



# MAKING TRACKS

# H. Parks Helms

Chair of the Metropolitan  
Transit Commission



As Chair of the Metropolitan Transit Commission (MTC), I am pleased to report on the progress made in addressing the 2025 Transit/Land Use Plan. As the policy making body for long-range public transportation plans, the MTC has made decisions that have set this community and this region on a course that will serve us well into the future.

Decisions have been made with respect to transit alignment, station locations and terminals. These decisions will enhance our transportation options as well as the way land is developed and redeveloped along the transit corridors. In this way, our investment in transit is more than an investment in transportation. It's also an investment in planned growth, economic development and the prosperity of our community.

The Draft Environmental Impact Statement (DEIS) will incorporate these decisions for the North, Southeast, West and Northeast Corridors. Important decisions also were made for the North Corridor, as the MTC approved the locally preferred alternative with respect to station locations, right-of-way alignments, as well as a northern terminus.

As with any major project of the size and scope of this undertaking, there have been challenges and setbacks along the way. I take pride in the manner in which the MTC has responded to these challenges. We continue to focus on our goal of developing a rapid transit system equal to or better than any in the country. Despite the risk of distraction from our purpose, we have advanced the remaining corridors with help from our colleagues at the national level. Indeed, our decisions, our progress and our success have been praised by, and continue to be, the envy of communities across the country.

In a highly competitive environment, we have been successful in having the U.S. Congress earmark \$175 million for the Charlotte region for important projects, including:

- \$19.8 million for the Charlotte Gateway Station (FY06-FY09)
- \$1.6 million for the Eastland Community Transit Center (FY06-FY09)
- \$154 million for the South Corridor LYNX Blue Line
- Authorization to enter preliminary engineering for the remaining rapid transit corridors

In accordance with our adopted fare policy, a ten percent fare increase took effect in October 2005. The Charlotte Area Transit System's FY 2007 Budget was approved, enabling the enhancement and expansion of our fleet, improved transit centers, and expanded park and ride locations.

Improvements also were made in our Governance Agreement and Procedural Rules, and a representative of the North Carolina Department of Transportation (NCDOT) was added to the MTC as a voting member. Provisions also were made to support efforts of surrounding counties in becoming voting members of the MTC.

As I write these words, the vision of our community adopted in 1998 is being challenged. As we carry out the real work of implementing and putting in place a complex and expensive part of the community's infrastructure to serve our future, some have chosen to turn back. **We must not turn back.** We must continue working together to build a firm foundation for the future. We must hold fast to our vision of a transportation system that is a vehicle for sustaining the economic and social momentum of our region.

I pledge my continuing efforts to keep us on course toward becoming the great American community we deserve to be. Please join me in entering the next phase of the strategic plan designed to ensure our ability to compete successfully in a global economy, while preserving and protecting our quality of life.



# Ronald J. Tober

Charlotte Area Transit System  
Chief Executive Officer

Fiscal year 2006 was an extraordinary year for CATS. We achieved record-breaking ridership levels, expanded services for the community and continued to advance the Southeast's first light rail line.

The effects of Hurricane Katrina were felt throughout the region as the price of gasoline rose to record highs. For the first time, many citizens saw the benefits of public transportation, not only as a way to save money, but also as a valuable asset to the community.

High gas prices also meant that commuters were getting on board CATS in record numbers. Last year, over 19 million customers chose to ride CATS; a 7.8 percent increase over FY05, and the eighth consecutive year in which we've experienced a gain in ridership. Increases were achieved in all major service areas with the regional express service experiencing the highest growth with an increase of nearly 40 percent over last year.

As an organization, we were also faced with the effects of high diesel prices and took aggressive action to adjust our budget accordingly. During the first quarter of the year, steps were taken to reduce operating expenses. These steps included eliminating and postponing some service improvements for later in the fiscal year and controlling other expenses. As a result, we were able to stay within our operating budget.

In early spring, we were honored to have a visit from the U.S. Secretary of Transportation, Norman Mineta. Charlotte was one of two cities selected for his visit because of our significant growth in ridership and advancements on the South Corridor Light Rail Project. The Secretary visited our future light rail vehicle maintenance facility and discussed alternative forms of transportation. His visit was a great honor and it signified that CATS is a growing and progressive transit system.

Not only are we attracting new customers, but we are retaining current customers as well. Our annual market research study showed that 79 percent of our customers say they will continue to ride our services in the future. And customer's still rate us high in the area of value to the community, with 98 percent rating us as valuable to extremely valuable.

If you've been down South Boulevard recently, you can see the progress we're making along the South Corridor. Construction of bridgework, roadbed work and track laying continued throughout the year. And, after a two-week, cross-country trip, we welcomed our first light rail vehicle, Car No. 101, to Charlotte, which is now undergoing 1,000 miles of testing between Clanton Road and Tremont Avenue. During the year, we had to deal with several challenges that adversely impacted the cost of the light rail line including: delays to construction work caused by Norfolk Southern; design problems; continued increases in the cost of building materials and a tight local construction labor market; and soil conditions along the path of the line. Even with these problems, we are targeting November 26, 2007 as the date when service will start.

Moving forward in this coming year, CATS remains committed to meeting the needs and challenges that lie ahead. We will continue to plan for the future and ensure that this community has a safe, efficient and reliable public transportation system.



A handwritten signature in black ink that reads "Ronald J. Tober".



**Pictured from left to right:** (Front center) Kim Phillips, Mayor of Huntersville, Vice-Chair, MTC; Parks Helms, Chairman of Mecklenburg Board of County Commissioners, MTC Chair; Patrick McCrory, Mayor of Charlotte (Middle row) Bayles Mack, SCDOT Representative; Pam Syfert, Charlotte City Manager; Leamon Brice, Town Manager; George Fowler, Mayor of Pineville; Brian Welch, Mint Hill Interim Town Manager; Paul Edmonds, TSAC Chairman; Marion Cowell, Jr., NCDOT Representative; Harry Jones, Mecklenburg County Manager (Back row) Jerry Fox, CTAG Co-Chair; Lee Myers, Mayor of Matthews; Ted H. Biggers, Mayor of Mint Hill; Mike Rose, Pineville Town Manager; Ralph Messera, Town of Matthews; Randall Kincaid, Mayor of Davidson; Gary Knox, Mayor of Cornelius (Not pictured) Anthony Roberts, Cornelius Town Manager; Jerry Cox, Huntersville Town Manager; Jennifer Stultz, Mayor of Gastonia; Bobby Kilgore, Mayor of Monroe; F. Craig Meadows, Monroe City Manager; Douglas Echols, Jr., Mayor of Rock Hill; Bill Thunberg, Mayor of Mooresville; James Justice, Mooresville Town Manager; and Scott Padgett, Mayor of Concord.

## METROPOLITAN TRANSIT COMMISSION (MTC)

The 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 and a board member from the North Carolina Department of Transportation. To ensure regional involvement, the MTC includes five non-voting members representing local governments outside of Mecklenburg County and one non-voting member from the South Carolina Department of Transportation. The MTC has two citizen committees which provide input on short-term and long-term transit plans.

PUBLIC MEETINGS

### MTC

4th Wednesday of each month  
 5:30 PM to 7:30 PM  
 Charlotte-Mecklenburg  
 Government Center  
 600 E. Fourth Street, Rm 267  
 Charlotte, NC

### CTAG

3rd Tuesday of each month  
 7:15 AM to 9:00 AM  
 Charlotte-Mecklenburg  
 Government Center  
 600 East Fourth Street  
 CH-14 basement level  
 Charlotte, NC

### TSAC

2nd Thursday of each month  
 4:00 PM to 5:30 PM  
 Charlotte-Mecklenburg  
 Government Center  
 600 E. Fourth Street, 9th floor  
 Charlotte, NC



**Pictured from left to right:** John Trunk, Chief Procurement Officer; Ronald J. Tober, Chief Executive Officer; John Muth, Chief Development Officer; Carolyn Johnson, Senior Assistant City Attorney; Olaf Kinard, Marketing and Communications Manager; Dee Pereira, Administration Manager; Jim Zingale, Chief Operating Officer; Paula Washam, Executive Services Coordinator; and Celia Gray, Quality Assurance Manager.

## CITIZENS TRANSIT ADVISORY GROUP (CTAG)

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 (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.



# 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.

## GOALS

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

**System Development:** Expand and enhance 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, efficient and responsible 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.

## 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 providing exemplary service that meets diverse individual needs.

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

CATS is recognized both locally and nationally for its contribution to effective and innovative regional growth that is community focused and sustainable.



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# MAKING TRACKS

Construction of the region's first light rail line was in full swing throughout the year. Over 700 workers are involved in constructing the 29 infrastructure projects and building the 9.6 mile dual track stretching from I-485 near Pineville to 7th Street.

During the year, approximately half of the 29 infrastructure projects along the South Corridor were completed including road, sidewalk, water main and other improvements. This includes the completion of sidewalks at New Bern, Scaleybark, Woodlawn, Archdale, Arrowood and Sharon Road West, as well as intersection improvements at Remount, New Bern, Arrowood and Sharon Road West. Progress continued with the light rail bridges, roadbed and track work. Girders were installed at the Tyvola Road, Woodlawn Road and Archdale Drive bridge locations. To date, 25 percent of the grade crossings have been installed and more than 50 percent of the roadbed is ready for track and cross tie installation. In early fall, CATS' station finishes contract was approved, allowing for the construction of 15 light rail stations and six park and ride locations. The station finishes contract also includes modifications to roadways, sidewalks, and drainage and utility locations.

The South Boulevard Light Rail Facility began to take shape this year as 50 percent of it was completed. This 90,000-square-foot state of the art facility will maintain up to 45 light rail vehicles (LRVs), as well as CATS' Rail Operations Control Center, security, and fare collections maintenance.

In February, the brand name for CATS' rapid transit services was unveiled to the public, and the name is...LYNX.

Selecting the name was a year-long process that involved interviews with stakeholders and citizen committees. The name LYNX implies speed, convenience and connectivity, which is what rapid transit is all about – linking the community to employment, residential and entertainment venues throughout the region. LYNX will be used in conjunction with line colors to distinguish each rapid transit service.



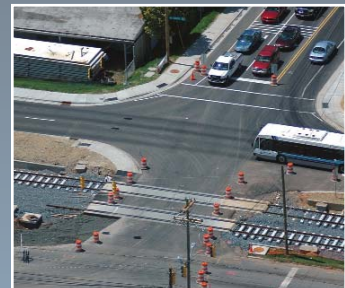
After a cross-country trip that took more than two weeks to complete, Car No. 101 was delivered to the South Tryon Maintenance Facility on June 23. This sleek, aerodynamic vehicle is over 90 ft. long and weighs over 97,470 lbs. It has seating for 68 passengers and can hold up to 236 passengers. Before each vehicle can be accepted, it must undergo 1,000 miles of testing to ensure that all functions operate as specified and that the vehicle will be able to operate reliably once CATS begins revenue service. Testing will begin in early FY2007 along a 1.3 mile section of track between Clanton Road and Tremont Avenue. CATS will receive a



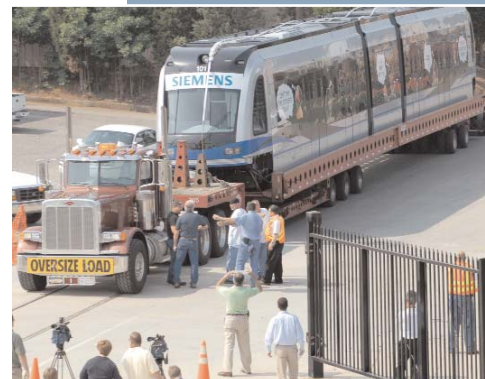
Railroad ties at Old Pineville Road



Installation of girders at Tyvola Road bridge



Road work along South Boulevard



Arrival of CATS' first light rail vehicle

total of 16 LRVs for the LYNX Blue Line and each one must undergo the rigorous testing process before being placed into revenue service.

Prior to the arrival of the first light rail vehicle and impending testing, CATS implemented a Rail Safety Education Program to inform the public, schools and businesses of helpful and lifesaving tips for interacting with highway rail crossings. A component of this program includes Operation Lifesaver, which is a national program established to end collisions, deaths and injuries along rail lines. Over 20 CATS' employees have been certified to make safety presentations throughout the community to increase awareness about rail safety.

## 2025 TRANSIT CORRIDOR SYSTEM PLAN ADVANCES

In the Northeast Corridor, staff continued progress on the Draft Environmental Impact Statement (DEIS) and worked with the community to refine alignment alternatives and station locations, which were approved by the MTC in late June. This includes establishing the North Carolina Railroad alignment as the preferred alignment to the vicinity of Old Concord Road with an alternative alignment following Sugar Creek and North Tryon Street to be studied further as part of the DEIS. It also includes an alignment segment and station on the UNC Charlotte campus and an end of the line station inside of I-485.

In the North Corridor, the MTC approved the Locally Preferred Alternative (LPA) relating to station locations, right-of-way alignment and a northern terminus. These options will be carried forward in the DEIS. Engineering work also took place in the North Corridor with advanced conceptual design of the grade crossings completed, as well as the completion of conceptual engineering on rail upgrades, stations, a future vehicle maintenance facility and the Charlotte Gateway Station.

Public meetings were held for conceptual plans for the proposed transit station locations and park and rides for the Southeast and West Corridors. In September 2005, the MTC approved the alignment and station location alternatives to be studied further for the Southeast and West Corridors. The MTC also approved the study of streetcar as a rail option for the West Corridor in addition to Bus Rapid Transit (BRT).

## MAKING TRACKS...

January – June 1998

Public involvement to develop 2025 Integrated Transit/Land-Use Plan.



November 1998

58% of the citizens of Mecklenburg County approved dedicated transit sales tax of 1/2%.

February 1999

First regional express service from Concord to Charlotte begins.



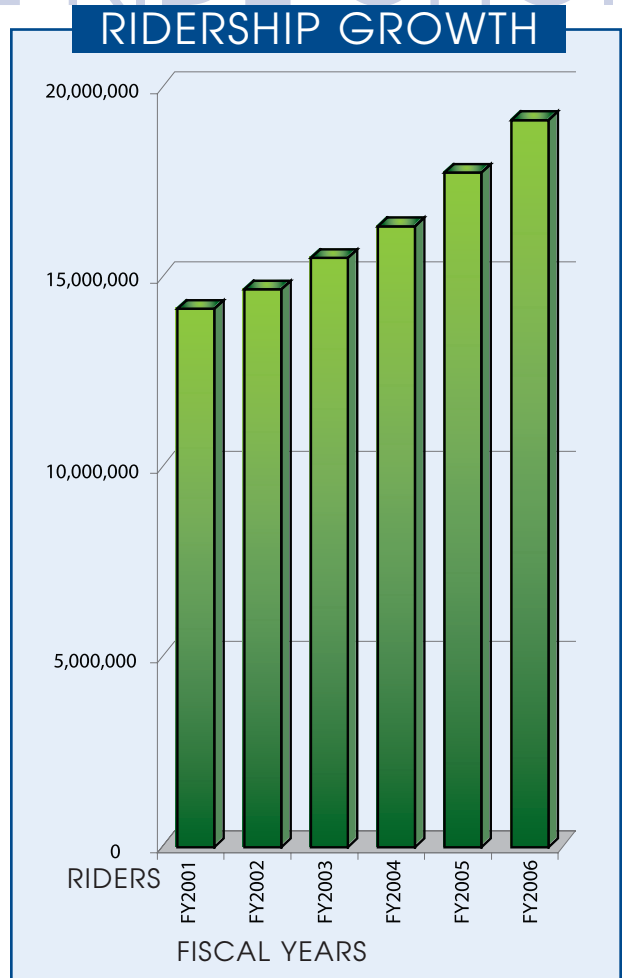


Also, work on the streetcar project continued as staff presented information during the conceptual design phase on the modern streetcar design, general specifications and various types of streetcar vehicles. Recommended conceptual alignments and proposed stop locations, as well as potential amenities were also presented to the public.

# MAKING THE RIDE CHOICE

Fiscal year (FY06) was a record-breaking year for CATS as past ridership numbers were shattered with a year-end increase of 7.8 percent, marking CATS' eighth consecutive year of ridership increases. All services experienced an increase throughout the year, regional express routes led the way with a 38.5 percent increase, followed by community circulators with a 24 percent increase and vanpool with a 16.1 percent increase. The Gold Rush, which serves Charlotte's Central Business District, had a 10.6 increase in ridership for the year and local and express routes increased by 7 percent. Although service on the Charlotte Trolley was temporarily suspended in early February due to the start of LYNX Blue Line construction, 191,000 people rode the service during the year.

Several factors contributed to CATS having its highest ridership ever, including improved and expanded services, accessibility, and rising gas prices.



## October 1999

Expanded hours of local bus service to 1:30 a.m.



## February 2000

Charlotte Area Transit System (CATS) formed.



Light Rail chosen as preferred alternative for South Corridor.

## May 2000

Major Investment Study begins on the Rapid Transit Corridors.

Throughout the year, customers turned to CATS to escape rising gas prices, especially during the months following Hurricane Katrina, which struck the Gulf Coast states in early August damaging oil lines and sending gas prices over the \$3 mark.

Calls to CATS' Customer Service Center increased by 47 percent during the month of September as more citizens began trying transit for the first time.

Efforts were also made to inform the public and work with businesses to assist employees with transportation options, including the introduction of the SMARTride program.

The SMARTride (Saving Money And Riding Transit) program, which kicked-off two months ahead of schedule on September 1, provided City of Charlotte employees who gave up their parking space a free transit pass to ride on CATS' buses. Throughout the year, more than 68 City employees enrolled in the program.



## MAKING SERVICE IMPROVEMENTS

CATS continued to expand and adjust current service, adding new routes and discontinuing low performing routes.

In October, two new routes, the Route 53X Northlake Mall and Route 238 Paw Creek Shuttle, began operation. Route 53X Northlake Mall coincided with the opening of the new Northlake Mall and provides the community with access to employment, shopping and entertainment. Citizens of West Charlotte received a new neighborhood shuttle service this past year. Route 238 Paw Creek Shuttle provides access to the



### September 2001

The Gold Rush services begins in Center City.



### May 2002

Bus Stop amenities program begins at over 3,800 CATS bus stops and shelters.



### October 2002

Introduced neighborhood and shuttle services to Beatties Ford and Eastland Mall area.





Federal Express Distribution Center on CSX Way and future plans include a connection to the new Rosa Parks Place Community Transit Center.

Through its Route Performance Monitoring program, CATS is able to examine routes and make adjustments to better serve customers. In FY06, CATS discontinued low performing routes, such as routes 200, 233 and 249, and enhanced high performing routes by adding additional trips to provide better service throughout the region.

Although some neighborhood shuttle routes were discontinued, CATS did take steps to continue providing service to the community. Route 7 was extended to Northlake Mall and its service area was expanded to encompass neighborhoods previously served by route 200; this change resulted in an 11.5 percent ridership

increase in FY06 for Route 7. Also, Route 3 Plaza Road was extended to serve the CPCC Cato Campus, which was previously served by Route 233.

Route 77X North Meck Express has been CATS' fastest growing express route with ridership increases of 367 percent from FY2001 to FY2005. In June, CATS split Route 77X into two separate routes, the 77X and the 48X Huntersville Express. The new 48X provides service to Exit 23 Gilead Road and the new Huntersville Gateway Park and Ride. During its first month of operation, the 48X had more than 7,800 riders, helping alleviate some of the overcrowding on the 77X.

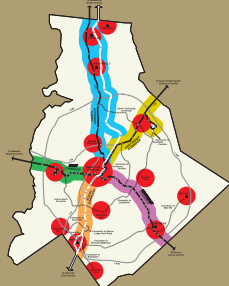
# INVESTING IN COMMUNITIES

In a number of communities, major construction projects and facility improvements were started and completed during the year. Each will significantly impact its community by improving transportation choices and accessibility.

In early spring, CATS broke ground on two new community transit centers, one at Eastland Mall, the other at Rosa Parks Place and Beatties Ford Road. Both facilities denote another step in fulfilling the

November 2002

2025 Transit Corridor System Plan approved.



May 2003

Record of Decision for South Corridor Light Rail Project.

South Corridor Light Rail Project FEIS issued.

June 2003

Received State Full Funding Grant Agreement for South Corridor Light Rail Project.





2025 Transit/Land Use Plan as CATS' continues to link communities between rapid transit corridors to community transit centers, stations and the LYNX rapid transit services. These facilities will allow for an expanded network of neighborhood transit services.



Rendering of Eastland Community Transit Center

The Eastland Community Transit Center is a 1,145 square foot open air plaza that will accommodate up to ten buses. The facility will have eight new bus shelters, a climate controlled waiting area and a 250 ft. pedestrian pathway. The Eastland Community Transit Center will also include several streetscape improvements, including sidewalks, bike racks and lockers and additional lighting. The center will be completed in the fall of 2006.

The Rosa Parks Place Community Transit Center, located at 2811 Beatties Ford Road, will serve routes 7, 26, 30, 31, 201, 202, 203 and 235. It will also have a covered passenger waiting area and is scheduled to be completed in the fall of 2006. The name of the facility was chosen in collaboration with the community and was selected based upon the street name which is adjacent to the facility, Rosa Parks Place, which bears the name of the Civil Rights pioneer.

On December 1, 2005, CATS, along with other transit systems across the country, participated in the American Public Transportation Association's (APTA) "National Transit Tribute to Rosa Parks Day," commemorating the 50th Anniversary of the Montgomery Bus Boycott. The front seat of every bus was reserved with a ribbon and placard in her honor. The headway signs were also programmed with a special message and bus operators drove with their lights on to commemorate the day.



Throughout the year, CATS continued to open new park and ride locations. The Mallard Creek Park and Ride opened in February 2006. This 204-space facility provides service to routes 22, 29, 54X and 81X. What makes this park and ride unique is its environmentally-friendly design, which includes rain gardens and wet ponds that collect, store and filtrate storm water runoff. This helps to save money by reducing repairs on storm water systems and waste water treatment.

### March 2004

CATS opens its first owned Park and Ride lot in the town of Huntersville.



### March 2004

Purchased 16 light rail vehicles.



### June 2004

Trolley service returns to Center City.



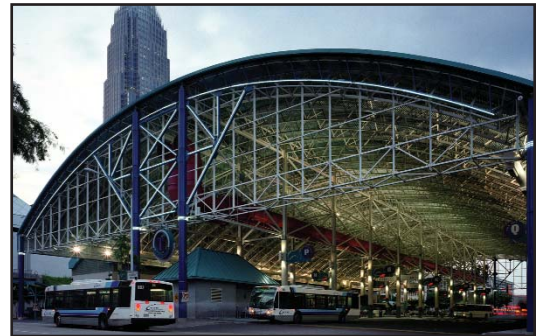
In June, CATS opened its second park and ride in the town of Huntersville. The Northcross Park and Ride is a 326-space facility that was built specifically to accommodate ridership growth on Route 77X North Meck Express, which increased over 300 percent over the last four years. The Northcross Park and Ride includes on-site surveillance, bike facilities as well as rain gardens and wet ponds.



A decade of accomplishment was celebrated on December 12, 2005, as United States Congressman Robin Hayes, Charlotte Mayor Patrick McCrory, past Charlotte Mayor Harvey Gantt and Bank of America Executive John Saclarides commemorated the 10th anniversary of the Charlotte Transportation Center.

The Charlotte Transportation Center is the result of a public-private partnership between the City of Charlotte and Bank of America. The facility is privately owned by Charlotte Transit Center, Inc. and managed by Lincoln Harris Property Company. When it opened on December 11, 1995, it became a premier facility for riders of the City's public transportation system. The Charlotte Transportation Center is now widely recognized as one the best downtown area transit centers in the country, and CATS routinely receives requests for information on the Center and its unique design and organizational structure.

The building serves as the central hub and main transfer point for CATS' services. An estimated 4.5 million passengers used the facility in its first year. When the Charlotte Transportation Center opened, the City's public transportation system consisted of 153 buses operating 42 routes with ridership of approximately 11.6 million. Over the last decade, much progress has been made improving mobility and access of the public transportation system. Investments in new buses, service expansions, and passenger amenities have produced more than a 62 percent increase in ridership since 1998.



In March, preparations began to retrofit the Center for light rail service and a new assessment center was built to accommodate Special Transportation Service's new certification and recertification process. Construction includes installation of an elevator and staircase to provide direct access to the light rail platform.

### August 2004

CATS submits application to the Federal Transit Administration for Full Funding Grant Agreement.

### September 2004

North, Northeast, West and Southeast Corridors conduct public meetings on alignment and station locations.



### February 2005

Groundbreaking for South Corridor Light Rail Line.



# MAKING IT SAFE

As the largest transit system in the state, CATS operates over 3,000 weekday trips across seven counties. Given the region's congested highways and busy intersections, the safety of our customers, both on and off the bus, is always a top priority. This past year, CATS continued its efforts to improve safety on vehicles, at facilities and at bus stops. CATS achieved its goal of having less than 1.8 accidents per 100,000 miles by finishing the year with 1.57 accidents per 100,000 miles for FY06.



Over the last several years, CATS has increased video surveillance at transit facilities, increased transit security at the Charlotte Transportation Center, implemented routine sweeps on all its vehicles, and provided special training for emergency situations. While many safety measures have been implemented, there is always room for improvement and last year, CATS expanded its safety initiatives to include Crime Stoppers along with the existing Transit Watch Program.

Crime Stoppers, a community-wide partnership between police, community organizations and citizens, aims to stop crime and allows citizens to report information regarding a crime while maintaining anonymity. If the information leads to an arrest, the tipster could receive a reward up to \$1,000.

The Transit Watch campaign is a nationwide safety and security awareness program designed to encourage active participation of both transit employees and passengers to maintain a safe transit environment. Transit Watch invites riders and employees to be the eyes and ears of the transit system by recognizing, reacting and reporting any suspicious activities.

# INTEGRATING TECHNOLOGY

More and more, technology has become part of our everyday lives and public transportation is no exception. Last year, CATS implemented a new piece of technology that helps track how many commuters are using its services. Automatic Passenger Counters (APC) simplifies the method of counting transit passengers, as well as analyzing and reporting data. The APC works by using infra-red

February 2005

South Tryon Bus Maintenance Facility opened.



May 2005

Received Federal Full Funding Grant Agreement on South Corridor Light Rail Project.



August 2005

The state's first hybrid electric diesel buses are put into revenue service.





sensors near the passenger doors, that counts customers as they enter or exit the bus. APCs have been installed on all buses in CATS' fleet and they work with the Automatic Vehicle Locators (AVL) to provide passenger data at bus stops. This data is then compiled and analyzed by route, stop, and time so staff can make route adjustments to improve customer service.

# MAKING A CONTRIBUTION TO CLEAN THE AIR



Over 130,000 local residents suffer from asthma and poor air quality can cause cancer and other lung related diseases. CATS continued its efforts started in FY05 to reduce environmental impacts by placing two new hybrid electric-diesel buses into service. These 40-foot buses, which arrived in July 2005, were the first purchased in the state. They offer improved fuel economy and produce 90 percent fewer particulate, hydrocarbon and carbon monoxide emissions, as well as up to 60 percent fewer nitrogen oxides.

CATS also expanded its use of Ultra-Low Sulfur Diesel (ULSD) and particulate filters to other segments of the bus fleet. ULSD and particulate filters help control soot emissions from diesel exhaust. By stepping up its anti-idling policy, CATS increased its average miles per gallon from 3.5 to 4.0. These steps not only reduced harmful emissions from entering the air, but they also increased CATS' fuel economy.

Air quality is everyone's responsibility and in the fall of 2005, CATS recognized more than 50 businesses and organizations for their efforts during the Clear the Air Challenge. The Clear the Air Challenge encouraged employees to choose alternative modes of transportation during the summer when ozone is at its highest levels. The awards ceremony also recognized businesses that participated as Employer Transportation Coordinators (ETCs), a program that gives employers the resources to provide their employees with transportation options. The ETC program now encompasses over 100 businesses and organizations that provide on-site employee transit pass sales, guaranteed ride home programs, ridesharing and other transportation demand management activities.

## December 2005

The Charlotte Transportation Center celebrates its 10th Anniversary.



## March 2006

Broke ground on Rosa Parks Place and Eastland Community Transit Centers.



## June 2006

First light rail vehicle arrives.



Ridership on CATS services exceeds 19 million in FY06.

# HIGHLIGHTS OF FY2006 FINANCIAL PERFORMANCE

- The Federal Public Transportation Law (49 USC Chapter 53) as amended by the Safe, Accountable, Flexible, Efficient Transportation Act: A Legacy for Users (SAFETEA-LU) was enacted on August 10, 2005. This legislation authorizes federal highway and transportation programs through 2009.
- CATS' financial performance exceeded objectives established by the Financial Policies. The most noteworthy achievements were in the operating ratio, cost per revenue hour, capital investment level and the debt service coverage ratios (net and gross).
- Sales tax revenue estimated at \$64.7 million reflects a positive trend with a year end projected increase of 9.6% over FY2005.
- Federal grant awards for FY2006 totaled \$64.9 million.
- Operating expenses at \$79.5 million were 2.7% below the FY2006 budget.
- In FY 2006, CATS issued \$200 million in short and long term Certificates of Participation (COPS) to provide adequate cash flow for the South Corridor Light Rail Project. The COPS were AA rated by Moodys, S&P and Fitch.

## FAST FACTS

	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
REVENUE HOURS	746,124	789,499	846,806	863,511	920,494	956,534
REVENUE MILES	10,359,394	11,105,922	11,355,899	13,516,321	14,417,604	15,137,798
EMPLOYEES	115	143	155	213	229	266
RIDERSHIP	14,182,463	14,693,846	15,526,927	16,356,488	17,773,753	19,156,590
<b>FLEET:</b>						
FORTY-FOOT BUSES	223	232	236	163	171	173
OVER THE ROAD BUSES	10	10	32	83	91	91
SHUTTLE BUSES	7	23	36	39	40	44
TROLLEY BUSES	0	12	12	15	20	20
PARATRANSIT SHUTTLES/VANS	52	71	75	83	91	91
VANPOOL VANS	75	90	90	75	82	100
RAIL-TROLLEY/ LIGHT RAIL	0	0	0	1	4	5
<b>FLEET TOTAL</b>	<b>367</b>	<b>438</b>	<b>481</b>	<b>459</b>	<b>499</b>	<b>524</b>

In FY2006, CATS continued to operate as an enterprise fund of the City of Charlotte. 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.

In FY2006, CATS continued to make progress on the Metropolitan Transit Commission's (MTC) mandate for implementation of a regional public transportation system in coordination with land use planning. Ridership increased for the eighth consecutive year to 19.2 million riders; new and improved transit services were implemented; and CATS advanced planning, engineering, design and construction work on the rapid transit projects. Capital improvements to support bus service delivery were implemented including the opening of the Huntersville Northcross Park and Ride and Mallard Creek Park and Ride facilities and the start of construction on two new community transit centers.

The year-end unaudited transit program expense totaled \$261.6 million of which \$79.5 million was expended on operating programs and \$182 million was appropriated for capital programs and debt service expenses. \$115.6 million was contributed to the capital reserve fund. The cumulative capital reserve budgetary balance, which is the surplus amount of revenue over expenditure, is \$250.4 million for FY2006.

## FINANCIAL POLICY MEASURES

	<b>FY2003</b> Actual	<b>FY2004</b> Actual	<b>FY2005</b> Actual	<b>FY2006</b> YE Actual Unaudited
<b>Operating Ratio</b> (OR/OE $\geq$ 20%)	24.91%	20.20%	23.52%	29.73%
<b>Operating Balance Months</b> ( $\geq$ 1 Month's Operating Expense)	6.91	6.42	6.42	4.91
<b>Administrative Overhead</b> ( $\leq$ 15%)	11.46%	10.38%	10.55%	11.15%
<b>System Cost Per Hour</b> ( $\leq$ Rate of Inflation 2.3%)	\$63.88	\$69.03	\$69.41	\$78.20
<b>Capital Investment Level</b> ( $\geq$ 33% of Sales & Use Tax)	66.10%	62.16%	61.41%	50.29%
<b>Net Debt Service Coverage</b> ( $\geq$ 1.15)	N/A	10.87	4.60	2.01
<b>Gross Debt Service Coverage</b> ( $\geq$ 3.0)	N/A	17.49	7.49	3.99



## FY2006 TRANSIT OPERATING PROGRAM

\$ In Millions	FY2003	FY2004	FY2005	FY2006
	Actual	Actual	Actual	YE Actual Unaudited
Operating Income	\$90.7	\$96.1	\$104.0	\$112.1
Operating Expense	\$57.5	\$62.6	\$67.7	\$79.5
<b>Operating Balance</b>	<b>\$33.2</b>	<b>\$33.5</b>	<b>\$36.2</b>	<b>\$32.6</b>

## OPERATING INCOME

Unaudited operating revenue of \$112.1 million was 4% above budget. The largest source of operating income was the one-half cent sales and use tax. The actual amount of the sales tax projected for FY2006 is \$64.7 million, which was 8.4% above the budgeted \$59.7 million. The state maintenance assistance accounted for \$12.5 million or 11.1% of the operating income, followed by operating revenue at 11.2%. Operating interest income at \$2.1 million is 81% over the budgeted \$1.2 million. Operating revenue at \$13.6 million, which includes passenger fares and service reimbursement, is 6.2% below budget, and 16% above FY2005.

## OPERATING EXPENSE

The unaudited operating expense at \$79.5 million reflects an unaudited savings of \$2.16 million, which is 2.7% below the budgeted \$81.7 million. Operating expenses support the direct and indirect costs of providing public transit services to the Charlotte region. These services include bus, trolley, special ADA transportation, human services transportation (provided by DSS) and vanpool services; transit security, operation services, customer service, and administrative services. Operating expenses also include startup expenses for light rail service and payment to the towns in Mecklenburg County for their land use and planning activities associated with the transit program.

The cost of fuel escalated significantly during FY2006. The average price of diesel fuel increased by 37% adding over \$1 million in operating expenses. Budgeted at \$1.50 per gallon, actual cost during the year fluctuated to an average of \$2.02 per gallon. Actions were taken in the first half of the year to reduce other operating expenses to compensate for the increase in fuel costs.

The cost per revenue hour for all transit services was \$78.20 vs. a budget of \$82.34. Charlotte Trolley service was suspended in February 2006 while the tracks and power are being upgraded for the implementation of light rail operations.

In FY2006, new positions were added in support of light rail operations, transit security, customer service and administrative services. Operating expenses funded 237 full time and 19 part time staff positions within CATS. In addition, CATS funded the direct costs of 27 positions in other City Departments.

# OPERATING BALANCE

The operating balance, which is the difference between annual operating revenue and operating expense, was \$32.6 million compared to the \$26 million budgeted for FY2006. This is 50.29% of the sales tax revenue and exceeds the financial performance objective of a minimum annual contribution to the capital program of 20% of sales tax revenue and 33% over a 10 year rolling period.

## FY2006 CAPITAL TRANSIT PROGRAM

\$ In Millions	FY2003	FY2004	FY2005	FY2006
	Actual	Actual	Actual	YE Actual Unaudited
Capital Income	\$52.5	\$64.4	\$108.3	\$98.9
Capital Expense	\$44.7	\$123.3	\$94.8	\$165.8
Total Capital Reserve Contribution	\$6.2	\$23.1	\$7.5	\$115.6

# CAPITAL INCOME

Capital Income includes cash received from federal and state grants, the operating balance and interest earned on balances in the capital fund. Federal grant awards for the year totaled \$64.9 million from the New Starts and Bus Discretionary programs. Actual cash received from federal grants amounted to \$27.2 million. State grant awards for this fiscal year totaled \$1.2 million. Grant awards from the state include \$1 million for NC Moving Ahead and 0.2 million for federal matching funds. Actual cash received from NCDOT totaled \$30.7 million. Interest income earned on capital fund accounts was \$7.6 million.

# CAPITAL EXPENSE

Key capital investments included the purchase of six buses, including CATS first two hybrid vehicles, completion of the Huntersville Northcross and Mallard Creek Park and Rides, technology improvements, bus amenities and asset maintenance. Significant progress was made in the construction of the LYNX Blue Line and completion of planning/engineering studies for the other corridors.



600 East Fourth Street  
Charlotte, NC 28202

704-336-RIDE • 866-779-CATS  
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Printing cost per report: 85¢

