

CHARLOTTE AREA TRANSIT SYSTEM FY2011 STRATEGIC OPERATING PLAN TABLE OF CONTENTS

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MEMORANDUM

DATE: July 27, 2010

TO: Ruffin Hall, Director
Budget & Evaluation

FROM: Carolyn A. Flowers 
CATS Chief Executive Officer

SUBJECT: CATS FY2011 Strategic Operating Plan

This memorandum presents CATS FY2011 Strategic Operating Plan (SOP).

The FY2011 SOP includes an Operating Budget of \$101.9 million and Capital Budget of \$48.5 million. Operating Income is projected at \$120.5 million. The Operating Balance projected at \$18.6 million is available for transfer to the capital program. CATS Operating Budget includes funding for 363.75 FTEs and 29 positions will be eliminated in FY11.

The FY2011 budget enables CATS to provide core mass transit services in the Charlotte Mecklenburg region within the Livable Communities initiative promoted by the Federal Transit Administration. The initiative promotes user mobility through improved connections between residential and commercial areas, reduces congestion, and improves accessibility to transportation services.

The impact of the national economic recession of FY2009 continued into FY2010. CATS has responded by implementing several initiatives to align expenditures with significantly reduced income. The FY2010 budget was reduced by 6.4% with limited impact on direct services. During FY2010, CATS experienced a 6.5% reduction in ridership vs. FY2009.

FY2011 is anticipated to be a year of very slow recovery. Operating Income is reduced to less than FY2007 levels and it has been a challenge to maintain the additional services implemented in the past four years, including the very successful LYNX light rail service with the reduced level of income.

Significant issues impacting the FY2011 Transit Program are:

Service:

- In FY2011 CATS revenue service hours will be 994,000, which does not reflect any change from the FY2010 estimate.
- The fare increase is anticipated to result in a 1% reduction in ridership, which equates to approximately 200,000 riders.
- Ridership in FY2010 was 6.5% below FY2009 actual.

Income:

- The FY2011 sales and use tax is projected at \$59.4 million. This represents a 3.8% reduction versus the actual amount received in FY2009 and a 3% increase over the FY2010 projection of \$57.6 million.
- A \$0.25 base fare increase was implemented on July 1, 2010. The 16.7% average increase is expected to generate \$2.4 million in additional revenue in FY2011.
- Federal FFY2010 grants could not be executed prior to the end of the fiscal year due to the delay in Federal Appropriations. \$33 million of Federal grants will be executed and appropriated in FY2011. This was anticipated and CATS managed the cash flow situation by delaying implementation of CATS capital program.

Expense:

- The FY2011 Operating budget reflects an 8.1% reduction from the FY2010 adopted budget; and a 1.1% Increase from FY2010 actual expenditures.
- In FY2010, CATS implemented budget reduction initiatives of \$7.0 million in order to balance Operating costs with reduced Operating income. These initiatives have been carried forward into FY2011.
- Budget reduction initiatives for FY2011 in the amount of \$3.0 million are attached to this document.
- In FY2011, fuel is budgeted at \$2.35/gallon and is approximately 9% of the operating budget. With the current volatility of fuel prices it is anticipated that any increase in FY2011 will cause CATS to consider service reductions.
- The number of Charlotte police officers assigned directly to CATS is reduced by 8; the impact of this change will be mitigated by an increase in the current number of (lower cost) contract police officers.
- The FY2011 budget includes a 3.5% increase in Personal Services costs, i.e. merit and benefits.
- The authorized positions are 363.75 Regular FTEs which includes the elimination of twenty-nine previously frozen positions. However, vacant positions will be frozen for some portion of

FY2011 based on economic conditions. CATS Contractor who manages the Bus Operations Division has frozen 12 positions and eliminated 22 positions since 2009. Additionally 22 operators are currently laid off and will be called back to service when required.

Changes to Current Level (CCL) and Service Level Requests (SLC)

- CATS will reduce its authorized position count by twenty-nine frozen positions saving \$169,000.
- 8 Charlotte Mecklenburg Police Officers paid for by CATS in 2010 have been returned to the Police Department; CATS will increase the number of (lower cost) private police officers provided by Allied Barton Services; contract resulting in net savings of \$475,072.

Key Resource Requests

CATS has balanced its FY2011 Operating Budget with the following priorities:

1. Bus, Rail and Special (ADA) Transportation Services
2. Vanpool, DSS Human Services Transportation
3. Planning & Development
4. Direct support services
5. Overhead

CATS has implemented several initiatives in FY2010-11 (Attachment 1), which include a combination of changes in business processes and cost reductions. The FY2011 budget, which was adopted by the Metropolitan Transit Commission on April 28, 2010, recommended elimination of and/or changes to the following programs in FY2011.

1. Taxicab Transportation for the Elderly (50% reduction)
2. Charlotte Trolley Service
3. Guaranteed Ride Home Program
4. Wheels of Learning Program
5. Level of annual payments to the Towns
6. Pass sales discount program
7. Hold on special incentives for pass sales
8. Public Meeting Meal Program

Key indicators to the success of CATS reflecting the budget and service hour reductions are included in the Balanced Scorecard (BSC).

The FY2011 SOP is in compliance with Council Focus Area and CATS Mission, Vision, Strategic Goals, Financial and Service Policies. It also reaffirms CATS commitment to its Mission.

cc: CATS Leadership Team
Laura Lemmond, Budget & Evaluation

I. EXECUTIVE SUMMARY

Introduction

The Charlotte Area Transit System (CATS) is the Public Transit Department of the City of Charlotte.

CATS, the largest transit system in the Carolinas served 24.3 million riders in FY2010 with a weekday average of 79,170 customer trips. Service is provided via bus, vanpool and rail transportation. CATS primary service area covers 527 square miles in Mecklenburg County, serving a population of approximately 877,077. Regional service covers Concord, Gastonia, Union County and Mooresville in North Carolina and York County in South Carolina. In addition to transit operations, CATS continues implementation of the 2030 Transit Corridor System Plan which was approved by its policy board, the Metropolitan Transit Commission (MTC) in November 2006.

The LYNX Blue Line light rail service transported its ten-millionth passenger in December 2009. Highlights of the rail service are a 99% on-time performance; one preventable train accident; while in revenue service, since we began revenue service operations in November 2007, and an average weekday ridership of 14,656 in FY2010. Average ridership on the LYNX Blue Line exceeds first year projections by 61%.

The bus operating division introduced the SPRINTER airport service in September 2009, which utilizes five hybrid-electric buses to connect Center City Charlotte to the airport. CATS buses had a preventable accident rate of 0.40 per 100,000 miles traveled in FY2010 and on time performance of 88.2%. Both exceed industry standards.

The Special Transportation Service (STS) installed GPS enabled Mobile Data Computers on 72 buses along with video security cameras on 77 buses. These new systems will be installed on all STS revenue vehicles when replacement buses are ordered during FY11. STS' on-time performance was 93.2% with a preventable accident rate of 0.36 per 100,000 miles. These both also exceed industry standards. STS operators won the Overall System Trophy at the State Rodeo for the 4th consecutive year along with the Safest System Award for 2nd consecutive year.

In April, 2009 the Northeast Corridor, Blue Line Extension, completed 15% Preliminary Engineering and in August, 2009, CATS submitted a revised Financial Report for project rating and inclusion in the 2010 FTA New Starts Program Report. The report published early in February 2010, awards an overall "Medium" Rating, which places the project in good standing for receiving a Federal Full Funding Grant Agreement within the next few years. The BLE will extend light rail service from 7th Street to I-485N including service into the campus of UNC-Charlotte. In FFY2009, \$20.2 million of funding from the Federal New Starts program has been allocated for the BLE; an additional \$14.7 million was awarded in the FFY2010 budget. The North Carolina Department of Transportation continues to provide funding for 50% of the local share of BLE project costs. For the North Corridor Commuter Rail Project (Red Line), design of the track and grade crossings has been advanced to the 90% level. Design of station areas has been advanced to the 30% level to allow flexibility in working with developers that are planning to build around the stations.

CATS is funded primarily with income from Federal and State grants, fare revenue, and the voter approved one half cent Sales & Use tax. The tax is utilized to fund operating and capital expenses. CATS operates as an enterprise fund of the City and as such, all accounting practice is controlled by the City's Finance Department in coordination with CATS Finance in compliance with established financial and governmental reporting principles and standards. The FY2011 budget builds on the programs of the past years and is responsive to addressing the challenges and directives of the MTC and City Council. The budget request is in compliance with CATS Financial Policies.

Summary of the FY2011 Transit Budget

(\$ - millions)	FY2009 Actual	FY2010 Budget	FY2010 Unaudited Actuals	FY2011 Adopted Budget
Operating Income	\$119.5	\$132.9	\$122.0	\$120.5
Operating Expense	100.1	110.9	100.7	101.9
Balance	\$19.4	\$22.0	\$21.3	\$18.6
Non-Operating Income	\$45.0	\$80.9	\$107.5	\$67.1
Non-Operating Expense	130.5	75.0	95.2	66.2
YE Budgetary Balance		\$112.2	\$105.6	\$105.0
Positions				
- Regular	377	377	377	348
- Part-Time	21	21	21	21

Summary of the FY2011 Financial Performance Objectives

	FY2009 Actual	FY2010 Budget	FY2010 Unaudited Actuals	FY2011 Adopted Budget
OPERATING RATIO (O R / O E ≥ 20%)	25.92%	25.19%	23.76%	28.59%
OPERATING BALANCE MONTHS (≥ 1 month's Operating Expense)	2.33	2.38	2.54	2.19
PASSENGERS PER HOUR Bus Operations (≥ 20 passengers per hour)	24.6	26.8	24.3	24.0
SYSTEM COST PER HOUR				
Cost per Hour System less Rail	\$84.67	\$93.77	\$88.58	\$88.37
Cost per hour Rail (Car hours)	\$219.27	\$287.65	\$280.64	\$285.65
ADMINISTRATIVE OVERHEAD (≤ 15%)	6.24%	5.13%	5.62%	6.82%
CAPITAL INVESTMENT LEVEL (> 20% of sales tax revenue)	31.45%	29.36%	37.47%	31.36%
NET DEBT SERVICE COVERAGE (> 1.15)	1.30	1.40	1.39	1.19
GROSS DEBT SERVICE COVERAGE (> 3.0)	4.13	4.00	3.70	3.79

Mission, Vision, and Goals

Mission

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

Vision

Successful accomplishment of the CATS Mission will mean that the following conditions are realized:

- 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

Goals

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



FY2011 Key Issues and Challenges

The Key challenge for CATS in FY2011 is maintaining core mass transit services in the Charlotte region in an uncertain economy that threatens all of its key sources of income, i.e. Federal, State and Local. A list of key issues and challenges follows:

- Livability
 - Maintain core mass transit services in the Charlotte region
 - Increase transportation choices and accessibility, particularly for economically disadvantaged populations
 - Sustain ridership and customer satisfaction levels in FY2011 despite the fare increase
 - Market initiatives to encourage the community to try transit
 - Pursue all available (and new) sources of funds for increasing public transportation based on FTA's "Livable Communities" initiative
 - Focus on promoting a "safe system;"
 - Initiatives to minimize perception of fare invasion
- Sustainability
 - Procure buses which reduce greenhouse gas emission and improve energy
 - Implement Federal and City Sustainable policy goals by environmentally friendly practices in project design, vehicles and facilities
 - Maintain transit facilities and equipment in concurrence with Federal, State, and Local guidelines
- Sales & Use Tax
 - Keep policy boards and the community apprised of the impact of the sales tax gap and recovery plans
 - Tell "the good news story" of what the sales & use tax has provided for the Charlotte region since 1998
 - Promote MTC Legislative Strategy relative to additional sales tax revenue
- Financial Management
 - Evaluate opportunities to improve efficiency, productivity and cost effectiveness of CATS programs
 - Manage CATS programs within income and in compliance with Financial Policies
 - Identify process for implementing an operating reserve fund
 - In 2011, coordinate with outside agencies to mitigate the impact of programs that have been eliminated, significantly reduced or indefinitely suspended.
 - Identify and respond to opportunities for increased revenue
 - Revise financial policies per schedule requirement
 - Secure Federal and State funds

- Planning: 2030 Transit Corridor System Plan

- Develop schedule for revision of 2030 Transit Corridor System Plan; communicate with MTC and stakeholders
- Schedule for FFGA and build out of the Northeast Corridor, BLE, in light of severely reduced sales tax
- Initiate discussions (with FTA, NCDOT and other stakeholders) for increased revenue to build out the System Plan
- Explore opportunities for advancing the North Corridor; e.g. State HB-1005
- Plan for utilization of grant funds for the Charlotte Gateway Station project

Summary Description	
Proposed Project:	Light Rail 10.6 Miles 13 Stations
Total Capital Cost (\$YOE):	\$1,180.03 Million (includes \$40.8 million in finance charges)
Section 5309 New Starts Share (\$YOE):	\$590.02 Million (50.0%)
Annual Forecast Year Operating Cost:	\$20.14 Million
Ridership Forecast (2030):	23,800 Average Weekday Boardings 12,900 Daily New Riders
Opening Year Ridership Forecast (2019):	17,561 Average Weekday Boardings
FY 2011 Local Financial Commitment Rating:	Medium
FY 2011 Project Justification Rating:	Medium
FY 2011 Overall Project Rating:	Medium

- Partnerships: Federal/State Legislation/Appropriations

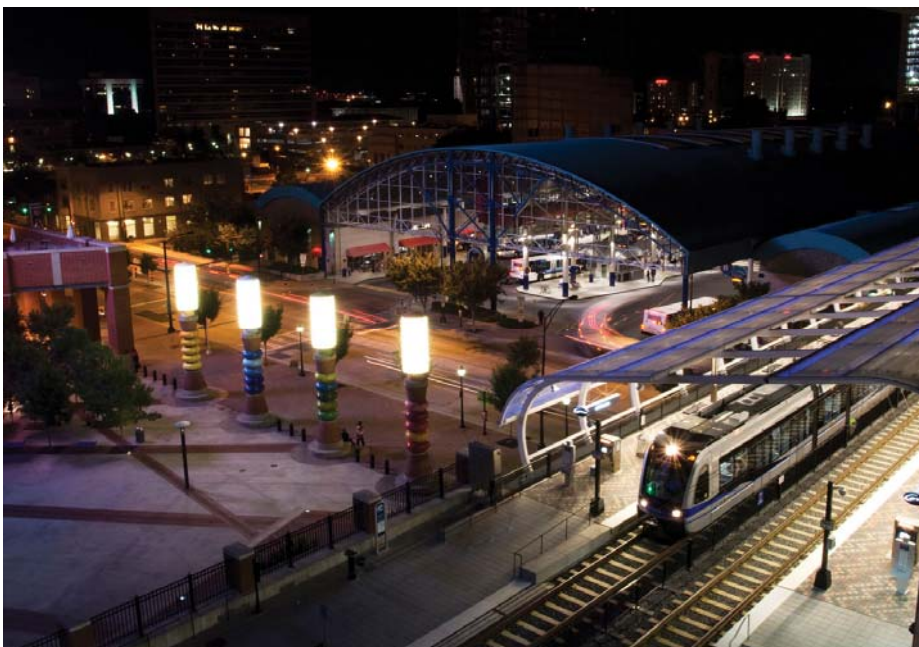
- Support increases in transit funding in the new Surface Transportation Authorization Act (STAA)
- Continued funding for the Northeast Corridor, BLE, and Streetcar Projects
- Promote and advance the MTC’s FY2010-11 legislative strategy

- Fuel Program

- Manage fuel costs through informed procurements i.e. futures vs. spot

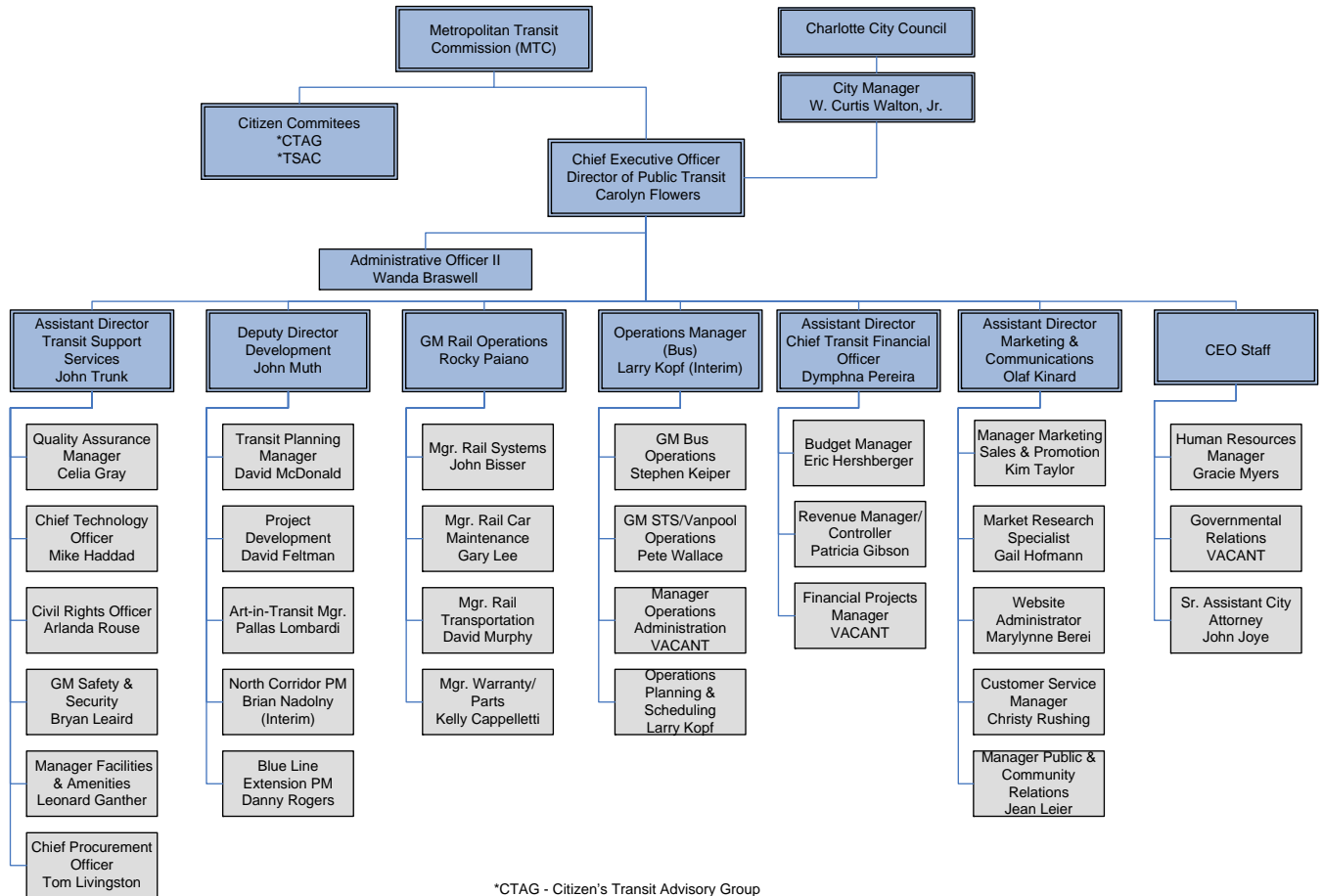
- Invest in Employees

- Manage workforce response to changing economy



Organizational Chart

CHARLOTTE AREA TRANSIT SYSTEM



*CTAG - Citizen's Transit Advisory Group
*TSAC - Transit Services Advisory Committee

June 2010

II. STRATEGY AND KBU PLANNING

Key Accomplishments

Highlights of CATS recent accomplishments are:

Provide Transportation Choices

- Completion of 2.5 years of the LYNX Blue Line service. Current weekday ridership averages over 14,600 during FY2010, surpassing 10 million riders in December 2009. Rail on time performance at 99.4%; one (1) preventable accident; four (4) additional rail cars delivered in FY2010
- Prior to FY2010, 11 consecutive years of increases in bus ridership; Ridership in FY2010 impacted by national economic conditions
- Preventable accident rates surpass industry standards for all modes of transportation, bus, rail and Special Transportation Services (STS)
- 97% of customer complaints responded to within 5 business days
- Passenger display systems at Charlotte Transportation Center now present passengers with real time arrival and next trip information on Bay Signs, accurate to within one minute

Strengthen Neighborhoods

- Completed expansion parking at the I-485S station to include 80 additional spaces
- CATS has constructed 13 CATS owned, safe Park and Ride lots in the County
- Introduced specialized bus shelters in the Midtown district and on the SPRINTER route
- Over \$1.50 billion in actual and projected development along the South Corridor light rail line
- \$20.7 million ARRA grant funds dedicated to rehabilitation of Davidson Bus Garage which will strengthen the Belmont community
- Federal Highway Administration's (FHWA) excellence in highway design biennial awards 2008 for intermodal transportation facilities (I-485 Station) with a positive impact on the Sterling School and neighborhood

Safeguard the Environment

- SPRINTER Airport bus service includes addition of five hybrid electric buses to the fleet
- One hybrid bus creates a 56% reduction in maintenance costs and an 18% reduction in fuel usage
- CATS park and ride lots at Huntersville-Northcross, Matthews-Independence Pointe, and Mallard Creek are constructed with rain gardens which retain and recycle rain water for purpose of landscape maintenance
- Installed particulate traps on over 100 buses
- Usage of ultra low sulfur diesel fuel on all buses
- CATS bus wash facilities recycle 99% of the water utilized to wash the buses
- CATS was awarded \$3.0 million in ARRA funds to purchase up to 6 hybrid electric buses
- CATS currently pursuing additional grant opportunities to procure hybrid electric buses

- Energy efficient lighting replacement program at the I485S parking facility, funded by the Energy Efficiency and Conservation Block Grant

Promote Economic Opportunity

- Exceeded 2009 DBE goal by 15.9%
- Developed service and policy adjustments in FY2009 to meet the needs of the community during period of high gas prices and shortage
- The light rail project awarded approximately \$42 million to disadvantaged business enterprises
- Implementation of light rail service created 106 new jobs in the community in 2007
- The rehabilitation of the Davidson Bus Garage is expected to create and or sustain 581 jobs



Optimize Business Processes

- CATS executed a futures fuel purchase contract in 2009
- Daily/weekly tracking of world oil prices in order to determine best options and schedules for fuel procurements; resulted in 17.1% savings in FY2010 fuel cost
- The cost of servicing ticket vending machines was reduced by \$288,000 with a change in process, utilizing employees and contractors
- Redeemed all short term borrowing for South Corridor project
- Two key transit reviews (NTD and South Corridor Spot Review) were finalized by federal reviewers without findings

Expanding Revenues

- Increased revenue by 1st time application for Federal operating assistance, three grants for greater than \$600,000.
- BLE project received a “Medium” overall rating in the 2010 Federal New Starts Report which places the project in good standing to receive a Full Funding Grant Agreement
- BLE project has been awarded \$39.7 million in Federal funds and \$19.9 million anticipated in matching funds from NCDOT thru FFY2010.
- MTC and City Council have requested \$40 million continuing funding for BLE in FY2011
- CATS was awarded \$23.7 million in Federal stimulus fund allocation

Achieve Positive Employee Climate

- 42% of CATS employees participated in exercise activities in FY2010

Develop Collaborative Solutions

- MTC adopted a Legislative Strategy and Work Plan to achieve the strategy

Strategic Initiatives

CATS FY2011 Strategic initiatives to support its mission, vision, and strategic goals are as follows:

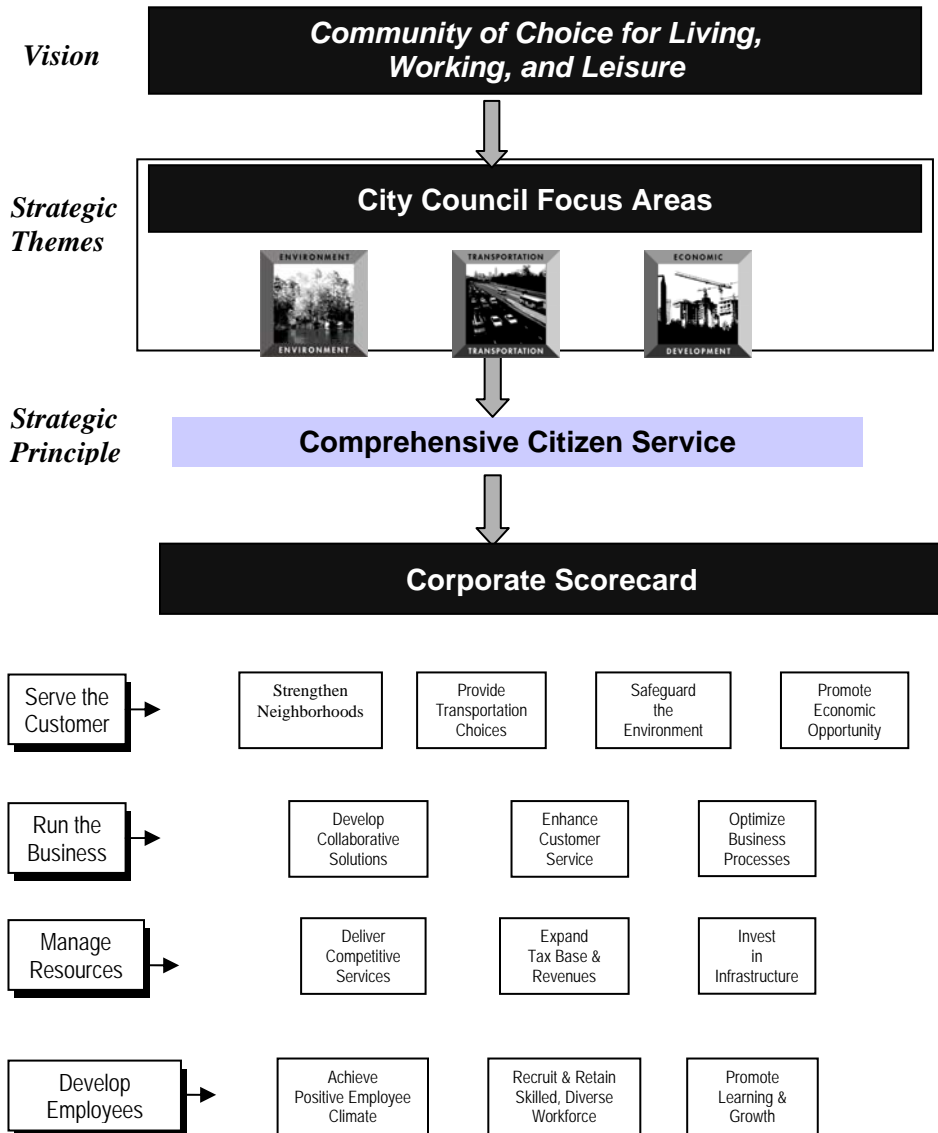
- ❖ Sustain Ridership
- ❖ Inclusion of key projects in new Surface Transportation Authorization
- ❖ Update and continue advancement of Corridor System Plan
- ❖ Complete Strategic Facility Plan
- ❖ Secure new transit revenues
- ❖ Improve system safety



Links to Corporate Strategy



City Strategy



CATS plays an integral part in the City meeting the objectives of its corporate strategy through its primary function of providing transportation choices. As the mission statement identifies, CATS seeks to improve the quality of life for everyone in the greater Charlotte region by providing outstanding community-wide public transportation services. As indicated below in the Key Accomplishments sections, CATS also directly impact Strengthen Neighborhoods, Safeguard the Environment, and Promote Economic Opportunity corporate Objectives.

III. SERVICE DELIVERY

CATS seeks 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. CATS plans to continue to provide services to meet the needs of the regional growth, and continue developing rapid transit plans for four additional transportation corridors.

Core Services

CATS provides the following core services in the Charlotte region in support of the City's Corporate objectives:

Transit Services

Provide Transportation Choices:

- Currently transport over 79,100 riders each weekday to work, school, shopping, medical appointments and other destinations, utilizing local and express fixed route buses, demand response bus service; vanpool; light rail and trolley services
- Specialized door-to-door service for ADA certified customers
- Technology to assist riders with transportation choices

Strengthen Neighborhoods:

- Connect citizens to local businesses and other destinations in the region through neighborhood/community shuttle bus services
- Embrace environmental friendly practices in transit amenities and equipment

Promote Economic Opportunity

- Competitive process for distribution of JARC and New Freedom funds for human services transportation purposes
- Specialized new job access bus services
- Specialized services to transport the elderly and disabled community to jobs (through the Department of Social Services)
- Disadvantaged Business Enterprise Program which provides small business with opportunities to participate in major, Federally funded contracts
- Create jobs utilizing ARRA funds

Safeguard the Environment

- Use of clean diesel in buses; targeted procurement of hybrid buses and installation of particulate filters on buses
- Use of "green" initiatives in new facilities construction; and at rail platforms
- Recycled rain water usage at CATS Park & Ride facilities
- Enhance idling initiative on buses



Enhance Public Safety

- Safe and secure public transit system with visible presence of law enforcement personnel and security equipment at CATS facilities and on CATS vehicles
- Maintain cleanliness, lighting and landscaping along fixed guideways, including graffiti removal
- Maintain low preventable accident rate

Development Services

Provide Transportation Choices

- Implementation of 2030 Transit Corridor System Plan which provides transportation choices within the Charlotte region.

Invest in Infrastructure/Safeguard the Environment

- Building environmentally friendly, safe and customer convenient park and ride lots and community transit centers

Promote Economic Development/Strengthen Neighborhoods

- Plans for transit oriented development in the community
- Seek joint development opportunities

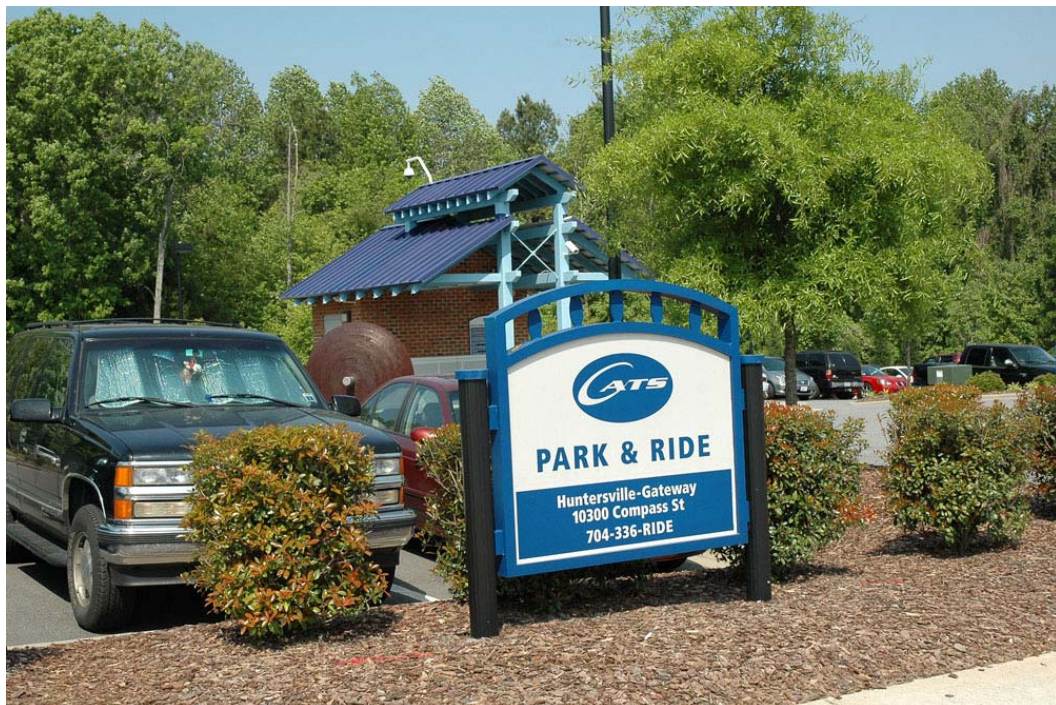
Administrative Services

Optimize Business Processes/Expand Revenues

- Business initiatives and pursuit of Federal and State grants and other sources of revenue in support of capital and operating programs.
- Quality control of all construction projects
- Records management
- Re-engineering of business processes

Promote Learning and Growth

- Ongoing training for all levels of employees



Charlotte Area Transit System

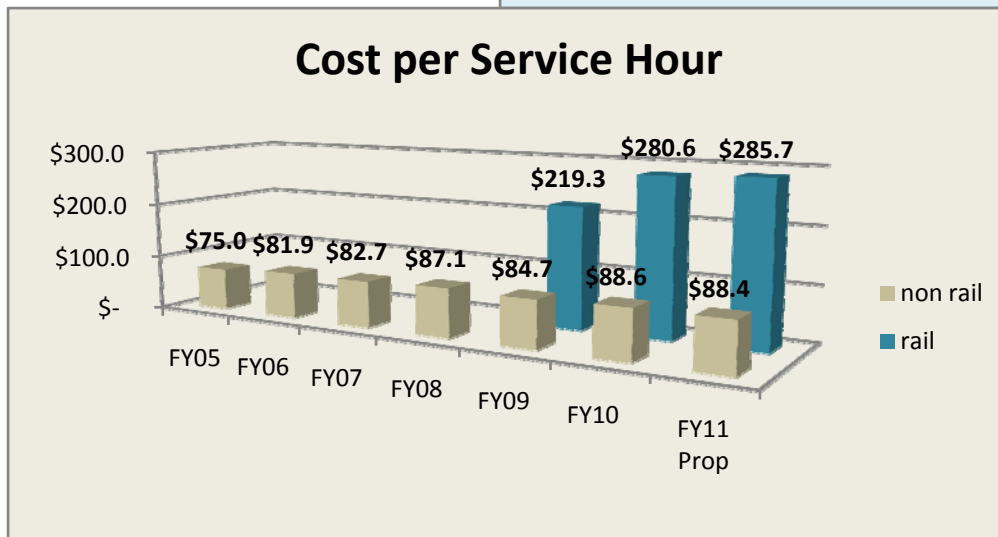
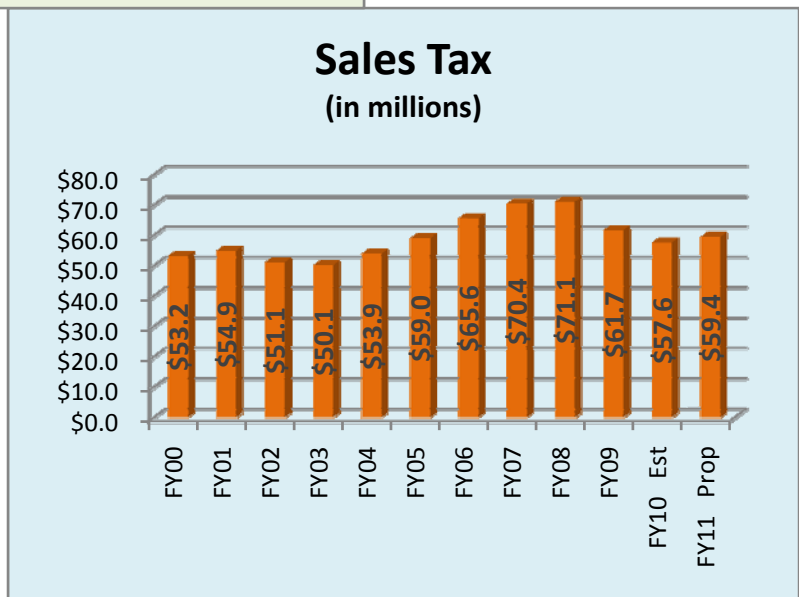
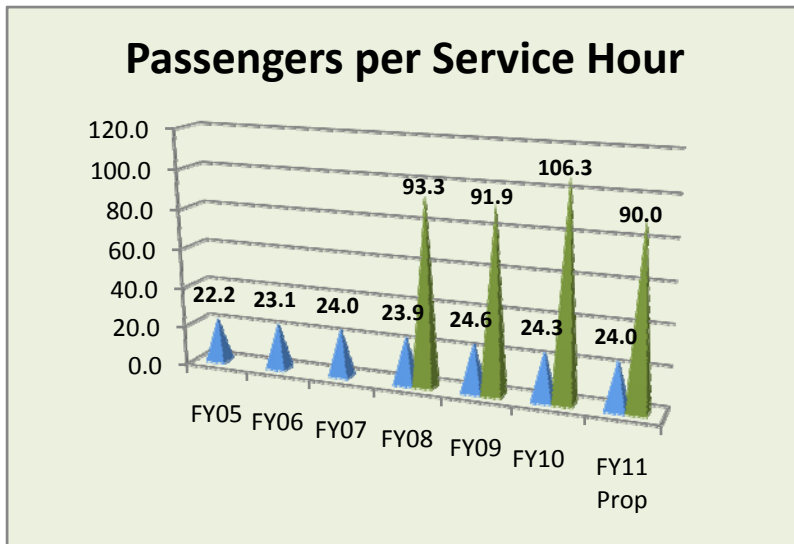
Summary	FY09	FY10	FY11	
Charlotte Area Transit System (CATS) provides public transit services to the Charlotte region. CATS is the largest transit system in the Carolinas. Service is provided via local, express, neighborhood, activity center and regional bus services, vanpool, ADA paratransit, and human services transportation.	Budget	\$112,621,307	\$110,867,771	\$101,872,020
	Positions	392.75	392.75	363.75
Vital Statistics	Accomplishments			
<ul style="list-style-type: none"> • 24.3 million riders for FY2010 • Over 79,100 passengers on weekdays • CATS fleet; 324 buses, 184 paratransit and vanpool vans, 20 light rail cars and 3 trolley cars, for a total vehicle fleet of 531 vehicles • Rail and Bus Fleet is 100% wheelchair and bicycle accessible. The Bus Fleet, which includes 7 hybrid buses (2 utilized on local routes and 5 for the new Sprinter service), utilizes clean, ultra low sulfur diesel fuel 	<ul style="list-style-type: none"> • Completion of the first 2.5 years of Light Rail operation. On time performance at 99.4% • Prior to FY2010, increased ridership for 11 consecutive years with an 106% increase since 1999 • Continue to maintain extremely low preventable accidents for entire system • Completed 30% of design level plans for LYNX Blue Line Extension by June, 2010 • Completed 90% of design level plans for the LYNX Red Line 			

SERVICE DELIVERY CHALLENGES

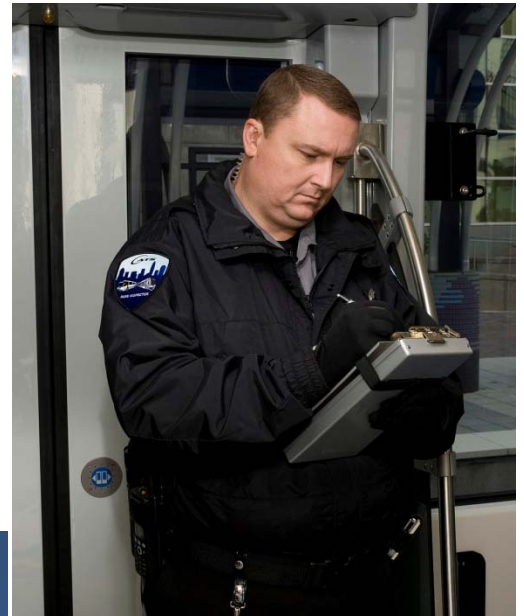
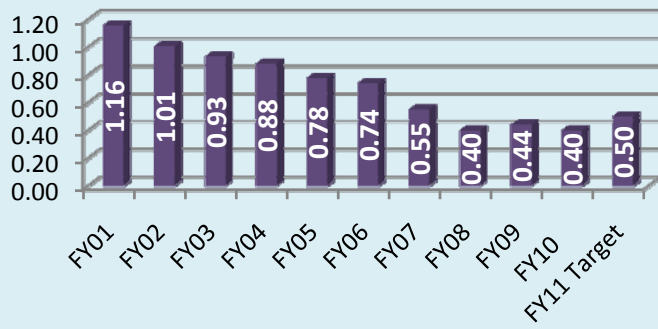
- Shield operations from the current instability of the half cent sales tax by seeking new revenues
 - Minimize disruption to service from budget cuts resulting from declining revenue
 - Maintain existing facilities and infrastructure within a tightening budget
 - Balance funding for current operations with needed capital funding for bus and equipment replacement and corridor advancement
 - Seek additional funding through opportunities made available through various granting organizations
- Explore additional sources of revenue
- Continue to increase ridership while reducing service on less productive routes
 - Shift resources from non-productive, low ridership services
 - Continue to increase ridership on existing routes
 - Manage customer needs in the short run while managing the effect of current economic downturn
- State of Good Repair
 - Submit responsible proposals to all new Federal transit notices of funding availability to maintain transit in a state of good repair
 - Legislative measures to increase opportunities for funding

Service History and Trends

Historical information on transit system ridership and service levels is provided in the charts and tables provided below.



CATS Preventable Accidents Per 100,000 Miles



IV. BALANCED SCORECARD AND PERFORMANCE MEASURES

CATS FY2011 Balanced Scorecard (BSC) is provided in Appendix A. CATS' Business Strategy is directly linked to three Council Focus Areas (Transportation, Environment, and Economic Development) and to thirteen of the City's Corporate Objectives.

Please note: Appendix A to this Strategic Operating Plan provides the tables that list the department's Strategic Initiatives for FY2011 according to the City Corporate Objectives and business perspectives that they support. The tables also present performance measures that CATS will use for each Strategic Initiative in FY2011.



V. REQUEST FOR RESOURCES

A summary of the FY2011 Transit Program is provided in Appendix B. This proposed Program was adopted by the MTC on April 28, 2010. City Council approved the program after MTC adoption, on May 26, 2010.

Service Level Changes

No additional resources are requested in the FY2011 budget.

The following service reductions are proposed in CATS Strategic Operating Plan:

- CATS will reduce its authorized position count by twenty-nine saving \$169,000. Eight Charlotte Mecklenburg Police Officers currently paid for by CATS will be returned to the Police Department; CATS will increase the number of (lower cost) private police officers provided by contract with Allied Barton Services. Net savings is \$475,072.

Summary of FY2011 Transit Program Highlights

Details of the FY2011 Transit Program are provided in appendix B.

Significant issues in the FY2011 Program include:

Income:

- \$59.4 million from the sales & use tax in FY2011 has a very significant impact on CATS operating and capital programs.
- Proposed \$0.25 fare increase would raise additional \$2.4 million in revenue
- Grants anticipated from the Federal government in FY2011 are unclear at this time and dependent on the progress/passage of the new Surface Transportation Authorization Act

Service:

- In FY2011 CATS revenue service hours will be 994,000, which reflects no change from the FY2010 estimate.
- Ridership in FY2010 was 6.5% below FY2009 actual; and is not projected to increase in FY2011 unless there is an unusual event which impacts commuters, i.e. a significant rise in cost of fuel.

Expense:

- The FY2011 Operating budget reflects an 8.1% reduction from the FY2010 adopted budget; and a 1.1% increase from the FY2010 unaudited actuals.
- In FY2010, CATS implemented budget reduction initiatives of \$7.0 million in order to balance Operating costs with reduced Operating income. These initiatives have been carried forward into FY2011.
- In FY2011, fuel is budgeted at \$2.35/gallon and is approximately 9% of the operating budget. With the current volatility of fuel prices it is anticipated that any increase in FY2011 will cause CATS to consider service reductions.

- The number of Charlotte police officers assigned directly to CATS will be reduced by eight; the impact of this change will be mitigated by an increase in the current number of (lower cost) contract police officers. CATS will also eliminate twenty-nine previously frozen positions.
- The FY2011 budget includes a 3.5% increase in Personal Services costs, i.e. merit and benefits.

VI. CONCLUSION

This document describes CATS Strategic Operating Plan for FY2011.

VII. APPENDICES

- A CATS Departmental Balanced Scorecard
- B Details of the 2011 Transit Program



KBU-Balanced Scorecard Report

Reporting Period: 07/01/2010 to 06/30/2011

Corporate Objective	KBU Initiative (* indicates Focus Area Initiative)	Measure (\$ indicates incentive pay measure)	Prior Year Actual	Lead or Lag	Performance Data			Comments/Explanation <i>(To be completed at mid-year and year-end reporting)</i>
					Target	YTD	Status	

Serve the Customer	C1. Provide Transportation Choices	Deliver safe, high quality services			Lag	0%		
					Lag			
						85%		
						93%		
						98%		
					Lag			
						.50		
						.50		
						.35		
						Greater or equal to 14,000 miles		

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	Implement 2030 Transit Corridor System Plan	\$ Revised submission for FTA New Starts Report *LYNX Blue Line Ext-Advance Engineering to FEIS *Advance Red Line work plan objectives		Lead	11/30/10			
				Lead	06/30/11			
				Lead	06/30/11			
C2. Strengthen Neighborhoods/ Promote Economic Opportunity	Rehabilitation of (ARRA Funded) Davidson Bus Garage Support successful implementation of the Council-adopted Policy for sustainable City facilities.	Complete Construction of Contracts A, B, and C *Develop: a. CATS-wide roadmap b. Metrics and Protocol *Incorporate sustainable features in the design and construction of capital projects per Council adopted Policy		Lead	06/30/11			
				Lead	06/30/11			
				Lead	06/30/11			

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C3. Safeguard the Environment	Reduce emissions of air pollutants while improving fuel economy	*Reduce bus idling by 5% over FY10 baseline (xx.xx%)		Lag	5% Reduction			
		*Order a minimum of 6 Hybrid Buses		Lead	06/30/11			
	*Incorporate environmentally responsible elements in the design/construction and/or operation of City Facilities	*Design a viable renewable energy program at South Tryon Garage		Lead	06/30/11			
		*\$ Develop a recycling plan and budget for rail stations and the CTC		Lead	06/30/11			
C4. Promote Economic Opportunity	Meet Federal DBE and Local SBE program goals and or requirements	Goal Attainment 1. DBE (FTA) 2. SBE (City)		Lag	12.9%			
					4.0%			

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Run the Business	B1. Enhance Customer Service	Improve Basic Customer Services	\$ % of Customer Complaint Responses Within 5 Days		Lag	95%				
			Number of Rude and Discourteous Complaints Per 100,000 Riders		Lag	2.5				
			Call Center Abandonment Rate:							
			1. Bus/Rail		Lag	8%				
			2. STS		Lag	8%				
			Customer Satisfaction Survey		Lead	06/30/11				
	B2. Optimize Business Processes	Manage Workers Compensation	\$ 5% Reduction in Workers' Compensation Lost Workday Injuries per hours worked versus FY2010 rate. CATS and BOD to calculate rate independently.		lag	5%				
		Light Rail Fare compliance	Establish baseline compliance rate by utilizing a statistically valid methodology		Lead	01/31/11				

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	B3. Develop Collaborative Solutions								
Manage Resources	R1. Deliver Competitive Services	Effective Management of transit program finances	<p style="color: orange;">Cost per revenue service Hour:</p> <p style="color: orange;">1. Bus/STS/Vanpool</p> <p style="color: orange;">2. Rail (by car)</p> <p style="color: green;">Passenger Per Service Hour</p> <p style="color: green;">1. Bus</p> <p style="color: green;">2. Rail (by car)</p> <p style="color: orange;">Achieve Net Debt Coverage Ratio</p>		Lag	\$88.37			
					Lag	\$285.65			
					Lag	24.0			
					Lag	90			
					Lead	1.15X			
	R2. Invest in Infrastructure	Expand Transit Centers, Park & Rides and Passenger Amenities	<p style="color: blue;">Construct and or Design three park and rides or transit center facilities</p> <p style="color: blue;">Complete Center City Access Study</p>		Lead	06/30/11			
					Lead	06/30/11			

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Develop Employees	R3. Expand Tax Base and Revenues	Expand funding support from regional partners	*Seek additional revenue sources for planning, constructing and/or maintaining transportation facilities & services		Lead	06/30/11			
	E1. Recruit/ Retain a Skilled & Diverse Workforce	Create an Atmosphere Where CATS is an Employer of Choice	Turnover Rate		Lag	13%			
	E2. Achieve Positive Employee Climate	Support wellness activity	\$ Create wellness information areas in CATS facilities Develop programs which promote physical activey		Lead Lead	4 4			

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	FY2007 Actual	FY2008 Actual	FY2009 Actual	FY2010 Adopted	FY2010 Unaudited Actual	FY2011 Proposed
BEGINNING BUDGETARY BALANCE				\$ 116,343,917	\$ 103,305,465	\$ 105,570,251
OPERATING INCOME						
Maintenance Of Effort	\$ 18,599,366	\$ 18,599,366	\$ 18,599,366	\$ 18,599,366	\$ 18,599,366	\$ 18,599,366
Operating Revenue	\$ 14,906,703	\$ 18,249,091	\$ 23,081,299	\$ 24,529,504	\$ 21,481,926	\$ 25,115,706
Half Cent Sales Tax	\$ 70,409,868	\$ 71,106,519	\$ 61,743,347	\$ 62,715,950	\$ 56,893,830	\$ 59,376,743
Interest Income (all funds)	\$ 5,293,510	\$ 5,184,333	\$ 2,396,688	\$ 2,500,000	\$ 1,900,503	\$ 3,500,000
Operating Assistance	\$ 12,680,935	\$ 13,464,159	\$ 13,240,128	\$ 13,637,332	\$ 12,603,653	\$ 13,384,672
Fund Balance Draw				\$ 10,000,000	\$ 10,000,000	
Other Miscellaneous Income	\$ 337,498	\$ 853,732	\$ 473,050	\$ 900,000	\$ 541,718	\$ 500,000
TOTAL OPERATING PROGRAM INCOME	\$ 122,227,880	\$ 127,457,200	\$ 119,533,878	\$ 132,882,152	\$ 122,020,996	\$ 120,476,487
OPERATING EXPENSES						
Service Delivery	\$ 79,417,577	\$ 97,237,926	\$ 94,232,367	\$ 105,454,907	\$ 95,342,143	\$ 95,352,049
Administration & Management	\$ 7,201,233	\$ 5,923,061	\$ 5,880,415	\$ 5,412,864	\$ 5,359,933	\$ 6,501,045
TOTAL OPERATING PROGRAM EXPENSE	\$ 86,618,810	\$ 103,160,987	\$ 100,112,783	\$ 110,867,771	\$ 100,702,076	\$ 101,853,094
Operating Balance	\$ 35,609,070	\$ 24,296,213	\$ 19,421,096	\$ 22,014,381	\$ 21,318,920	\$ 18,623,393
Operating Reserve				\$ 3,600,000		
Contribution to Capital	\$ 35,609,070	\$ 24,296,213	\$ 19,421,096	\$ 18,414,381	\$ 21,318,920	\$ 18,623,393
NON-OPERATING INCOME:						
DEBT PROCEEDS USED FOR CAPITAL EXPENDITURES	\$ 68,258,898					
CAPITAL INCOME						
Federal Grants	\$ 71,438,918	\$ 80,092,433	\$ 14,772,513	\$ 48,080,472	\$ 65,441,285	\$ 39,495,408
State Grants	\$ 23,634,603	\$ 4,682,416	\$ 8,464,153	\$ 14,292,912	\$ 20,644,074	\$ 8,884,607
Other Capital Income	\$ 9,715,354	\$ 6,076,132	\$ 2,320,964	\$ 110,936	\$ 56,430	\$ 110,936
Contribution From Operations	\$ 35,609,070	\$ 24,296,213	\$ 19,421,096	\$ 18,414,381	\$ 21,318,920	\$ 18,623,393
TOTAL NON-OPERATING INCOME	\$ 208,656,843	\$ 115,147,194	\$ 44,978,726	\$ 80,898,701	\$ 107,460,709	\$ 67,114,344
NON-OPERATING EXPENSES:						
DEBT SERVICE	\$ 17,762,148	\$ 15,829,800	\$ 14,942,000	\$ 15,685,132	\$ 15,377,432	\$ 15,666,369
REDEMPTION OF SHORT TERM BORROWING	\$ 18,000,000		\$ 71,095,000			
CAPITAL EXPENSES						
Bus Equip & Facilities Program	\$ 24,689,475	\$ 20,893,143	\$ 24,685,299	\$ 25,123,985	\$ 41,703,730	\$ 24,283,123
Rapid Transit Program	\$ 158,478,533	\$ 54,053,780	\$ 19,734,951	\$ 34,215,768	\$ 38,114,761	\$ 26,257,587
TOTAL NON-OPERATING EXPENSE	\$ 218,930,156	\$ 90,776,723	\$ 130,457,250	\$ 75,024,885	\$ 95,195,923	\$ 66,207,079
TOTAL CAPITAL RESERVE CONTRIBUTION (DRAWDOWN)				\$ 5,873,816	\$ 12,264,786	\$ 907,265
Contribution from Fund Balance				\$ (10,000,000)	\$ (10,000,000)	\$ -
ENDING BUDGETARY BALANCE	\$ -	\$ -	\$ -	\$ 112,217,733	\$ 105,570,251	\$ 106,477,516

	FY2007 Actual	FY2008 Actual	FY2009 Actual	FY2010 Adopted	FY2010 Unaudited Actual	FY2011 Proposed
OPERATING RATIO (W/O Capital Interest) (O R / O E \geq 20%)	23.71%	23.54%	25.92%	25.19%	23.76%	28.59%
OPERATING BALANCE MONTHS (\geq 1 month's Operating Expense)	4.93	2.83	2.33	2.38	2.54	2.19
PASSENGERS PER HOUR (BUS) (\geq 20 passengers per hour)	24.0	23.9	24.6	26.8	24.3	24.0
COST GROWTH	\$86.25	\$97.36				
Cost per Hour System less Rail	\$82.65	\$87.06	\$84.70	\$93.77	\$88.58	\$88.37
Cost per Hour Rail			\$220.38	\$287.68	\$280.64	\$285.65
ADMINISTRATIVE OVERHEAD (\leq 15%)	9.07%	6.09%	6.24%	5.13%	5.62%	6.82%
CAPITAL INVESTMENT LEVEL (\geq 20% of sales tax revenue)	50.57%	34.17%	31.45%	29.36%	37.47%	31.36%
NET DEBT SERVICE COVERAGE (\geq 1.15)	2.00	1.53	1.30	1.40	1.39	1.19
GROSS DEBT SERVICE COVERAGE (\geq 3.0)	3.96	4.49	4.13	4.00	3.70	3.79

* From FY2010 forward rail cost per service hour is calculated using car hours vs. train hours to coincide with the NTD and Balance Scorecard Reports