

Vision in Motion



2009 Annual Report

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MISSION

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

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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Mayor Patrick McCrory
Chair of the Metropolitan Transit Commission

A robust public transit network that offers a variety of services is essential to the Charlotte region's economic vitality. Eleven years ago when the Metropolitan Transit Commission (MTC) was formed, we knew the plan for a regional transit system had to be about more than buses and trains. The vision, if it was to be successfully realized, also had to be about land use, the environment, accessibility and our financial ability to build, operate and maintain the system.

This year was both exciting and challenging as we continued to make strategic public transit decisions to shape our region's future, ensure economic growth, and improve mobility, connectivity and system capacity. However, this year was not business as usual and we had a heightened sensitivity to the impacts of our decisions on the business, the customers and the employees.

CATS was not immune to the nation's flailing economy. CATS' sales tax revenue, originally projected to generate \$76 million in FY09, was reduced to \$65 million. To reflect these revenue realities, we delayed some capital projects and

CATS proactively implemented several difficult, but effective, cost-reduction methods to balance the budget while minimizing impacts on customers and employees.

Amidst the challenges, the members of the MTC worked collaboratively to accomplish several initiatives that expanded current services and advanced rapid transit in the region. We reviewed and approved the FY10 Transit Operating Program and FY2010-2014 Capital Improvement Plan. These plans allow CATS to continue providing outstanding community-wide transit services, while planning for the regional system that we envision. We also approved the revised cost estimate for the LYNX Red Line and approved advancing the LYNX Blue Line Extension to the 30 percent design level.

Additionally, we updated the CATS Fare Policy, which sets guidelines for fare increases and pass pricing, and established fare zones on the light rail platforms to enhance boarding efficiency and rider safety.

I have been a member of the MTC since its inception and am proud of the progress that has delivered us to this point. Our members have changed, but collectively we have remained steadfast in working towards a shared vision to make the Charlotte region the best place to live, work and recreate by ensuring residents and visitors have a safe, affordable, accessible and reliable public transit system.

This year presented many opportunities and our team demonstrated amazing resilience and innovation that allowed us to continue to provide maximum service with reduced resources. For the eleventh consecutive year, more customers selected CATS as their transportation choice. We concluded the fiscal year with a 12.2 percent ridership increase and more than 26 million trips. One seemingly daunting challenge was the revenue projections. We wrestled with the fact that sales tax revenue was negatively impacted by the recession, leaving the organization with a tough question to answer: How do you reduce expenses without adversely impacting customers?

Our team rose to the challenge and identified a two-step cost reduction strategy that would maximize service, gain the long-term confidence and commitment of our riders and retain as many jobs as possible. We analyzed each budget line item for prospective reductions and successfully defined a solution that minimized the impacts on our customers and team members.

In March, we implemented service modifications that eliminated the lowest performing routes and streamlined others. We also made reductions in our workforce. We hope that natural attrition will allow our bus service contractor to rehire the displaced drivers, and we are pleased that we were able to offer positions with fellow City of Charlotte departments to many of our displaced administrative employees.

This year also provided five million reasons to celebrate. On November 24th we celebrated the one-year anniversary of the LYNX Blue Line, which provided more than five million trips in its first year of operation. The Blue Line continues to exceed expectations in many areas and serves as a model for other transit systems across the country. Planning for the remaining rapid transit projects continued and at the end of the year, we successfully issued a Request for Qualifications for Preliminary Engineering (PE) of the Charlotte Streetcar project. We also completed PE on the LYNX Red Line, advanced the Blue Line Extension to 30 percent design, and began final preparations to open our system's first enhanced bus service, Sprinter, in the West Corridor in the fall of 2009.

With the decline in sales tax revenue, we know it may take longer than originally projected to implement the 2030 Transit Corridor System Plan, but it will happen. Each time a bus rolls out of the bus bay and each time a light rail train pulls up to a station we have examples of the vision in motion. And each time a rider boards a bus or light rail train, we have a reason to continue working towards that vision.



John Muth
Interim Chief Executive Officer,
Charlotte Area Transit System

METROPOLITAN TRANSIT COMMISSION



Pictured from left to right: **Front Row** – Brian Welch, Mint Hill Town Manager; Curt Walton, Charlotte City Manager; Lee Myers, Mayor of Matthews, MTC Vice Chair; Sarah B. Nuckles, SCDOT Representative. **Back Row** – Jill Swain, Mayor of Huntersville; John Woods, Mayor of Davidson; Greg Ferguson, Huntersville Town Manager; Hazen Blodgett, Matthews Town Manager; Rick Sanderson, TSAC Chairman; Gerald Fox, CTAG Co-Chair, Harry Jones, Mecklenburg County Manager; Leamon Brice, Davidson Town Manager; Mike Rose, Pineville Town Manager. **Not Pictured** – Patrick McCrory, Mayor of Charlotte, MTC Chairman; Jennifer Roberts, Chairman of the Mecklenburg County Board of Commissioners; Jeff Tarte, Mayor of Cornelius; Anthony Roberts, Cornelius Town Manager; Ted Biggers, Mayor of Mint Hill; George Fowler, Mayor of Pineville; Jennifer Stultz, Mayor of Gastonia; Bobby Kilgore, Mayor of Monroe; Craig Meadows, Monroe City Manager; Bill Thunberg, Mayor of Mooresville; Scott Padgett, Mayor of Concord; Douglas Echols, Jr., Mayor of Rock Hill; John Collett, NCDOT Representative

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 sets policies that guide the transit system's use of public monies. 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.

CATS LEADERSHIP TEAM



Seated from left to right: **Front Row** – David McDonald, Development Division Manager; John Joye, Senior Assistant City Attorney. Standing from left to right: **Back Row** – Larry Kopf, Interim Manager of Bus Operations; Olaf Kinard, Director of Marketing and Communications; John Muth, Interim Chief Executive Officer; Celia Gray, Quality Assurance Manager; John Trunk, Director of Transit Support Services; Dymphna Pereira, Assistant Director and Chief Financial Officer; Seated from left to right: **Front Row** – Wanda Braswell, Executive Assistant to the Chief Executive Officer; and Rocky Paiano, General Manager of Rail Operations.

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
7:30 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* • 8th Floor (Innovation Station)

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

OPERATIONS

Ridership

FY2009 began with the nation in the midst of historically high fuel prices. With gasoline prices soaring over \$4.00 a gallon in the summer of 2008, citizens sought affordable transportation options and many people turned to CATS in record numbers. For the eleventh consecutive year, CATS witnessed ridership that surpassed projections. Ridership increased 12.2 percent over FY08, and system wide, CATS delivered more than 26 million customer trips.



In July 2008, CATS recorded the highest weekday ridership in more than 60 years with an average of more than 90,000 weekday riders.

Ridership also increased significantly in October with an overall increase of 39 percent when compared to October 2007. During this same month, LYNX enjoyed its highest monthly ridership with 475,000 riders.



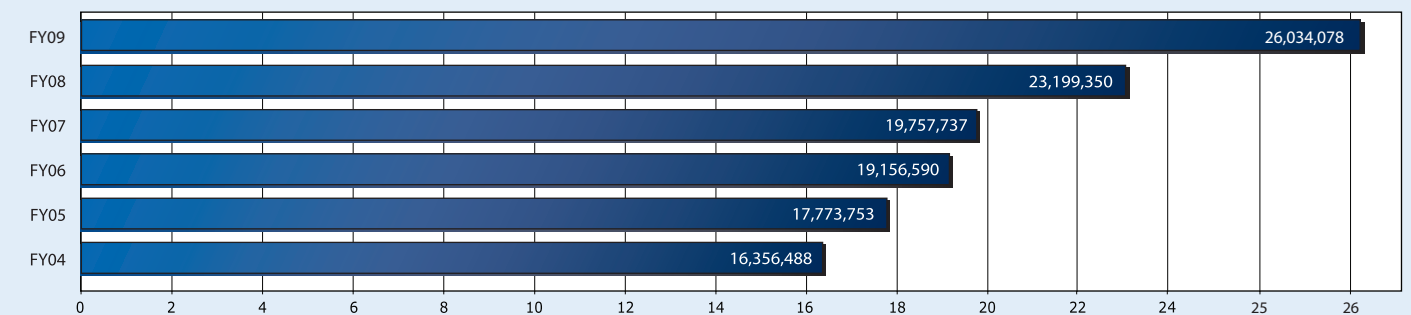
On Sunday, November 24, 2008, CATS celebrated the one-year anniversary of the LYNX Blue Line, North Carolina's first light rail line. The Blue Line provided more than five million trips in its first full year of operation and exceeded expectations in ridership, safety and reliability. The Blue Line also proved to be an important stimulus to the local economy; private development investment along the line exceeded \$1.4 billion and property values in the corridor have increased by 52 percent since 2000.

In fact, FY09 ridership on LYNX increased more than 76 percent over the previous year. By November, the service, originally projected to provide 9,100 weekday trips, averaged more than 16,000 weekday trips. Other service categories also continued to experience increases in ridership:

- Regional Express up 9.3 percent
- Community Circulators up 10.6 percent
- Vanpool up 3.7 percent.
- STS up 1.5 percent
- Local bus service up 3.6 percent

CATS experienced overcrowding during the first quarter of FY09 and in response increased route frequency, service times and sought additional spaces at a number of park and ride locations for bus and rail services. CATS purchased property adjacent to the Huntersville-Gateway Park and Ride for expansion, constructed a fifty-four space auxiliary lot adjacent to the I-485/South Boulevard Station on the LYNX Blue Line and reviewed options to expand spaces at the Mallard Creek Park and Ride in the University City area.

Ridership Growth (In Millions)



Service

CATS was not immune to the effects of soaring fuel prices and the supply shortage that occurred in the fall of 2008. The volatility in fuel prices resulted in a projected budget deficit of over \$4 million. To address the issue of rapidly rising fuel costs and budget shortfalls, CATS enacted a fare increase.

Low performing bus routes were streamlined into existing services to provide better efficiencies for the system. However, the fare increase was a temporary solution not providing long-term supply guarantees nor smoothing price volatility.

To address this issue, CATS Procurement staff initiated a strategy to better manage fuel prices and supplies through the combination of fixed price guarantees and spot market pricing. This strategy protects the budget against upswings in fuel prices and tight supplies with the flexibility to purchase fuel on the spot market to benefit from drops in fuel prices. CATS projects in FY10 that one-third of the approximately 3.25 million gallons estimated to be purchased will be bought on a fixed price agreement at a price 45 cents per gallon less than the budget.



In the second half of FY09, sales tax revenues continued to decline more than 13 percent below the budget causing CATS to implement additional service adjustments to help reduce operating costs and eliminate the budget shortfall. Staff hosted

twelve public meetings and met with approximately 200 community members to share the initial recommendations and to receive feedback. The final recommended service adjustments were based upon suggestions by customers. Beginning in March, CATS:

- discontinued service on low ridership routes;
- adjusted Express routes to provide quicker trips through the Central Business District;
- operated less frequently on routes with lower ridership; and
- adjusted LYNX Blue Line service frequency to 10 minutes during weekday peak hours and 20 minutes on Sunday.

CATS continued to deliver reliable services with the bus routes operating on-time 87 percent of the time, a 4 percent improvement over FY08. The LYNX Blue Line carried an average weekday ridership of almost 15,000 on 178 daily trips achieving a 99 percent on-time performance.

Special Transportation Services

Individuals with disabilities, who have been certified according to the Americans with Disabilities Act of 1990, are eligible to use Special Transportation Services (STS) for their transportation needs. In FY08, STS enjoyed a 1.8 percent increase in ridership while simultaneously improving on-time performance to 94 percent.

This year, STS also upgraded its 85-vehicle fleet with 24 new minibuses. The new minibuses require less maintenance and offer better fuel mileage, which helps to improve overall efficiency.



Davidson Street Bus Facility



CATS received \$20.7 million in stimulus funds under the American Recovery and Reinvestment Act to refurbish and upgrade the Davidson Street Bus Facility. In addition to interior and exterior building renovations, the Bus Maintenance area will also receive new maintenance equipment and upgrades to the original building systems. These renovations will extend the useful life of the facility prolonging investing in another garage and helping reduce operating costs and improve energy efficiency. Work is scheduled to begin in September 2009.

SAFETY AND SECURITY

The Safety and Security Team is charged with creating a safe and secure environment for customers and employees at all CATS facilities and aboard all CATS vehicles. Because of the organization's commitment to safety, CATS' Strategic Operation Plan includes a goal that bus and paratransit services will not exceed 0.50 preventable accidents per 100,000 miles during FY09. CATS surpassed this goal by only having 0.44 preventable accidents per 100,000 miles on bus and STS Service. LYNX reached a pinnacle by not having any preventable accidents during FY09. In order to have these achievements, CATS must ensure its staff is properly trained.

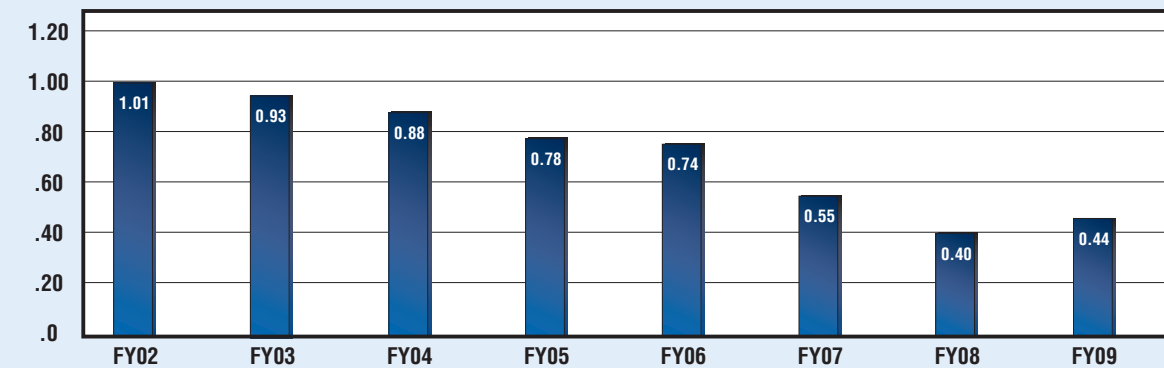
Rail operators complete an eight-week training course prior to entering revenue service. They also must complete an annual recertification in order to continue operating the light rail vehicles. The Bus Operations Division (BOD) provides all new operators with training on Smith System defensive driving, CATS state-of-the-art bus simulator, and other elements that contribute to safer driving. BOD also conducts random, on-board safety ride checks to ensure operators are driving safely. CATS STS service continued to improve its overall safety record by providing operators with Smith System defensive training, on-board safety checks by supervisors, and internal safety campaigns.

The commitment and expertise of the CATS safety efforts was recognized by the North Carolina Public Transportation Association (NCPTA) when it awarded CATS the NCPTA Safety Award for both bus and STS services. This award is presented to an urban transit system that travels more than one million miles a year and has excellent performance in traffic and passenger safety. The award is based upon 2008 results in which CATS buses traveled more than 12 million miles and carried more than 19 million passengers with only .43 preventable accidents per 100,000 miles. This represents a 17 percent reduction in preventable accidents as compared to 2007. Since 2001, preventable accidents are down 63 percent. During this same time period, CATS increased the amount of service on the street by 42 percent and increased ridership by 63 percent. Previous years CATS has received this award include 1992, 1997, 1999, 2002 and 2007.

The safety and security of CATS employees and customers cannot rest solely with the Safety and Security Team. In FY09, CATS was awarded a grant from the Department of Homeland Security to provide a Security Awareness training class to all CATS employees. The security training helped employees gain an understanding of terrorism, which underscores the organization's commitment to safety and helps to improve the overall safety and security of all CATS facilities and vehicles.

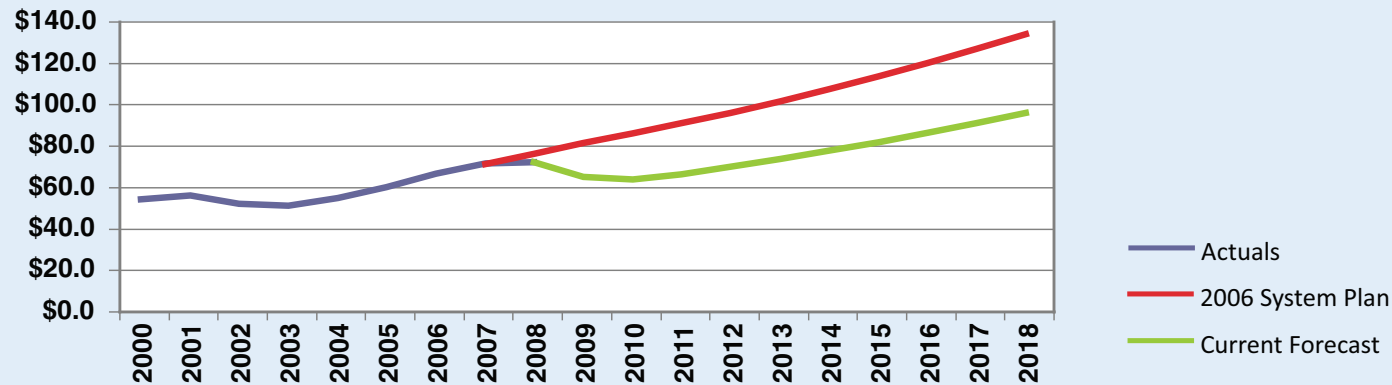
CATS also established fare zones on the light rail platforms. This is particularly effective during events and at other times when there are large crowds utilizing the light rail service. The fare zones are designated for loading passengers only and help prevent loitering by individuals who are not intending to board the train.

Preventable Accidents* (Per 100,000 Miles)



*FY08 and FY07 use Bus Operations Division (BOD) and Special Transportation Service combined data. FY01-FY06 use BOD data only.

Ten Year (2009-2018) Sales Tax Gap (\$286 million)



DEVELOPMENT

The economic recession and the subsequent reduction in the half-cent sales tax revenue adversely affected the long-term financial plan for the rapid transit vision and resulted in a \$16.6 million shortfall in FY09 revenue. On a long-term basis, new projections based on reduced sales tax receipts indicate that the simultaneous construction of two rapid transit projects within the next ten years is unlikely. However, staff is continuing to advance the design and engineering of projects as approved by the MTC in 2006. This provides the flexibility that if funding rebounds CATS could move forward on rapid transit projects.

LYNX Blue Line Extension

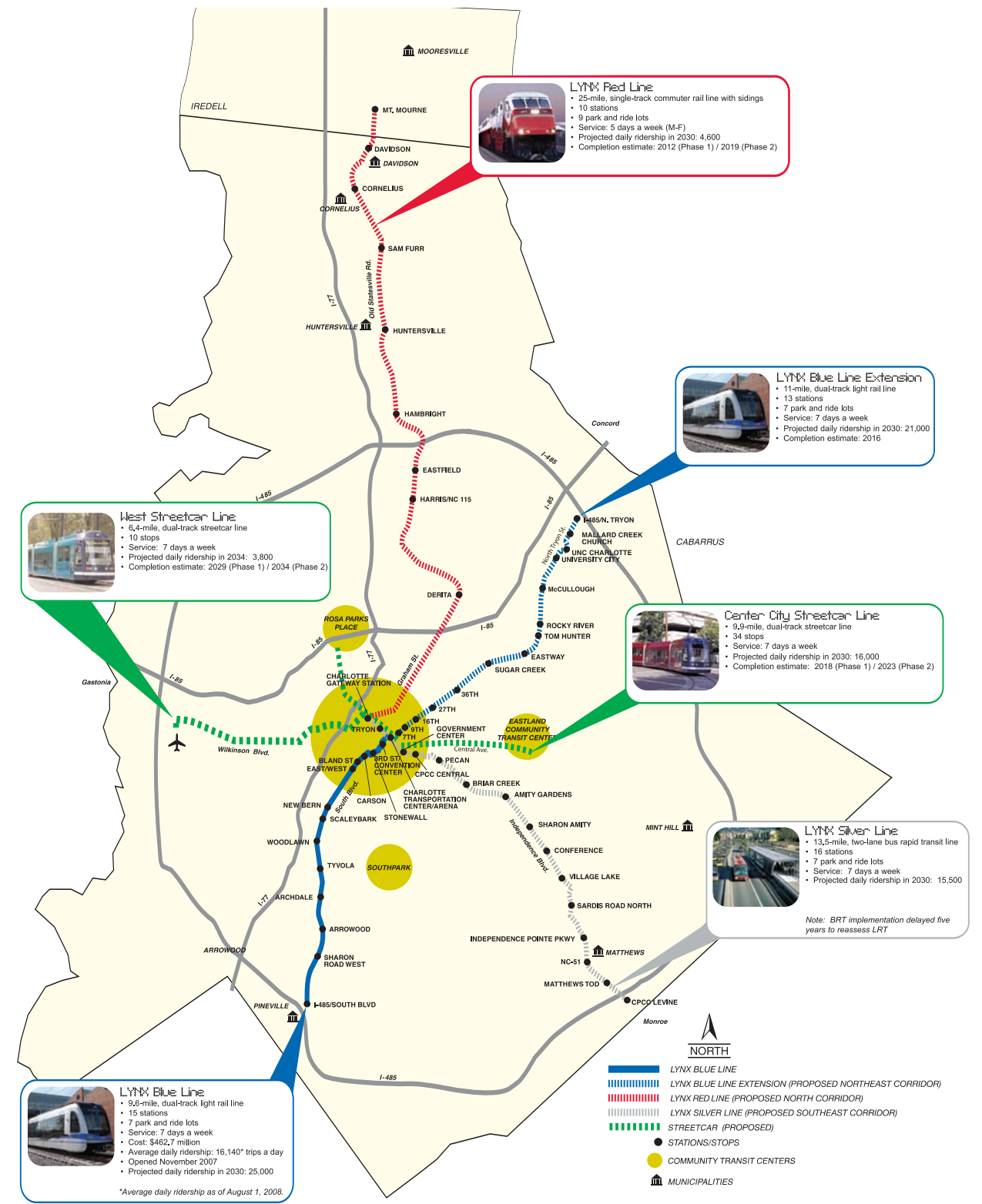
The Blue Line Extension is an 11 mile extension from 9th Street in uptown Charlotte through the North Davidson (NoDa) and University areas to south of I-485. The alignment will serve many key activity centers and includes stations that serve both of the UNC Charlotte campuses. The Blue Line Extension continued in Preliminary Engineering (PE) to finalize the alignment, advance design, and assess the potential environmental impacts of construction and operation. The 15 percent PE design and cost estimate was completed and submitted for review by the Federal Transit Administration (FTA). In April, the Metropolitan Transit Commission (MTC) approved advancing the project to the 30 percent design level.

LYNX Red Line

The LYNX Red Line is a 25-mile commuter rail line designed to operate on the existing Norfolk Southern "O" Line and provide service between Charlotte, Huntersville, Cornelius, Davidson and Mount Mourne in southern Iredell County. Preliminary Engineering (PE) for the Red Line was completed and the cost estimate refined, at-grade crossings and rail improvements designed, and preliminary station designs prepared. Ninety percent design plans for the 4th Street and Trade Street bridges were developed and the platform at Charlotte Gateway Station was also designed. In April, the MTC directed CATS staff to apply for funding for the LYNX Red Line under The American Recovery and Reinvestment Act.

ADVANCING THE VISION

System Plan



LYNX Silver Line

The LYNX Silver Line extends approximately 13.5 miles from uptown Charlotte to the border of Mecklenburg and Union counties. CATS continued to coordinate with the North Carolina Department of Transportation to preserve the ability for future construction of rapid transit in the Independence Corridor. The MTC has directed staff to re-evaluate the technology decision and make a recommendation for bus rapid transit or light rail transit by 2011.

Charlotte Streetcar

The 10-mile Charlotte Streetcar project will connect Center City with communities and institutions along Beatties Ford Road, Elizabeth Avenue and Central Avenue. Bay Area Economics completed the economic development and feasibility study for the project, and a Streetcar Advisory Council was formed to review the study and make recommendations on whether to advance the project.

The Streetcar Advisory Council recommended that the City of Charlotte fund Preliminary Engineering (PE) for the project while a more comprehensive funding plan is defined. The funding request was approved by the City of Charlotte, and City staff is collaborating with CATS to advance the project.

Sprinter



Sprinter will provide enhanced bus service along Wilkinson Boulevard between Charlotte Douglas International Airport and Center City Charlotte until streetcar is implemented. Sprinter includes a higher level of service with limited stops, improved passenger amenities, hybrid vehicles, and digital schedule information. In FY09 the new hybrid vehicles, with a unique, green color scheme, were delivered and shelters were ordered. With public input, CATS also developed the service routing and stop locations.

CATS incorporated public art into the Sprinter project at each shelter along the route. The shelter glass is etched with local artist Tejula Turner's

depictions of the past and changing personality of the Wilkinson Boulevard/West Morehead Street corridor. The service is scheduled to start in September 2009.

Charlotte Gateway Station

Charlotte Gateway Station, located at Graham, 4th and West Trade streets in Center City Charlotte, is the southern terminus for the LYNX Red Line. The Federal Transit Administration issued a Finding of No Significant Impact (FONSI) on April 22, which is the culmination of four years of work to complete the Environmental Assessment. The finding completed the environmental review work for the project as mandated by the National Environmental Policy Act.

Federal funds appropriated to CATS for Charlotte Gateway Station, in combination with state and local matches, will be used to acquire the property where the current Greyhound bus depot is located. Charlotte Gateway Station will be constructed on this site.



The LYNX I-485/South Boulevard parking deck.

FHA Recognizes the LYNX Blue Line I-485 Parking Deck Design

CATS received the Federal Highway Administration's (FHWA) Award of Excellence for the LYNX Blue Line Light Rail Station at I-485 and South Boulevard. The station earned top honors in the Intermodal Transportation Facilities category for its 1,100-space parking deck that houses a playfield on the roof. The award recognizes the superior efforts of public agencies and private organizations in designing highway facilities that enhance safety and mobility, while being sensitive to the human and natural environment and contributing to a more pleasing transportation experience.

Partnerships at Play

When two groups work together for the good of the community, something wonderful can be created: the Sterling Elementary School playfield. CATS and Charlotte-Mecklenburg Schools (CMS) celebrated the opening of the field in October with nearly 600 students, teachers and staff.

CMS and CATS entered a land agreement that allowed CATS to build a 1,120 space parking garage at the LYNX Blue Line I-485 and South Boulevard Station. As part of the agreement CATS built a 2.5 acre playfield for the students on top of the parking deck. In the process, CATS saved more than \$5 million in land costs along the LYNX Blue Line by not having to purchase additional right-of-way and an alternative parking site.



Elected officials, CATS, and CMS celebrate the opening of the new Sterling Elementary School play field.

**CELEBRATING
THE VISION**

FAST FACTS

Fast Facts

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
Revenue Hours	863,511	920,494	956,534	960,450	1,021,623	1,034,940
Revenue Miles	13,516,321	14,417,604	15,137,798	15,542,847	16,689,718	17,013,729
Employees	213	229	274	365	377	377*
Ridership	16,356,488	17,773,753	19,156,590	19,757,737	23,199,350	26,034,078

Fleet

Forty-Foot Buses	163	171	173	173	181	161
Over The Road Buses	83	91	91	91	91	102
Shuttle Buses	39	40	44	42	50	41
Trolley Buses	15	20	20	20	20	20
Paratransit Shuttles/Vans	83	91	91	93	84	84
Vanpool Vans	75	82	100	93	101	81
Light Rail/Vintage Trolley	1	4	5	20	20	20
Fleet Total	459	499	524	532	547	509

*Includes 36 frozen positions

FY2009 FINANCIAL PERFORMANCE HIGHLIGHTS

- FY2009 was a year of national recession. The CATS sales tax revenue was down 18.7% from the amount budgeted. Despite the uncertainty of the economy, CATS closed FY2009 with a \$107.6 million fund balance.
- CATS was awarded \$20.8 million in funds under the American Recovery and Reinvestment Act of 2009. The funds will be utilized for rehabilitation and expansion of the Davidson Street Bus Garage Facility. CATS was successful in receiving \$20.3 million from the Federal New Starts Program for Preliminary Engineering of the Northeast Corridor; \$15.7 million in Formula program funds; and \$5.9 million in Bus Discretionary program funds; \$364,373 was received from the Department of Homeland Security to fund anti-terrorism training and equipment.
- Operating expenses at \$100.2 million was \$14.5 million below FY2009 adopted budget.

FINANCIAL SUMMARY

- CATS' financial plans rest on the strength of the ½ cent sales and use tax. In light of the \$16.6 million reduction in income, CATS was challenged to maintain service, advance key capital programs, and manage within the financial policies approved by the Metropolitan Transit Commission.
- Long-term impact of the FY2009 reduction is a projected 10 year, \$286 million reduction in sales tax which will significantly impact future operating and capital expansion programs.

Financial Policy Measures

	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Adopted Budget	FY2009 Unaudited Actual
Operating Ratio (OR/OE ≥ 20%)	19.91%	23.71%	23.54%	23.27%	25.47%
Operating Balance Months (≥ 1 Month's Operating Expense)	4.98	4.93	2.83	2.2	2.26
Passengers Per Hour Bus Operations (≥ 20 passengers per hour)	23.1	24.0	23.9	23.8	24.6
System Cost Per Hour (Cost per hour ≤ rate of inflation)					
Non-Rail	\$81.91	\$86.25	\$97.36	\$90.36	\$84.67
Rail		\$82.65	\$87.06	\$301.22	\$219.27
Administrative Overhead (≤ 15%)	11.11%	9.07%	6.09%	6.15%	5.90%
Capital Investment Level (≥ 20% of sales tax revenue)	50.46%	50.57%	34.17%	27.64%	30.63%
Net Debt Service Coverage (≥ 1.15)	2.02	2.00	1.53	1.25	1.23
Gross Debt Service Coverage (≥ 3.0)	3.99	3.96	4.49	4.52	4.00

FY2009 Transit Operating Program

\$ In Millions	FY2007 Actual	FY2008 Actual	FY2009 Budget	FY2009 Unaudited
Operating Revenue	\$122.20	\$127.50	\$135.70	\$119.1
Operating Expense	\$86.60	\$103.20	\$114.70	\$100.20
Operating Balance	\$35.60	\$24.30	\$21.00	\$18.9

Operating Income

Operating income at \$119.1 million is \$16.6 million less than FY2009 adopted budget income of \$135.7 million. The 12.3% reduction was due to the sluggish economy which severely impacted sales tax income and most of CATS other sources of operating income.

Income from CATS' key source of revenue, the ½ cent sales and use tax, was reduced by \$14.2 million. The North Carolina State Maintenance Assistance Program funds were reduced by \$1.3 million. Interest on investment was reduced by \$1.1 million.

Fare revenue was \$300,000 over budget, due to strong ridership on all services during the first half of the fiscal year.

Operating Expense

Operating expense at \$100.2 million was \$14.5 million below FY2009 adopted budget. During the year, CATS implemented several measures to reduce expenses, including a reduction in all discretionary expenses, reduction of 28 (contract and city) regular positions and freezing 30 authorized positions, and reduction in revenue service hours on routes which had the least impact on customers. The average cost of fuel was 35% below budget and mitigated the impact of the 12.3% reduction in income.

In FY2009, CATS carried more than 26 million unlinked trips, provided 1 million revenue hours of service, and operated 17 million revenue miles. The cost per service hour for bus service was \$84.67, which was 6.3% below budget, and the cost of rail revenue hour service as \$219.27 was 27.2% below budget.

Operating Balance

Operating balance, which is the difference between annual Operating Income and Operating Expense was \$18.9 million. The Operating balance was transferred to the capital fund and utilized to fund CATS share of the capital investment plan.

FY2009 Transit Capital Program

\$ In Millions	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Unaudited
Total Non-Operating Income	\$319.60	\$208.70	\$115.10	\$50.90
Total Non-Operating Expense	\$211.20	\$218.90	\$90.70	\$130.90
Contribution To Budgetary Balance	\$108.40	(\$10.30)	\$24.40	(\$80.00)

Capital Income

Capital income includes cash received from Federal and State grant funds, the Operating Balance, other miscellaneous income.

FY2009 was a year of transition at the Federal level. The result was the Federal Transit Administration (FTA) did not publish FY2009 fund allocations until early 2009, which is half-way through CATS fiscal year. CATS' was only able to access reimbursement from Federal grants which had been executed prior to September 30, 2008.

Actual cash received for capital programs from Federal and State sources was \$23.2 million.

In FY2009, CATS was notified of an allocation of >\$63 million in new Federal grants. This included \$20.3 million for continuing preliminary engineering in the Northeast Corridor Blue Line Extension project, \$15.7 million from the Formula grant program, and \$5.9 million from the Bus Discretionary Program. Additionally, CATS was allocated \$20.7 million from the Transit Capital Assistance Program authorized by the American Recovery and Reinvestment Act of 2009 and \$364,373 from the Department of Homeland Security.

The North Carolina Department of Transportation (NCDOT) provided new grants of >\$14 million.

Capital Expense

Capital expenses focused on serving the customer. It included the purchase of eighteen buses, twenty-one para transit vehicles and five vans for the vanpool program. The bus purchases brought the average age of the bus fleet to 6.8 years for the Bus Operations Division and brought the average age of the STS fleet to 3.2 years.

The service reduction in FY2009 required a reduction of 18 buses in order to bring the overall peak and spare ratio of the fleet to 324 buses. In coordination with FTA and NCDOT, CATS transferred and/or sold approximately 28 buses in order to be in compliance with the peak and space ratios established by FTA.

\$1.1 million was paid for land acquisition and construction of an overflow 85 space park and ride lot at the LYNX I-485 Light Rail Station. \$15.2 million was dedicated to the purchase of four additional rail cars which are expected to be delivered in the summer of FY2010.



600 East Fourth Street
Charlotte, NC 28202

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www.ridetransit.org

