

# CONNECTING. BUILDING. ENHANCING.

Charlotte Area Transit System • Annual Report 2004



## TABLE OF CONTENTS

- 1** Letters to the Community
- 3** Metropolitan Transit Commission
- 4** Leadership Team  
*CATS at a Glance*
- 5** Connecting.
- 7** Building.
- 8** Enhancing.
- 10** Financial Highlights



### 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 value public transportation as an important public service, which benefits the community as a whole by consistently and efficiently providing exemplary service that meets 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' ability to perform their jobs and be prepared for promotional opportunities.



**Tom Cox**

Metropolitan Transit Commission Chair  
Chairman of the Mecklenburg Board of County Commissioners

As Chair of the Metropolitan Transit Commission (MTC), I am proud that we continued to make progress fulfilling the promise made in 1998 to develop a regional public transportation system tied closely to land use planning.

The MTC made decisions which improved and expanded the public transportation system, attracted a record number of riders, advanced the South Corridor Light Rail Project (SCLRP) a step closer to the planned October 2006 opening and provided greater access and mobility to citizens of the region.

People and regional municipalities are embracing the vision embodied in the 2025 Corridor System plan of providing alternative transportation choices. During the year, more citizens chose public transportation as their preferred mode of commuting as ridership increased for the sixth consecutive year. Lincoln County became the latest regional partner to embrace public transportation with the start of the sixth regional express service. Unserved areas of Mecklenburg County received greater access and mobility with the introduction of a new ADA service in Mint Hill. The MTC advanced the SCLRP approving the purchase of light rail vehicles. The project received a "recommended" rating from the Federal Transit Administration (FTA).

The MTC continued to be good stewards of the public's investment by implementing a ten percent fare increase in October 2003 and approving a fare structure for the new Charlotte Trolley service, which started in June 2004. CATS' financial policies were updated to provide greater flexibility in financing capital programs. The South Corridor Light Rail's Financial Plan received high marks from the FTA and President Bush's FY2005 budget recommended an additional \$30 million in funding.

The Transit Interlocal Governance Agreement, approved by members of the MTC in 1999, required the Citizen Transit Advisory Group (CTAG) to conduct a review of the current governance structure in 2004. During FY2004, the CTAG reviewed other transit systems' governance structure, funding sources, approaches to economic development, land-use policies, regional representation and sought input from the public. In June 2004, the CTAG presented their recommendations on possible future governance structures to the MTC. These recommendations will be reviewed in FY2005 and a decision made on how to proceed.

I am proud of the regional cooperation that my fellow MTC members have achieved in developing and providing transportation choices to the community. It is our shared vision and unity that encourages regional economic development, provides alternatives to congestion, enhances mobility and improves the quality of life for everyone in the region.



**RONALD J. TOBER**  
CATS Chief Executive Officer

This was another progress making year for CATS in which ridership and revenues increased, safety and financial performance continued to improve, and significant progress was made in advancing the 2025 Corridor System Plan. The local economy showed signs of improvement as evidenced by a 3% growth in the local sales tax revenue. Commuters sought alternatives to driving alone to escape the rising gasoline prices and the frustration experienced from longer commute times. These factors contributed to CATS' sixth consecutive year of ridership increases, up 5.3% over the previous year and up 38.4% since FY1998.

The South Corridor Light Rail Project (SCLRP) project continued to advance and reached several milestones during the year including:

- The Federal Transit Administration (FTA) approval to enter into Final Design (August 2003)
- The purchase of 6 miles of Norfolk Southern right-of-way (December 2003)
- President Bush's FY2005 budget recognized the project as meritorious and recommended an additional \$30 million in funding (February 2004)
- Established a project baseline budget of \$398.7 million (March 2004)
- The purchase of 16 light rail vehicles from Siemens below budget (March 2004)
- The selection of artists for the South Corridor's Art-In-Transit program

In addition, progress was made in advancing the four remaining rapid transit corridors. The North Carolina Department of Transportation and CATS agreed to jointly plan and develop a multi-modal station that will serve the North Corridor Commuter rail line and the streetcar services. CATS and the FTA signed a Memorandum of Understanding enabling each rapid transit corridor and the streetcar project to advance at their own pace but still be treated as part of the 2025 Corridor System Plan.

Management continued to exceed financial performance measures established by the MTC. The Long-Term Financial Plan for Federal New Starts Program received a "medium-high" rating from the FTA. CATS' Certificates of Participation, financing for the new bus garage and the SCLRP's right-of-way acquisition, received high ratings by Moody, S&P and Fitch. In addition, CATS administrative overhead has decreased by 5.64% since FY2002.

I am proud of the progress CATS made this year and in previous years. These outstanding results are a testament to CATS' employees and contractors' dedication to serve our customers.





**Pictured from left to right:**

**Front Row:** Kim Phillips, Mayor of Huntersville, Vice Chair MTC; Tom Cox, Chairman of Mecklenburg County Board of Commissioners, MTC Chair; Patrick McCrory, Mayor of Charlotte

**Middle Row:** Paul Edmunds, TSAC Chairman; Bayles Mack, SCDOT Representative; Marion A. Cowell, Jr., NCDOT Representative; Randall Kincaid, Mayor of Davidson; Jerry Fox, CTAG Co-chair; Jeff Brown, CTAG Co-chair; Leamon Brice, Davidson Town Administrator; Jerry Cox, Huntersville Town Manager

**Back Row:** Tim Brown, Mooresville Director of Planning; R. Todd Lamb, Mint Hill Town Administrator; Gary T. Knox, Mayor of Cornelius; Al Jones, Mayor of Mooresville; Mike Rose, Pineville Town Planner; Anthony Roberts, Cornelius Town Manager; Ralph Messera, Town of Matthews; Doug Spell, Monroe City Manager; Lee Myers, Mayor of Matthews

**Not Pictured:** Ted H. Biggers, Mayor of Mint Hill; George Fowler, Mayor of Pineville; Jennifer T. Schultz, Mayor of Gastonia; Judy Davis, Mayor of Monroe; Scott Padgett, Mayor of Concord; Douglas Echols, Jr., Mayor of Rock Hill; Pamela Syfert, Charlotte City Manager; Harry Jones, Mecklenburg County Manager

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 mayors and managers of the City of Charlotte, County of Mecklenburg, 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. The MTC has two citizen committees which provide input on short-term and long-term transit plans.

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 (TSAC)**

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 pm – 7:30 pm  
Charlotte-Mecklenburg Government Center, Room 267  
600 East Fourth Street, Charlotte, NC

**CTAG**

Third Tuesday of each month, 7:15 am – 9:00 am  
Charlotte-Mecklenburg Government Center, CH-14 Basement Level  
600 East Fourth Street, Charlotte, NC

**TSAC**

Second Thursday of each month, 4:00 pm – 5:30 pm  
Charlotte-Mecklenburg Government Center, Ninth floor  
600 East Fourth Street, Charlotte, NC

**CITIZENS TRANSIT ADVISORY GROUP (CTAG)**

The CTAG reviews long-range transit system planning and proposed operating and capital programs from the community's



**Pictured from left to right:**

Dee Pereira, Administration Manager; Keith Parker, Chief Operating Officer; Olaf Kinard, Marketing and Communications Manager; Ronald J. Tober, Chief Executive Officer; Paula Washam, Executive Services Coordinator; John Muth, Chief Development Officer; Carolyn Johnson, Senior Assistant City Attorney

## FAST FACTS

	FY2000	FY2001	FY2002	FY2003	FY2004
Revenue Hours	625,932	746,124	789,499	846,806	863,511
Revenue Miles	9,289,157	10,359,394	11,105,922	11,355,899	13,516,321
Employees	79	115	143	155	213
Ridership	13,464,745	14,182,463	14,693,846	15,526,927	16,356,488
<b>Fleet:</b>					
Forty-foot Buses	206	223	232	236	163
Over the Road Buses	0	10	10	32	83
Shuttle Buses	8	7	23	36	39
Trolley Buses	0	0	12	12	15
Paratransit Shuttles/Vans	53	52	71	75	83
Vanpool Vans	65	75	90	90	75
Rail-Trolley	0	0	0	0	1

## TROLLEY SERVICE IS REBORN

June 25, 2004, celebrated a historic event with the return of electric trolley service to Charlotte for the first time in over 65 years. Mayor Patrick McCrory, Tim Newman, President of Charlotte Center City Partners, John Stamas, President of Historic South End, Miller Jordan, President of Charlotte Trolley, Inc. and Ron Tober, CEO of CATS pulled the switch to welcome back an old friend, Car 85, one of the last electric trolleys to operate on the streets of Charlotte in the 1930s. The last time a Charlotte mayor stood beside Car 85 was in 1938 when Mayor Douglas officiated over a ceremony to decommission all trolley service in Charlotte to make way for an expanding bus service. Since 1997, Charlotte Trolley, Inc. has operated Car 85 along the south corridor tracks from Historic South End to I-277 by the use of a diesel engine. In 2003, CATS agreed to take over the management of the day-to-day operations of Car 85 and to expand the frequency and hours of service. During fiscal year 2004 (FY2004), CATS upgraded Car 85's wheels and brakes and modified the electric motor so that the trolley could operate on the overhead electrical light rail wires. To provide for expanded trolley services, CATS purchased three replica trolleys, scheduled for delivery in the fall of 2004.

Thousands of citizens from Mecklenburg and surrounding counties rode the new Charlotte Trolley service during the first week of operation. People who rode Car 85 as children in the mid-1930s returned

as adults to re-live a portion of their childhood. The renewed interest by the public in the Trolley service enhanced businesses along the Charlotte Trolley line. Many out-of-town conventioners rode the new Charlotte Trolley service visiting art galleries and restaurants in Historic South End and experiencing a piece of nostalgia.

The future home of Car 85 and the replica and restored trolleys will be located at the corner of South Boulevard and Bland Street, the site of the original Trolley Barn. The MTC in FY2003 approved the Bland



Street location as the preferred site to house the Charlotte Trolley service. In addition, the MTC approved up to \$5.2 million for the restoration of the historic trolley barn. Initial work was completed in FY2004 to remove ground contaminants, finalize the design and to prepare the facility for construction. Once renovated, the Bland Street Trolley barn will house CATS' Charlotte Trolley Services, and Charlotte Trolley, Inc. will use the facility to restore vintage trolleys and operate a Trolley museum.

## SOUTH CORRIDOR LIGHT RAIL PROJECT ENTERS FINAL DESIGN PHASE

Significant progress was made during FY2004 in advancing the South Corridor Light Rail Project (SCLRP) to Final Design and preparing for the submission of a Federal Full Funding Grant Agreement (FFGA). In August 2003, the Federal Transit Administration (FTA) approved the SCLRP to enter into the Final Design phase. The SCLRP reached the 65% level of Final Design in March 2004. This advanced level of design allowed CATS to establish a firm budget for the project. In June 2004, the project reached the level of design needed to submit an application for a FFGA. A Full Funding Grant Agreement secures federal funding, subject to congressional appropriations, to help design and construct transit projects. The FTA considers a project for a FFGA after it has progressed through the initial planning and preliminary engineering phases to the final design phase. CATS' submission of the Federal FFGA is planned to occur in the summer of 2004.

The budget for the 65% design level was established in March 2004, at \$398.7 million, 7.5% above the cost estimate

*"With the continued success of the Gold Rush and the great launch of the Charlotte Trolley Service, CATS continues to connect and build with the community in Center City and South End, and we look forward to great things to come in the future with light rail."*

– Tim Newman, President of Charlotte Center City Partners







*“3030 South is a well-designed, very livable community where people can get from townhomes to the office, grocery store, daycare, and entertainment within easy access to future light rail.”*

*– Andy Heath, Managing Partner of Heath Partners & Developer of 3030 South at New Bern Station*

established at the 30% design level. The increase in the cost estimate is tied directly to project enhancements including increasing the peak-period frequency of service to 7 1/2 minutes from every 15 minutes and building a bridge for grade separation at Archdale Drive for better traffic flow. Also, contributing to the cost increase were increased land acquisition costs in the corridor and a three-month delay in 2003 while awaiting the release of the Final Environmental Impact Statement from the FTA.

CATS continued to receive positive ratings and additional funding from the FTA to advance the SCLRP. In February 2004, President Bush’s FY2005 Budget recognized the SCLRP as a “meritorious project”, one of only two new starts projects to be awarded this level in FY2004, and the budget recommended an additional \$30 million for the SCLRP. In previous fiscal years, the FTA has allocated \$40 million to the SCLRP. CATS is seeking a 50% federal

participation for this project and these two commitments from the FTA represents \$70 million of the \$199 million federal share. In June 2003, the North Carolina Department of Transportation (NCDOT) signed a State FFGA for \$92.7 million, approximately 25% of the SCLRP’s budget. CATS will provide the remaining funding for the SCLRP through the local one-half cent sales tax. The voters of Mecklenburg County approved the half-cent sales tax in 1998 by a 58% majority.

**LIGHT RAIL IS ON THE WAY**

Making light rail a reality in the Charlotte region advanced a step closer with the purchase of 16 Light Rail Vehicles (LRV) in March 2004. CATS contracted for 16 LRVs and related materials for \$52.5 million, under the original budget of \$52.9 million that was established for only 15 vehicles. The FTA provided CATS a Letter of No Prejudice for the purchase of the light



rail vehicles, allowing CATS to advance the SCLRP to meet the planned opening date in October 2006, while still allowing the purchase of the LRV to be eligible for federal reimbursement under a future FFGA. The sleek, aerodynamic exterior of the LRV is enhanced with a low-floor design for easy walk-on access to the vehicle from transit station platforms. The LRV can operate bi-directionally, has a passenger capacity

of 236 (68 seated, 168 standees) and includes accommodations for four wheelchairs and four bikes per vehicle. The first LRV is scheduled to arrive in late 2005 for initial testing.

**SOUTH CORRIDOR LINE ADVANCES**

A key component for advancing the SCLRP was acquiring the land for stations and for the light rail line. In December 2003, CATS and Norfolk Southern Railway Company completed the purchase of six miles of Right-of-Way (ROW) along the SCLR line. The agreement secured ROW from Scaleybark Road to I-485 and along with previously acquired corridor segments, allowed CATS to assemble the needed corridor for the full length of the project. The agreement with Norfolk Southern Railway Company provides for the operation of freight and light rail services in the same corridor but on separate tracks.

Progress was made during FY2004 to develop the necessary infrastructure to support Transit Oriented Development (TOD) in the station areas. The South Corridor Infrastructure Program (SCIP) is designed to advance the public infrastruc-

ture element of the Transit Station Area Joint Development Policy guidelines at seven stations along the SCLRP. SCIP’s goals are to improve accessibility to light rail stations for pedestrians, bicycles and



vehicles, and to promote and encourage transit supportive development through infrastructure enhancements. Infrastructure



improvements identified include:

- 8 miles of street widening
- Enhanced intersection safety for 27 locations
- 14 miles of sidewalks
- 10 miles of bicycle lanes
- Streetscape improvements at 7 locations
- Various storm water and water and sewer enhancements

SCIP is funded in part through \$20 million bonds approved by voters in 2002, \$9 million Storm Water service bonds and yet to be determined water and sewer bonds.

**2025 CORRIDOR SYSTEM PLAN**

The 2025 Corridor System Plan calls for advancing all five rapid transit corridors with each corridor having some form of rapid transit in place by 2012. To achieve this objective, CATS and the FTA signed a Memorandum of Understanding in June 2004. This agreement enables each rapid transit

corridor and the streetcar project to advance at its own pace but still be treated as a part of the 2025 Corridor System Plan. This approach allows transit stations to be located in advance of guideway construction. Identifying station locations and the appropriate transit supportive land-use zoning as early as possible allows the development community to plan for future TOD communities at or near rapid transit stations.

The North Corridor prepared for the next design phase with the award of an engineering and environmental contract and advancing work on the Multimodal station. NCDOT and CATS agreed to

jointly develop the Multimodal Station and associated rail infrastructure. The Multimodal station will serve as a local and regional hub to connect multiple transportation alternatives including the North Corridor commuter rail trains, CATS future streetcars and local and express services, and inter-city transportation including Amtrak trains and Greyhound buses.

**RIDERSHIP CONTINUES TO INCREASE**

In September 2003, the Texas Transportation Institute (TTI) released their 2003 Annual Urban Mobility report

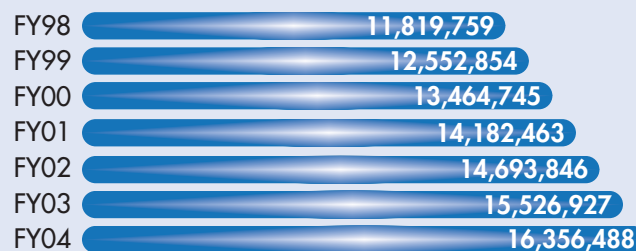
local base fare increased from \$1.00 to \$1.10 per ride and express bus fares increased from \$1.40 to \$1.55.

**SERVICE ENHANCEMENTS**

Hopping in your car to run an errand, going to the corner supermarket, or attending a community event can nearly use up a gallon of gas. Today, cars are not the only travel option in many neighborhoods and towns in Mecklenburg County. There are choices, and over 599,000 customers chose to ride one of the 19 Community Circulators serving area neighborhoods. There is growing recognition that these neighborhood-based services offer more travel options providing greater access and mobility to shopping, employment, and connectivity throughout the community. In FY2004, CATS continued to expand the Community Circulator network by starting three new neighborhood and one business-park shuttles. Citizens in the Clanton Park and

the UNC-Charlotte/University areas and those living near Pence Road have more choices to access their communities. And,

**CATS RIDERSHIP GROWTH FY1998 – FY2004**



indicating that the average annual delay time per person in Charlotte increased from 4 hours in 1982 to 21 hours in 2001. It is no wonder with increased congestion and traffic delays that more and more commuters are choosing CATS. FY2004 was another growth year for ridership on CATS services and marked the sixth consecutive year of ridership increases since FY1998. Annual ridership increased 5.3% in FY2004 to 16,356,488 overall, up 38.4% since FY1998. This ridership increase occurred during a year in which CATS instituted the first fare increase since 1997. The



*“Whether getting to work or going to the corner store, neighborhood shuttles strengthen my neighborhood with greater access and mobility.”*

*– Gladys Taylor, Hoskins Neighborhood Community Leader & Neighborhood Shuttle Customer*

in the University Research Park, workers gained greater access between facilities and to CATS' mainline routes. Overall, ridership on Community Circulator services increased 45.8% during FY2004.

Approximately 25 % of all daily commuters in the area originate outside of Mecklenburg County. Many of those commuters are stuck in stop and go traffic. Not surprisingly, results from a survey conducted in January 2004 indicated that 82% of commuters describe the traffic condition in Charlotte as "Poor". Regional commuters are switching to CATS express services because the services offer a stress-free and cost-saving commute. Ridership on CATS' Regional Express routes grew 27.7% and in June 2004, CATS added its sixth regional express route originating from Lincoln County.

Given its close proximity to employment, education, and entertainment venues, many citizens are choosing to live in Center City Charlotte. To provide more travel choices within the Center City, the Gold Rush's Blue Line was extended to serve residents of First and Fourth Wards, and the Red Line was streamlined to



Two Millionth customer rode the new Gold Rush service. These factors helped grow ridership on the Gold Rush service by 7%.

Other service enhancements included: adding Sunday service to Route 23 and improving Sunday service on Route 17; improving frequency of service on Routes 8 and 235; streamlining Route 10; extending Route 16 to the Queen Anne Community, and adding trips to Route 83X.

According to the 2000 Census, approximately 25% of Mecklenburg County citizens have some form of disability, many needing access to employment and the community. CATS' services provide a vital link for many disabled citizens to a full range of activities throughout the community. Today, customers with disabilities have greater flexibility in how they choose to travel because CATS' entire bus fleet is 100% ADA accessible. In addition, unserved areas

of Mecklenburg County achieved greater mobility with the addition of Special Transportation Services II (STSII) to the town of Mint Hill. STSII is a door-to-door transportation service providing service to previously unserved areas of Mecklenburg County. Unlike

provide better access along Trade Street.

In August 2003, the Gold Rush reached a milestone in just under two years when the

regular STS service, STSII is not mandated by the Americans with Disabilities Act (ADA).

To better serve our customers, CATS held a public meeting in March 2004 to discuss the Americans with Disabilities Act (ADA) Certification Process and to introduce the public to a new eligibility process to qualify customers to use STS services. During FY2004, STS provided over 190,000 customer trips, an increase of 2.8% over the previous year.

CATS operators like Stephanie Stinson transported over 16,350,000 customers safely to their destinations last year. It is that dedication and attention to safety that allowed CATS to reduce the accident rate per thousand miles to 2.03 from 2.08. All service categories experienced a reduction in the accident rate including: the large bus fleet, STS shuttles and Vanpools. This makes the fourth consecutive year that

CATS improved its accident rate.

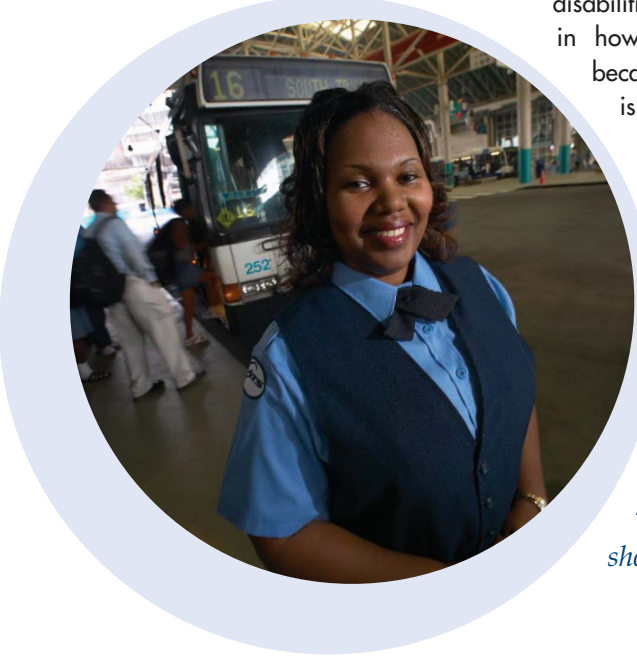


The installation of a new Automatic Vehicle Locator (AVL) system was completed during the year on CATS' entire fleet. The AVL system will allow CATS to know where all buses are at

any time, communicate system-wide voice messages on the buses to drivers and customers, and to provide better information for route scheduling. In the future, the AVL information will communicate to customers when buses will arrive at key bus stops and provide real-time information on routes at transit centers and on CATS' website.

*"Everyday safety is the cornerstone of how we get customers to work, shopping, medical appointments and to be with their families."*

*– Stephanie Stinson, CATS Bus Operator*



*“Public Transportation provides me greater freedom and independence to live, work and to contribute to the community.”*

*– Belveia Benzenhafer, Program Secretary of Metrolina Association for the Blind & STS Customer*

Building a regional transit system requires the infrastructure to support increasing ridership, expanding routes and new services. To provide for future growth, CATS broke ground on a second bus garage located along South Tryon Street in October of 2003. The new bus garage will serve as the new administrative offices for CATS’ Bus Operation Division and will accommodate 250 buses. The new facility will be adjacent to the future South Boulevard Light Rail Facility. CATS currently has 300 buses in the fleet and the existing bus garage located on Davidson Street was designed to store and maintain only 200 buses. CATS’ bus fleet is expected to grow to over 400 buses by 2010 and the fleet will consist of over 690 buses by 2025. The bus maintenance facility is scheduled for completion in Spring 2005.



During FY2004, CATS made progress in advancing Community Transit Centers as outlined in the 2025 Corridor System Plan. The South Park Mall Community Transit Center, located underneath the mall, completed the planning and design of a 1300 square foot facility, with construction scheduled to be completed in FY2005. The Eastland Mall Community Transit Center advanced through the planning stage gathering input from Mall owners and neighborhood residents. And, the Beatties

Ford Community Transit Center project gained input on facility planning and site locations from several neighborhood meetings conducted in the community. The Community Transit Centers are integral to allowing customers to connect to destinations throughout the city without having to transfer at the Charlotte Transportation Center.

CATS also continued its focus on enhancing customer service and amenities with the installation of 87 new bus shelters and 44 benches. CATS opened its first owned Park ‘N Ride lot located in Huntersville at Exit 23. The new Huntersville Gateway Park ‘N Ride was in response to the explosive growth in ridership experienced on the 77X route. In addition, the Park ‘N Ride lot was the first CATS facility to incorporate public art into the facility design.

Although it is CATS goal to exceed customer expectations, sometimes we fall short. To ensure that customers’ concerns are followed through in a timely manner, CATS established that 93% of all customer complaints are to be responded to and resolved within 2 and 5 business days respectively. In FY2004, CATS staff exceeded that goal and achieved a 96% rating on responding to customers concerns.



Fifty-five percent of Mecklenburg’s harmful air emissions come from automobiles, and the conversion of commuters to CATS services helped to eliminate some harmful pollutants. In FY2004, CATS implemented several initiatives to aid with reducing harmful pollutants. A pilot program using Ultra Low Sulfur Diesel (ULSD) in selected buses was completed during the year. A 70% reduction in Nitrogen Oxides, the primary Ozone pollutant in the Charlotte region, was experienced, along with reductions in most other pollutants including hydrocarbons and carbon monoxide. When compared to Compressed Natural Gas (CNG), ULSD and filters produce better reductions and cost less to operate. Going forward, the ULSD program will expand to neighborhood shuttle vehicles with 49 vehicles participating in the program.



## SUMMARY OF TRANSIT PROGRAM REVENUE AND EXPENDITURES FISCAL YEAR 2001 – 2004

\$ In Millions	FY2001 Actual	FY2002 Actual	FY2003 Actual	FY2004 YE Actual Unaudited
<b>Beginning Capital Reserve Fund</b>	<b>\$37.3</b>	<b>\$81.6</b>	<b>\$114.5</b>	<b>\$122.7*</b>
Operating Revenue	\$91.7	\$90.4	\$90.6	\$97.9
Operating Expense	\$47.0	\$53.1	\$57.5	\$62.9
<b>Operating Balance (OB)</b>	<b>\$44.7</b>	<b>\$37.3</b>	<b>\$33.1</b>	<b>\$35.0</b>
Capital Revenue (CR)	\$21.1*	\$22.6*	\$19.4*	\$24.6
<b>Total Capital Revenue (CR + OB)</b>	<b>\$65.8*</b>	<b>\$59.9*</b>	<b>\$52.5*</b>	<b>\$59.6</b>
Capital Expense	\$21.5*	\$27.0*	\$44.3*	\$133.0
Annual Contribution to Reserve Fund	\$44.3	\$32.9*	\$8.2*	(\$73.4)

\* Restated as of 8/23/2004 to reflect year-end adjustments.

The Charlotte Area Transit System (CATS) continued to operate as an enterprise fund of the City of Charlotte in FY2004. As such, CATS accounting practice is controlled by the City of Charlotte's Finance Department in compliance with established financial and governmental reporting principles and standards.

CATS FY2005 Transit Operating Program and FY2005-FY2014 Capital Program were approved by the Metropolitan Transit Commission on March 24, 2004, (the Charlotte City Council on June 14, 2004, the Mecklenburg Board of County Commissioners on April 13, 2004), and the approvals are in compliance with the 1999 Transit Governance Interlocal Agreement.

The FY2004 Year-end Actual (unaudited) Transit Program expense totaled \$195.9 million of which \$62.9 million was expended on Operating Programs and \$133.0 million was appropriated for Capital Programs with a drawdown of \$73.4 million from the Capital Reserve Fund. At the end of FY2004 the unaudited cumulative Capital Reserve Fund (which is the surplus amount of revenue over expenditure) is at \$49.3 million and FY2004 pending grant awards are \$55.1 million for a Projected Capital Reserve Fund of \$104.4 million. Year-end financial adjustments are currently in process, prior to completion of the annual audit and publication of the Comprehensive Annual Financial Report (CAFR) later in calendar year 2004.

## HIGHLIGHTS OF FY2004 FINANCIAL PERFORMANCE

- CATS overall financial performance exceeded the objectives established by the financial policies.
- Fuel costs fluctuated during the year from a low of \$0.81 to a high of \$1.12 per gallon, with an average of \$1.03 per gallon.
- FY2004 (unaudited) drawdown from the Capital Reserve Fund is \$73.4 million.
- The Long Term Financial Plan for Federal New Starts Program continued to receive a Medium-High rating from the FTA.
- The June 2003 State Full Funding Grant Agreement (SFFGA) was amended in January 2004 authorizing NCDOT to advance funds up to 50% of the costs of early South Corridor contracts. The SFFGA commits NCDOT to obligate 25% of the cost of early South Corridor Light Rail Project (SCLRP) contracting actions.
- In FY2004 CATS issued \$87 million in debt financing for purchases of buses, the bus garage and right-of-way for the South Corridor Light Rail Project. The transit Certificates of Participation (COP) were rated Aa2 by Moodys, AA+ by S&P and AA by Fitch.
- The FTA conducted reviews of CATS' Financial Management Oversight and Financial Capacity. No "material conditions" were reported in the reviews.

## FY2004 INDICATORS

CATS Financial Policies establish financial benchmarks, which CATS is required to meet or exceed.

<b>FINANCIAL POLICY MEASURES</b>	FY2001 Actual	FY2002 Actual	FY2003 Actual	FY2004 YE Actual Unaudited
<b>OPERATING RATIO</b> (OR/OE ≥ 20%)	24.4%	24.34%*	24.68%	22.22%
<b>OPERATING BALANCE MONTHS</b> (≥ 1 Month's Operating Expense)	10.55	8.45*	6.88	6.69
<b>ADMINISTRATIVE OVERHEAD</b> (≤ 15%)	23.8%	15.68%*	11.46%	10.04%
<b>SYSTEM COST PER HOUR</b> (≤ Rate of Inflation 2.3%)	\$77.11	\$62.96*	\$63.78	\$69.14
<b>CAPITAL INVESTMENT LEVEL</b> (≥ 33% of Sales & Use Tax)	78.4%	73.21%*	65.88%	65.07%

\* Restated as of 8/23/2004 to reflect year-end adjustments.

## FY2004 TRANSIT OPERATING PROGRAM

<i>\$ In Millions</i>	FY2001 Actual	FY2002 Actual	FY2003 Actual	FY2004 YE Actual Unaudited
Operating Revenue	\$91.7	\$90.4	\$90.6	\$97.9
Operating Expense	\$47.0	\$53.1	\$57.5	\$62.9
<b>Operating Balance</b>	<b>\$44.7</b>	<b>\$37.3</b>	<b>\$33.1</b>	<b>\$35.0</b>

## OPERATING REVENUE

Operating Revenue at \$97.9 million was 3.8% above budget. The largest source of Operating Revenue is the one-half cent Sales & Use Tax. The actual amount of Sales Tax for FY2004 is \$53.8 million, which was 2.9% above the budgeted \$52.3 million. The State Maintenance Assistance was higher than anticipated at \$12,522,180 and represented 12% of operating revenue. Increases in ridership and the October 2003 fare increase resulted in Income from Operating Revenue of \$11,304,290, which was 13.7% over FY2003 actual of \$9,938,558.

# FINANCIAL HIGHLIGHTS

## OPERATING EXPENSE

Operating Expense at \$62.9 million reflects an unaudited savings of \$2.5 million, which is 4% below the budgeted \$65.4 million. Operating expenses fund direct and indirect costs of providing public transit services to the Charlotte-Mecklenburg community. These services include all bus, trolley, special paratransit, human services transportation (provided by DSS), and vanpool services; transit security, customer service, and administrative services. Operating Expenses also include \$25,000 payments to each of the towns in Mecklenburg County to fund documented land use and planning activities associated with transit.

Key contributors to the savings were capitalization of a portion of maintenance costs, some reduction in service costs resulting from changes in service providers, a delay in starting the historic trolley service, and vacant position savings. New services funded during FY2004 include regional service to Lincoln County and expansion of current local services. In FY2004 the cost per revenue hour for all transit services was \$69.14. The operating expenses funded 213 regular and 23 part-time staff positions within CATS and paid \$1.9 million to the City of Charlotte for support of the transit program.

## OPERATING BALANCE

The Operating Balance, which is the difference between annual Operating Revenue and Operating Expense, provided an FY2004 contribution of \$35.0 million as compared to the \$28.9 million budgeted in FY2004 to the capital program. This amount is equal to 65.07% of the sales tax revenue, consistent with MTC policy .

### FY2004 TRANSIT CAPITAL PROGRAM

<i>\$ In Millions</i>	FY2001 Actual	FY2002 Actual	FY2003 Actual	FY2004 YE Actual Unaudited
Capital Revenue	\$21.1*	\$22.6*	\$19.4*	\$24.6
Operating Balance	\$44.7	\$37.3	\$33.1	\$35.0
Capital Expense	\$21.5*	\$27.0*	\$44.3*	\$133.0
<b>Annual Capital Revenue Contribution</b>	<b>\$44.3</b>	<b>\$32.9*</b>	<b>\$8.20*</b>	<b>(\$73.4)</b>

\* Restated as of 8/23/2004 to reflect year-end adjustments.

## CAPITAL REVENUE

Capital Revenue includes Federal and State grant funds, interest, and funds from the Operating Program Balance. In FY2004, CATS received Federal grant appropriations totaling \$26.4 million of which \$9.7 million was appropriated through Federal Formula funds, \$4.9 million from Federal Bus Discretionary Funds and \$11.8 million from Federal New Starts Program funds for the SCLRP. NCDOT's commitment of \$80.4 million in FY2004 will match Federal funds, provide some fund advances for the SCLRP and fund a portion of CATS' technology program. In December 2004, \$87.0 million of COPS were issued for financing the 2nd Bus Garage, Buses and Right-of-Way in the South Corridor.



**FY2004 USE OF CAPITAL REVENUE**

<i>\$ In Millions</i>	Rolling Stock	Facilities & Other	Rapid Transit Development
Buses	\$19.55		
Other Vehicles/Amenities/Facilities		\$25.97	
ADA Buses/Vanpool		\$3.17	
Technology/Other			\$5.91
Debt Service		\$5.00	
Rapid Transit			\$73.4

**CAPITAL EXPENSE**

In FY2004, capital funds were utilized to pay the annual debt service cost of \$1.6 million on the 2001 issuance of Certificates of Participation purchasing 3 historic trolleys, 3 rubber wheel trolleys, 33 buses and 12 ADA buses, the completion of the 1st CATS owned park-n-ride lot in Huntersville, right-of-way acquisition, design and other expenses associated with construction of park-n-ride lots and transit centers, and bus amenities and asset maintenance. Capital funds for the Rapid Transit program included appropriations for right-of-way in the South Corridor and advancing the North Corridor into the Draft Environmental Impact Statement phase. Of significance in FY2004 was the \$52.5 million obligation for purchase of 16 light rail vehicles for the South Corridor Light Rail Project.

**CAPITAL RESERVE FUND**

<i>\$ In Millions</i>	FY2001 Actual	FY2002 Actual	FY2003 Actual	FY2004 Unaudited
Actual	\$44.3*	\$32.9*	\$8.2*	(\$73.4)
Cumulative	\$81.6	\$114.5*	\$122.7*	\$49.3
Pending FY2004 Grant Awards				\$55.1
<b>Projected Total</b>				<b>\$104.4</b>

\* Restated as of 8/23/2004 to reflect year-end adjustments.

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 the end of FY2004, the cumulative Capital Reserve Balance was \$49.3 million (unaudited) and FY2004 pending grant awards are \$55.1 million for a projected total of \$104.4 million.



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