2003 Actual Unaudited
Operating Revenue	\$ 21.1	\$ 34.5	\$ 15.6
Operating Expenses	\$ 44.8	\$ 36.9	\$ 34.6
Capital Expense	\$ 21.5	\$ 50.0	\$ 37.5
Annual Capital Reserve Contribution	\$ 44.4	\$ 21.4	\$ 12.7

Capital Revenue

Capital Revenue includes Federal and State grant funds and the funds from the Operating Program Balance. A transit program is entitled to receive funds each year from the Federal government based on formulas established by the United States Department of Transportation. In addition to the formula funds, transit agencies pursue other funding (allocated at the discretion of the Federal government) to build and maintain transit systems. During FY2003, CATS was successful in receiving allocations of \$29.9 million from the Federal government. In addition, the North Carolina Department of Transportation provided 50% of the non-federal share of CATS federally funded projects, along with grants for technology enhancements. In FY2003 \$15.6 million of grant revenues were received.

In FY2003 CATS continued asset financing. Up to 90% of the debt service payment on some assets is paid by the FTA and NCDOT grants. Debt services payments in FY2003, for the FY2002 COPS issuance were \$1,583,500. No COPS were issued in FY2003 (based on project schedules). A significant issuance is anticipated in FY2004.

Operating Balance (Contribution to Capital Program)

In FY2003, the Operating Balance contribution to the capital program was \$34.6 million. Current year capital programs received \$21.9 million of this amount, with the balance of \$12.7 million being contributed to the Capital Reserve Fund. At the end of FY2003, the Capital Reserve Fund unobligated balance was \$117.4 million (unaudited).

FY2003 Use of Capital Revenue

\$ In Millions	Rolling Stock	Facilities Other	Rapid Transit Development
Buses	\$ 1.6*		
Other	\$ 2.1	\$ 8.2	
Vehicles/Amenities/Facilities	\$ 1.5		
Technology/Other Rapid Transit		\$ 8.0	\$ 16.0

* Annual Debt Service Payment On Buses

Capital Expense

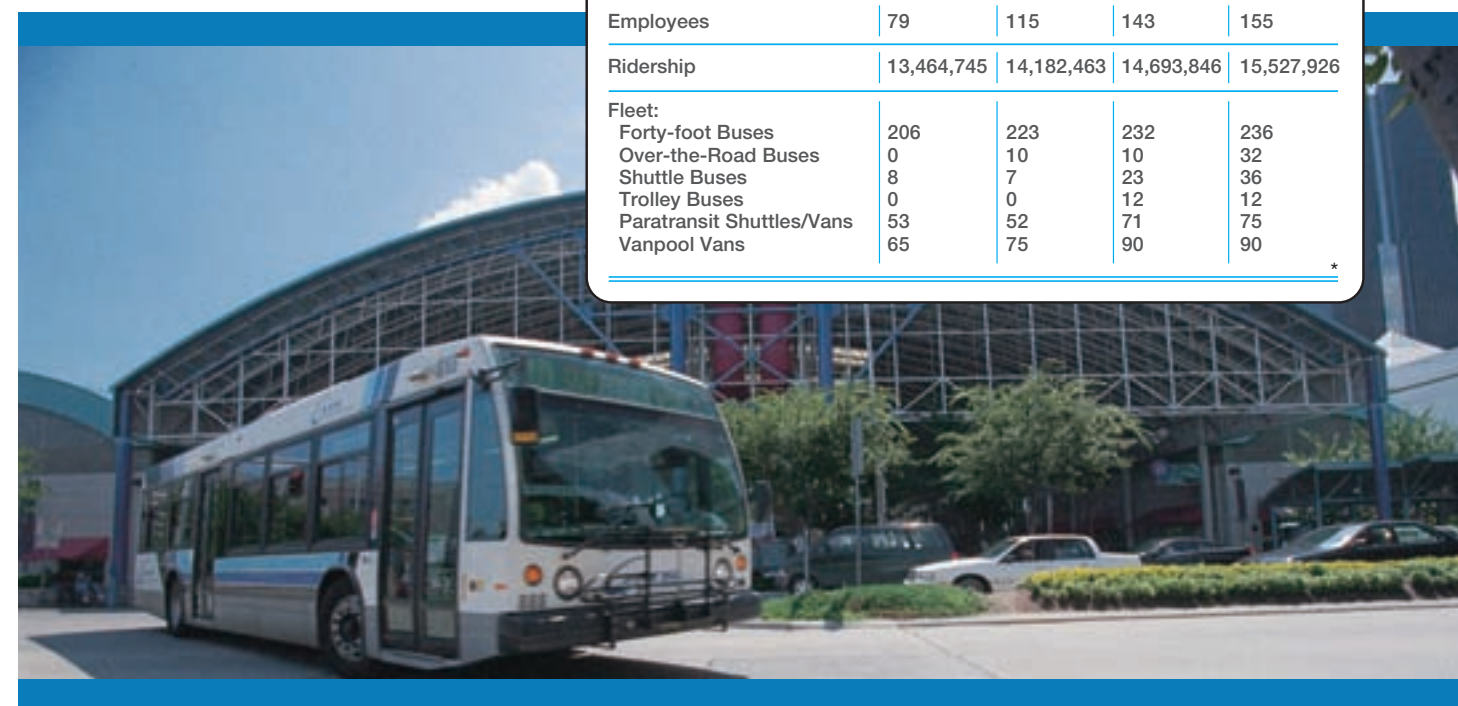
Capital expenditures in FY2003 were used to purchase 54 new and replacement buses, 12 ADA buses and 21 Vanpool vans; design and land acquisition for the second bus garage, technology improvements, bus stop improvements, and development of transit centers and park-n-ride lots. Capital appropriations for the Rapid Transit program included right of way procurement in the South Corridor and funds for advancing the North Corridor.

Capital Reserve Fund

The Capital Reserve Fund protects cumulative surplus revenue and increases it by means of investment income earned. The amount in this fund is available for use in future transit development, lessening the transit system's dependence on other sources of revenue in future years. At year-end FY2003, the cumulative balance in the Capital Reserve Fund is projected at \$ 117.4 million.

\$ In Millions	FY2000 Actual	FY2001 Actual	FY2002 Actual	FY2003 Actual Unaudited
Yearly Contribution	\$ 38.8	\$ 44.4	\$ 21.4	\$ 12.7
Cumulative	\$ 38.8	\$ 83.2	\$104.6	\$117.4

CATS at a glance	FY2000	FY2001	FY2002	FY2003
Revenue Hours	625,932	746,124	789,499	846,806
Revenue Miles	9,289,157	10,359,394	11,105,922	11,355,896
Employees	79	115	143	155
Ridership	13,464,745	14,182,463	14,693,846	15,527,926
Fleet:				
Forty-foot Buses	206	223	232	236
Over-the-Road Buses	0	10	10	32
Shuttle Buses	8	7	23	36
Trolley Buses	0	0	12	12
Paratransit Shuttles/Vans	53	52	71	75
Vanpool Vans	65	75	90	90




Over 32,000 customers use the Charlotte Transportation Center (CTC) every day to get to work, make connections, and go to medical appointments. The CTC accommodates over 2,000 bus trips that arrive and depart each weekday.

*(FY2000 - FY2002 revenue miles and revenue hours have been restated to include layover time to be compatible with FY 2003 reporting requirements.)



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 WWW.RIDETRANSIT.ORG

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