



# CONNECTING THE COMMUNITY

2007 Annual Report • Charlotte Area Transit System



# 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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## Patsy

Riding: 2 years  
Routes: 77x and 83x

*"CATS is a great service. It's convenient to my schedule and saves me money."*



*The Charlotte Area Transit System would like to thank all of our customers for their participation in this year's annual report.*



**Mayor Patrick McCrory**  
Chair of the Metropolitan Transit Commission

In FY07, the Metropolitan Transit Commission (MTC) was charged with making key decisions that will have a lasting effect on the Charlotte-Mecklenburg region. As chairman of the Commission, I am pleased with the progress made throughout the year as we continued to advance public transportation throughout the community.

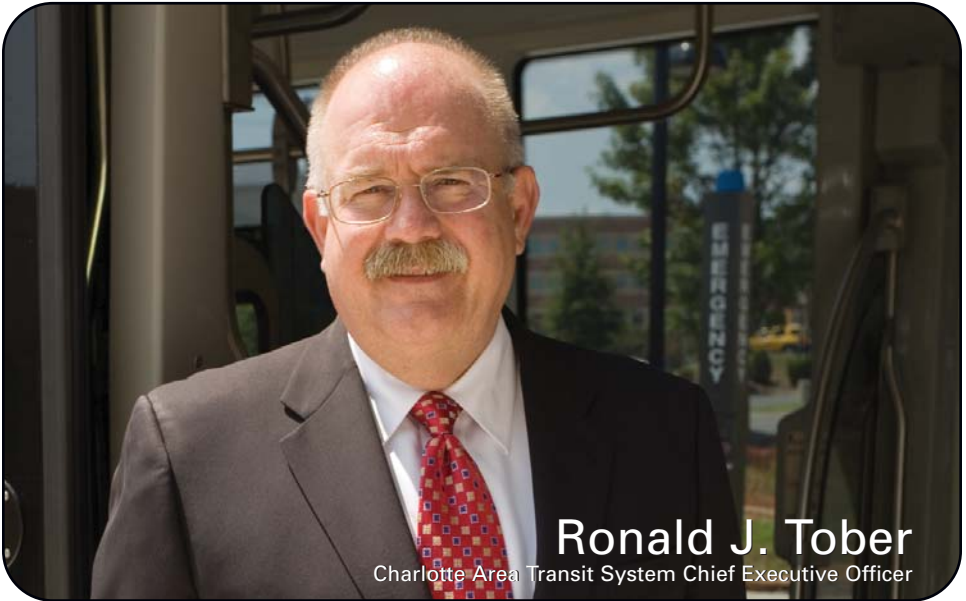
During the year, the MTC was very much involved in the adoption of the revised budget for the LYNX Blue Line and approved an amendment to the line's Federal Full Funding Grant Agreement (FFGA). The approval of these items is important as we prepare for the LYNX Blue Line's opening in November 2007.

The MTC also approved the 2030 Transit Corridor System Plan, which updates the 2025 Transit Corridor System Plan and incorporates the locally preferred alternatives (LPAs) for each corridor. The 2030 Transit Corridor System Plan also prioritized the remaining four corridors and streetcar for the next steps of design and construction. This phased approach was driven by several factors including the

capacity of the one-half cent sales tax; the ability to obtain federal and state funding; project costs; and ridership and service characteristics.

The MTC also took steps during the year to ensure that we are being good stewards of the public's investment by approving the FY08/09 Transit Operating Program and FY2008-12 Capital Investment Program. The approval of these programs provides a blueprint, for the implementation of the LYNX Blue Line and allows us to move forward with plans outlined in the 2030 Transit Corridor System Plan. In addition, we also approved a 10 cent fare increase, in accordance with CATS' fare policy adopted in 2001, to assist with the operational costs of running the transit system.

These achievements were the direct result of the exceptional efforts of all the MTC members. We have consistently worked together to provide citizens with transportation choices that support mobility, access and economic vitality for the region and in FY07, we continued to do just that.



**Ronald J. Tober**

Charlotte Area Transit System Chief Executive Officer

FY07 was a year of challenges and achievements for our organization. Despite our efforts, we were unable to maintain the \$426.8 million budget established as part of our Full Funding Grant Agreement (FFGA) with the Federal Transit Administration (FTA). Several factors adversely impacted the cost of the LYNX Blue Line including:

- Significant increases in the prices of building materials, like steel and concrete
- A tight local construction labor market
- The delay by Norfolk Southern Railroad to provide additional flagging support for the construction area adjacent to its right-of-way
- And, poor quality plans and design errors prepared by the designer of record

As a result, CATS undertook a thorough review of the LYNX Blue Line's budget and worked with the FTA to develop a revised FFGA budget of \$462.7 million, which was approved by the MTC.

Even with these problems, we continued to move the LYNX Blue Line ahead with a targeted opening date of November 24, 2007. All 16 light rail vehicles have arrived and entered into the testing phase. Construction along the LYNX Blue Line continued throughout the year and in late June we opened the South Boulevard Light Rail Facility, which will house all of our light rail operations.

Our accomplishments this past fiscal year include the MTC's approval of the 2030 Transit Corridor System plan. This long range plan will set the course for the future development of the transit system.

CATS continued to make progress in the areas of operator safety by reducing our preventable accident rate by 25 percent over FY06. That comes to 0.55 preventable accidents per 100,000 miles of service provided.

For the ninth consecutive year, ridership on CATS services increased. Ridership for FY07 was 3.1 percent higher than the previous year. Although we did not meet our 5 percent goal, significant increases have been made in retaining and gaining customers. In fact, CATS' market research has shown that individuals with access to private transportation are riding CATS even though gasoline prices have declined.

After 38 years of public service, including eight years as CATS' Chief Executive Officer, I will be retiring as of December 21. I am very proud of the progress that CATS has made in creating a first-class public transportation system to serve the people of the Charlotte-Mecklenburg region, and I believe we have made tremendous progress in delivering services that provide the community with a real alternative in meeting their daily mobility needs now and into the future.



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

## Metropolitan Transit Commission

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.

## 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.



Pictured from left to right: **(Front Row)** Celia Gray, Quality Assurance Manager; Dee Pereira, Administration Manager; John Joye, Assistant City Attorney; Ronald J. Tober, Chief Executive Officer; John Muth, Chief Development Officer; **(Back Row)** Olaf Kinard, Marketing and Communications Manager; Jim Zingale, Chief Operating Officer; David McDonald, Transit Planning Manager; and Bill Carstarphen, Governmental Relations **(Not Pictured)** John Trunk, Chief Procurement Officer.

## 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

### Metropolitan Transit Commission

Fourth Wednesday  
of each month

5:30 pm – 7:30 pm  
CMGC\*  
Room 267

### Citizens Transit Advisory Group

Third Tuesday  
of each month

7:15 am – 9:00 am  
CMGC  
CH-14 (Basement Level)

### Transit Services Advisory Committee

Second Thursday  
of each month

4:00 pm – 5:30 pm  
CMGC  
9th Floor

\*Note: CMGC denotes Charlotte-Mecklenburg Government Center, 600 East Fourth Street, Charlotte, NC 28202

# South Corridor LYNX Blue Line

If you take a trip along South Boulevard, you will see how Charlotte's South Corridor has transformed since construction began on the LYNX Blue Line in February 2005. The South Corridor no longer consists of manufacturing plants and old abandoned buildings. These once familiar sites are now being replaced with new mixed-use neighborhoods made up of retail, residential and office space that make vibrant work/live communities for residents.

Since CATS broke ground on the 9.6-mile LYNX Blue Line, which stretches from I-485 at South Boulevard to Seventh Street in Center City, construction advanced at a rapid pace as our November 24, 2007, opening day draws closer. Work occurred simultaneously on all components of the line and by the end of the fiscal year:

- 100% of grade crossings were installed
- 90% of roadbed preparation was completed
- 90% of track was installed
- 70% of the traction power system was installed
- 95% of the station foundations were completed
- Six park and ride lots were under construction
- Canopy structures were erected at seven of the 15 light rail stations
- And, the 90,000 sq. ft. South Boulevard Light Rail Facility, which will house all light rail operations, including the rail and bus operations control center, light rail vehicles and trolley cars, and more than 120 employees, opened in June.

FY07 also saw the arrival of all 16 light rail vehicles (LRVs), which created a buzz of excitement throughout the area, as testing began in August 2006 along a 1.3 mile stretch of the LYNX Blue Line between New Bern and Tremont Avenue. By spring, testing kicked into high gear and was expanded into Center City as the LRVs were put through a rigorous series of tests that included braking and propulsion tests, as well as a 1,000-mile functional analysis on each vehicle. By the end of the year, seven of the 16 vehicles had completed the testing process.



**Michelle**

Riding: 1 month  
Route: 27

**Tony**

Riding: 3 ½ years  
Route: 77x





With LRV testing in full swing, CATS continued its public education efforts in the area of light rail safety. Safety is a top priority within the CATS organization and with trains soon to operate every 7.5 minutes, it is important that the public practice rail safety when on or near a railroad crossing. CATS' staff has teamed up with Operation Lifesaver, Inc. (OLI), a national program established to end collisions, deaths and injuries at places where roadways cross train tracks and on railroad rights-of-way. More than 20 CATS employees are certified to be OLI presenters and in FY07 they made more than 85 presentations to various businesses, organizations and school groups. These efforts have not gone unnoticed, as CATS was honored with the Community Service Award for Rail Safety Education by the North Carolina Chapter of Operation Lifesaver.

## 2030 Transit Corridor System Plan

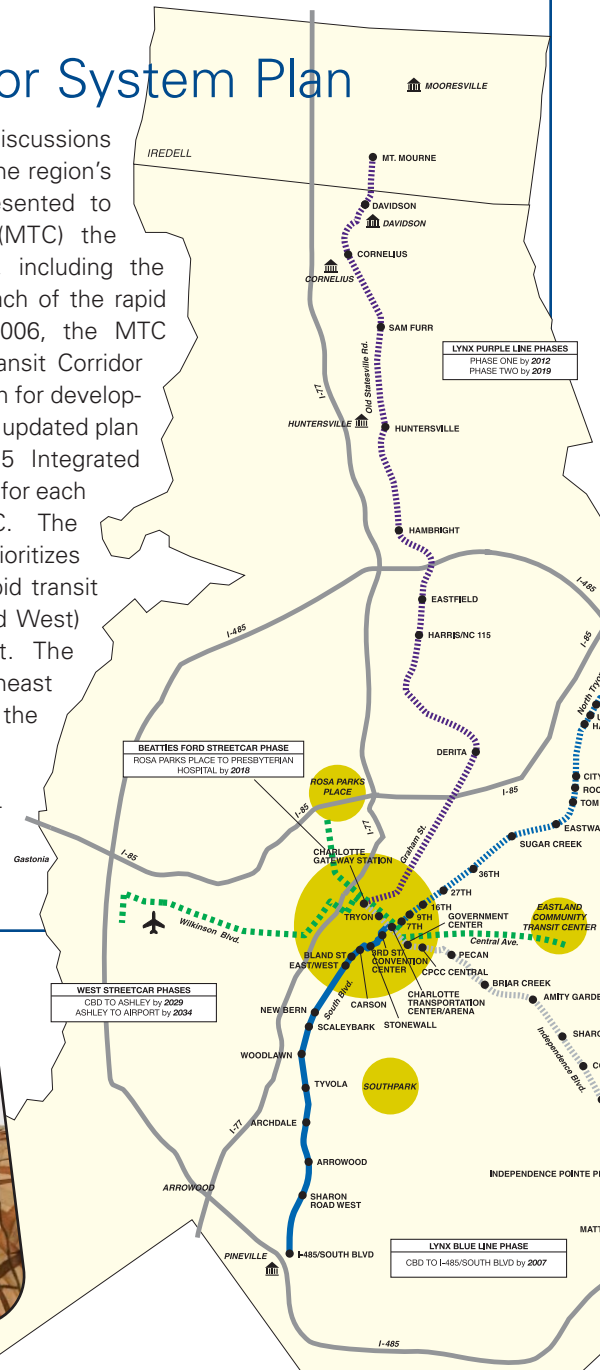
During the summer and fall of 2006, discussions continued regarding the future course of the region's public transportation system. Staff presented to the Metropolitan Transit Commission (MTC) the implementation and financing scenarios, including the locally preferred alternatives (LPAs) for each of the rapid transit corridors. On November 15, 2006, the MTC unanimously voted to adopt the 2030 Transit Corridor System Plan as the updated long-range plan for developing public transportation in the region. The updated plan furthers the vision outlined in the 2025 Integrated Transit/Land-Use Plan and adopts the LPAs for each corridor previously approved by the MTC. The 2030 Transit Corridor System Plan also prioritizes the construction of the four remaining rapid transit corridors (North, Northeast, Southeast and West) and the Center City streetcar project. The approved plan puts the North and Northeast corridors next in line for advancement into the design and construction phases.

As one of the next corridors in line for advancement, much discussion revolved around the North Corridor (LYNX Purple



Lizette

Riding: 14 years  
Route: 22



Line) Commuter Rail Project. The LYNX Purple Line will be implemented along the Norfolk Southern O-line between the Charlotte Gateway Station and Mount Mourne, located south of Mooresville. The line will have 10 stations located along its 25.2-mile corridor. The service would be implemented in two phases. The first phase, scheduled to begin operation in 2012, will provide up to 11 daily round trip trains, focused primarily on the morning and afternoon rush hour. The second phase, scheduled to begin design in 2015 with an estimated completion date of 2019, will provide increased frequency throughout the day.

A major issue concerning the North Corridor is financing. Staff estimates that the North Corridor Commuter Rail Project will cost \$261 million (escalated cost to projected date of completion). CATS and state funding will cover 70 percent of the project costs, leaving \$76 million without a current funding source. In FY07, staff worked with Charlotte, Town and County officials to define and quantify local funding alternatives to fill this gap. In June 2007, staff recommended financing the gap using Federal loans and/or local bonds. The debt service for these borrowings would be funded with incremental property tax revenue generated by new development around commuter rail stations.

The plans for the remaining rapid transit corridors and the Center City streetcar project outlined in the 2030 Transit Corridor System Plan are as follows:

#### **Northeast Corridor (LYNX Blue Line Extension)**

- Extension of the LYNX Blue Line from Seventh Street to UNC Charlotte (UNCC) ending just south of I-485.
- The line will have 14 stations, half of which are park and ride lots, located along 11-mile corridor.
- During FY07, work continued on preparing the necessary documentation and materials for submission to the Federal Transit Administration (FTA) to enter preliminary engineering planned for fall of FY08.

#### **Center City Streetcar**

- The MTC approved for the streetcar to be built in two phases:
  - Phase 1: Rosa Parks Place Community Transit Center to Presbyterian Hospital by 2018.
  - Phase 2: Presbyterian Hospital to the Eastland Community Transit Center by 2023.
- The streetcar will be 9.9 miles long and have 34 stops.
- Draft Environment Assessments will be submitted to the FTA in FY08.

## Stacie

Riding: 4 months  
Routes: 27 & 77x

*"I recently starting riding CATS. I never knew it could be so easy to get across town. I'm definitely hooked."*



### **Southeast Corridor (LYNX Silver Line)**

- The MTC selected bus rapid transit (BRT) for the Southeast Corridor, however, they also decided to delay implementation for at least five years to allow future consideration of light rail.
- The North Carolina Department of Transportation (NCDOT) will continue the conversion of Independence Boulevard to an expressway.
- In conjunction with NCDOT's project, CATS will extend the existing busway and preserve the right-of-way needed to allow future construction of BRT or LRT in the Southeast Corridor.

### **West Corridor (Enhanced Bus Service)**

- The MTC adopted a short-term and long-term plan for bringing enhanced bus service to the West Corridor:
  - The short-term plan calls for enhanced bus service along Wilkinson Boulevard, Freedom Drive and West Boulevard. The service will run eight miles along Wilkinson Boulevard providing service to customers at 12 stops along the route.
  - The long-term plan calls for modern streetcar service from Center City to the Charlotte-Douglas International Airport. The 6.4-mile route, which includes 10 stops, will primarily operate along Morehead Street and Wilkinson Boulevard.

## Service Improvements

Throughout the year, CATS made several service improvements to make getting around the region easier for customers. Major changes that occurred throughout the year were the introduction of two services, the UNCC Shuttle and the Lowe's Motor Speedway (LMS) Race Express.

CATS introduced the UNCC Shuttle in August 2006 as a free service, operated by CATS with funding from the University for anyone visiting, working or going to class at UNC Charlotte. Three shuttle routes circulate the campus providing connections to routes 11 North Tryon and 29 UNCC/SouthPark. Throughout the year, more than 197,000 trips were made aboard the campus shuttles.



**Daphne**

Riding: 1 year  
Route: 54x



**Josie**

Riding: 6 months  
Route: 97



The LMS Race Express was also introduced in FY07. The route provided service from Carolina Place and Northlake Mall park and rides to Lowe's Motor Speedway. The LMS Express was launched on a trial basis in October 2006 to a crowd of 490 race fans. When the service was re-introduced for the May races, over 1,200 race fans rode the service.

In February 2007, CATS made major service improvements to Route 5 Airport. The route was streamlined and frequency was increased from every hour to every 30 minutes during rush hour.

A major contributing factor for the improved service was the public's input into the Countywide Service Plan, which details CATS' short-term goals for growing our network of services. The plan is updated every five years and in January 2007 the MTC voted to approve the revised plan. As part of the updated plan, CATS' staff conducted 29 public meetings during the fall of 2005 and spring 2006 to get input from citizens. Through citizen input, as well as surveys, focus groups and participation from CATS' two citizens committees, TSAC and CTAG, staff found that customers want:

- A better cross-town network
- Improved frequency of service
- Amenity improvements
- Better lighting at bus stops

With those findings, as well as other information from the study, staff developed the updated Countywide Service Plan, which includes a five-year service improvement plan, recommendations for capital investments and a draft bus/light rail integration plan.

The bus/light rail integration plan is important for the start-up of the LYNX Blue Line since more than 50 percent of LYNX customers will access light rail via the bus service. To fine tune the plan, CATS held several public meetings in FY07 to get community feedback. The initial plan calls for eight new routes and modifications to eight existing routes, with an additional 53,000 hours of bus service each year to make transitioning between the two services easier for customers.

**Gwynn**

Riding: 1 year  
Route: 77x



**Aleyda**

Riding: 3 months  
Route: 9



Changes were also made to the Special Transportation Service (STS) that included the implementation of a functional assessment and recertification process. In July 2006, CATS opened the functional assessment office in the Charlotte Transportation Center to determine whether or not current STS customers and new applicants were eligible to ride the service under the Americans with Disabilities Act (ADA). Staff from Charlotte Rehabilitation performed the assessments to determine whether or not STS customers and new applicants could board and navigate the fixed-route bus system. More than 1,200 assessments were conducted in FY07 with 741 current STS customers gaining recertification and 512 new applicants gaining eligibility status. For those who were deemed ineligible to ride STS, an Appeals Board was established and a total of 27 appeals were heard by the end of the year.



## Connecting The Community

An investment in public transportation is an investment in the community. CATS continued that investment during FY07 with the opening of the Rosa Parks Place and Eastland community transit centers. Both facilities serve as a catalyst for connecting customers within and throughout the community.

The Rosa Parks Place Community Transit Center, located at 2811 Beatties Ford Road, opened on September 18, 2006. This on-street facility, which incorporates public art by artist Chandra Cox, helped improve existing bus operations by giving customers a weather-protected, place to board local and neighborhood services. Rosa Parks Place Community Transit Center, which includes on-site security, provides a direct



### Mark

Riding: 11 years  
Route: 80x

*"I've been riding CATS for several years. I enjoy being able to relax during my work commute while someone else drives."*

connection to Route 7 Beatties Ford, which takes customers to Northlake Mall and destinations along Beatties Ford Road, as well as Route 30 Crosstown, which stretches all the way to West Boulevard. Also operating out of this facility are neighborhood shuttle routes 201 Garden City, 202 Washington Heights and Lincoln Heights, 203 University Park, 231 Druid Hills/Double Oaks and 238 Paw Creek Shuttle.



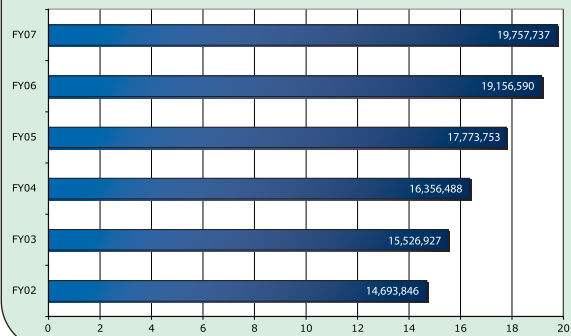
The Eastland Community Transit Center, located at 5471 Central Avenue, opened on October 28, 2006. This facility features an open-air plaza, covered passenger waiting areas, bicycle lockers and racks, schedule information, on-site surveillance and security during hours of operation and a pedestrian pathway that connects customers to Eastland Mall. Also incorporated into this facility's design is public art from artist Elizabeth Indianos, who integrated swirls of color into the pedestrian pathway to reflect the diverse culture of the Eastland community and to add to the beauty of the transit center. With the opening of this facility, CATS was able to enhance transit services in the Eastland community as routes 9 Central Avenue, 40X Albemarle Road Express, 220 Windsor Park,

221 East Harris-Idlewild Road and 222 Pence Road provided customers with a direct connection to destinations throughout the region.

## Ridership

For the ninth consecutive year, more customers chose CATS as their preferred mode of travel. Ridership increased 3.1 percent over FY06, representing a 67.2 percent increase since FY1998. System-wide ridership totaled 19.75 million, with an average weekday ridership just over 65,000.

Ridership Growth (In Millions)



Mary

Riding: 14 years  
Route: 27

Linda

Riding: 4 ½ years  
Route: 77x



Local and express services continued to improve, as ridership across all fixed routes and express services grew 2.8 percent to 16.044 million passengers. Regional Express services increased 6.4 percent to over 301,000, as nearly 1,222 trips in and out of Mecklenburg County were made on CATS services.

Ridership on neighborhood shuttles increased with the addition of the UNCC Shuttle and changes to existing shuttle routes. Also, the strong performance of the neighborhood and Village Rider shuttles boosted the Community Circulators usage to 1.2 million trips; a 28 percent increase for the year, while ridership on the Gold Rush, which serves Center City, increased 4.4 percent. Vanpools also continued to increase throughout the year with an 8.1 percent increase over FY06, as did STS as its ridership improved by 2.1 percent.

Overall, CATS had a 3.1 percent increase in ridership as commuters found that the system offered affordability and convenience, as well as better access and mobility throughout the region.



## Fast Facts

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007
Revenue Hours	789,499	846,806	863,511	920,494	956,534	960,450
Revenue Miles	11,105,922	11,355,899	13,516,321	14,417,604	15,137,798	15,542,847
Employees	143	155	213	229	266	333
Ridership	14,693,846	15,526,927	16,356,488	17,773,753	19,156,590	19,757,737
<b>Fleet</b>						
Forty-Foot Buses	232	236	163	171	173	173
Over The Road Buses	10	32	83	91	91	91
Shuttle Buses	23	36	39	40	44	42
Trolley Buses	12	12	15	20	20	20
Paratransit Shuttles/Vans	71	75	83	91	91	93
Vanpool Vans	90	90	75	82	100	93
Light Rail/Vintage Trolley	0	0	1	4	5	20
<b>Fleet Total</b>	<b>438</b>	<b>481</b>	<b>459</b>	<b>499</b>	<b>524</b>	<b>532</b>

# FY2007 FINANCIAL PERFORMANCE HIGHLIGHTS

- CATS' financial performance exceeded objectives established by the Financial Policies. The most noteworthy achievements were in the operating ratio, cost per revenue hour, and the debt service coverage ratios (net and gross).
- The one-half cent sales and use tax, a large portion of which supports the operation of bus service, continued a strong growth trend for the 4th consecutive year. Budgeted at \$62.7 million, the actual sales tax at the end of FY2007 was \$70.4 million. This is 7.3% more than FY2006.
- Federal grant awards for FY2007 totaled \$17.6 million.
- Operating expenses at \$87.1 million were 2.2% below budget.
- In FY 2007, the South Corridor Light Rail Project budget was revised from \$426.8 million to \$462.7 million. The \$35.9 million overage, which is assigned to CATS financial share of the project, was covered by the conversion of \$35.9 million of short term debt to long term debt. This change resulted in a 9.9% increase in overall annual debt service expense over FY2006.
- CATS' capital expenditures supported the bus fleet management plan, completion of two new transit centers, asset maintenance, and rail equipment and facilities.

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In FY2007, 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 FY2007, the Metropolitan Transit Commission's (MTC) approved the \$8.9 billion 2030 Transit Corridor System Plan. The plan was a significant step forward in the MTC's vision for implementation of a regional public transportation system in coordination with planned land use development. CATS ridership increased by 3.1% which reflected the ninth consecutive year of ridership increases. The South Corridor Light Rail Project budget was revised to reflect anticipated costs and risks associated with contract delays and two additional community transit centers were opened at Eastland Mall and Rosa Parks Place.

The year-end unaudited transit program expense totaled \$294.0 million of which \$87.1 million was expended on operating programs and \$206.9 million was appropriated for capital programs and debt service expenses. There is a \$0.2 million contribution to the capital reserve fund. The cumulative capital reserve budgetary balance, which is the surplus amount of revenue over expenditure, is \$123.4 million for FY07.



## Financial Policy Measures

	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>FY2007</b>
	Actual	Actual	Actual	Adopted Budget	Unaudited Actual
Operating Ratio (OR/OE ≥ 20%)	20.2%	23.5%	29.5%	23.8%	32.9%
Operating Balance Months (≥ 1 Month's Operating Expense)	6.4	6.4	4.9	2.9	4.7
Administrative Overhead (≤ 15%)	10.4%	10.5%	11.1%	11.1%	9.7%
System Cost Per Hour (Cost per hour ≤ rate of inflation)	\$69.03	\$69.41	\$78.21	\$88.86	\$86.18
Capital Investment Level (≥ 20% of sales tax revenue)	62.2%	61.4%	50.5%	34.8%	48.3%
Net Debt Service Coverage (≥ 1.15)	10.9	4.6	2.0	1.2	1.9
Gross Debt Service Coverage (≥ 3.0)	17.5	7.5	4.0	3.4	4.0

## FY2007 Transit Operating Program

\$ In Millions	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>FY2007</b>
	Actual	Actual	Actual	Budget	Unaudited
Operating Revenue	\$96.1	\$104.0	\$112.9	\$111.0	\$121.1
Operating Expense	\$62.6	\$67.8	\$79.8	\$89.3	\$87.1
<b>Operating Balance</b>	<b>\$33.5</b>	<b>\$36.2</b>	<b>\$33.1</b>	<b>\$21.8</b>	<b>\$34.0</b>

## Operating Revenue

Operating income at \$121.1 million exceeded the budgeted amount for FY2007 by 9.1%. The largest source of operating income was the one-half cent sales and use tax. The actual amount of the sales tax received in FY2007 is \$70.4 million which was 12.3% above the budgeted \$62.7 million and 7.3% over the actual amount received in FY2006.

The North Carolina State Maintenance Assistance Program (SMAP) appropriated \$32.5 million in FY2007 for SMAP, in which CATS received 39% or \$12.7 million of the total distribution. Operating interest income at \$4.2 million reflects a \$2.7 million increase over the budgeted \$1.5 million and provides the second most significant contribution to the increase in operating income. Income from passenger fares and service reimbursements at \$14.9 million was approximately 3.5% above the budgeted amount of \$14.4 million.

# Operating Expense

Operating expense at \$87.1 million reflected an unaudited savings of \$2.2 million. In FY2007, operating expenses supported the direct and indirect costs of providing public transit services to the Charlotte region. These services include bus, special ADA transportation, vanpool services and startup expenses associated with the light rail operation.

Expenditures in bus operations exceeded budget by approximately \$1.5 million. This was the result of an increase in bus maintenance and parts, personal service overages for contracted employees, and an increased contribution to the City's risk insurance fund. Mitigating the unbudgeted expenditures in bus operations were the savings in light rail operations and safety.

Budgeted at \$1.95 per gallon, the average cost of fuel during the year was \$2.03 per gallon. The cost per revenue hour for all transit services was \$86.18 vs. a budget of \$88.86. The most significant cost savings were realized in the light rail budget which resulted from rescheduling recruitment and other expenses to coincide with the November 2007 opening date.

In FY2007, new positions were added in support of light rail operations, transit security, procurement and contract services and customer service. At the conclusion of FY2007, there were 294 full time and 21 part time staff positions within CATS. In addition, CATS funded the direct costs of 30 positions in other City Departments.

# Operating Balance

The operating balance, which is the difference between annual operating revenue and operating expense, was \$34.0 million compared to the \$21.8 million budgeted for FY2007.

# FY2007 Transit Capital Program

\$ In Millions	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>
	Actual	Actual	Actual	YE Actual Unaudited
Total Non-Operating Income	\$149.5	\$110.2	\$319.6	\$207.1
Total Non-Operating Expense	\$126.4	\$102.7	\$211.2	\$206.9
Contribution To Budgetary Balance	\$23.1	\$7.5	\$108.4	\$0.2

## Capital Income

Capital Income includes cash received from federal and state grants, the operating balance, other miscellaneous income and interest earned on balances in the capital fund. Federal grant awards, from the Federal Transit Administration, totaled over \$17 million for the year. CATS also secured its first transit security grant from the Department of Homeland Security. \$578,788 has been allocated to improve security at both Davidson and South Tryon Street Bus Maintenance Facilities. The agreement with the Department of Homeland Security will be executed in FY2008.

State grant awards for this fiscal year totaled \$7.1 million. Grant awards from the state include \$4.7 million for rapid transit corridor studies and 1.6 million for federal matching funds. Actual cash received from NCDOT totaled \$23.6 million. Interest income earned on capital fund accounts was \$9.4 million.

## Capital Expense

Key capital investments included the purchase of twenty-seven transit buses, asset maintenance and safety expenditures, the completion of the LYNX Light Rail Vehicle Maintenance Facility, and the Eastland and Rosa Parks Place Community Transit Centers.



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