

# FY2007 Strategic Operating Plan

February 2006



*Express Services*



*Neighborhood Shuttle Services*



*Special Transportation Service*



*Vanpools*



*Local Services*



*CATS Transportation Center*



**CHARLOTTE AREA TRANSIT SYSTEM**

**Charlotte Area Transit System  
FY2007 Strategic Operating Plan**

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## FY2007 Strategic Operating Plan

### I. EXECUTIVE SUMMARY

#### Introduction

This document describes the Strategic Operating Plan (SOP) for the Charlotte Area Transit System (CATS) for fiscal year 2007. It describes the challenges and priorities CATS will address and pursue in FY2007 in support of its mission and vision and the City of Charlotte's corporate objectives and priorities. It also describes the resources proposed to the Metropolitan Transit Commission to fund CATS business activities and strategic initiatives in FY2007.

CATS' business is to provide public transit services to the Charlotte Mecklenburg community. CATS is the largest transit system in the Carolinas, serving 19 million riders in the region annually with daily ridership in excess of 60,000 passengers. Service is provided via local, express, neighborhood, activity center and regional bus services, vanpool, ADA paratransit and human services transportation.

The FY2007 Transit Program continues progress on achieving the Metropolitan Transit Commission's mandate for implementation of an integrated regional rapid transit system. It also maintains a focus on achieving CATS mission to enhance the quality of life in the Charlotte region by providing outstanding community-wide public transportation services while proactively contributing to progressive, sustainable regional growth and development.

The FY2007 Transit Program as described herein and summarized in the table below identifies the flow of funds during the year that will support transit system operations and capital improvements. The format clearly identifies funds from the Operating Balance that are contributed to the Capital Program and the Capital Reserve Fund Balance that is available for expenditure in future years. During 2007, the long-range Financial Plan for the 2025 Corridor System Plan approved by the MTC in November 2002 will be updated to reflect changes following completion of individual corridor environmental studies.

#### Summary of the FY2007 Transit Program

(\$ In Millions)	FY2004 Actual	FY2005 Unaud. Actual	FY2006 Budget	FY2006 Proj.	FY2007 Preliminary Budget	FY2007 Proposed Budget	FY2008 Proj.	FY2009 Proj.
<b>Beginning Budgetary Balance</b>		\$123.2	\$127.4	\$127.4	\$121.0	\$331.5	\$310.7	\$189.5
<b>Total Operating Program Income</b>	\$96.1	\$103.7	\$107.8	\$107.2	\$113.6	\$111.0	\$117.3	\$120.8
<b>Total Operating Program Expense</b>	\$62.6	\$69.1	\$81.7	\$79.2	\$90.7	\$89.3	\$93.6	\$98.2
<b>Net Operating Balance/Contribution to Capital</b>	\$33.5	\$34.6	\$26.1	\$28.0	\$22.9	\$21.7	\$23.7	\$22.6
<b>Debt Proceeds Used for Capital Expenditures</b>	\$85.3	\$0.0	\$53.7	\$200.0	\$12.0	\$0.0	\$0.0	\$0.0
<b>Capital Program Income</b>	\$64.2	\$98.1	\$137.5	\$138.2	\$189.1	\$163.1	\$130.5	\$168.7
<b>Non-Operating Income</b>	\$149.5	\$98.1	\$191.2	\$338.2	\$201.1	\$163.1	\$130.5	\$168.7
<b>Debt Service</b>	\$3.1	\$8.3	\$17.9	\$16.4	\$17.5	\$18.2	\$18.2	\$13.1
<b>Redemption of Short Term Borrowing</b>	\$0.0	\$0.0	\$55.0	\$0.0	\$53.8	\$53.9	\$70.7	\$0.0
<b>Capital Program Expense</b>	\$123.3	\$85.6	\$124.7	\$117.7	\$137.0	\$111.8	\$162.8	\$230.6
<b>Total Non-Operating Expense</b>	\$126.4	\$93.9	\$197.6	\$134.1	\$208.3	\$183.9	\$251.7	\$243.7
<b>Total Capital Reserve Contribution/ (Drawdown)</b>	\$23.1	\$4.2	(\$6.4)	\$204.1	(\$7.2)	(\$20.8)	(\$121.2)	(\$75.1)
<b>Total Projected Budgetary Balance</b>	\$123.2	\$127.4	\$121.0	\$331.5	\$113.8	\$310.7	\$189.5	\$114.4



## FY2007 Strategic Operating Plan

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### FY 2007 Challenges and Priorities

- **Sustaining growth in transit ridership**
  - Improve customer satisfaction with key service attributes and products
  - Address top deterrents to using CATS for non-customers
  - Continue improvement in bus maintenance
  - Continue improvement in basic customer services/products
  - Expand TDM Program activities in context of regional TDM initiative
  - Implement expanded security strategy
  - Implement new pass structure for light rail
  
- **2025 Plan Implementation**
  - Complete construction of the SCLRP and prepare for revenue service
  - Complete DEIS studies in the other corridors, including finalization of alignments, station locations & technology in SE-W Corridor
  - Advance MTC & FTA approved corridor(s) into the FTA funding pipeline
  - Get transit centers and park-n-ride lots built & in service
  - Adoption of the updated Countywide Transit Services Study
  - Play a central role in communicating the Charlotte-Mecklenburg land use/transit strategy to the general public and key stakeholders
  
- **Financial Management**
  - Manage cashflow
  - Keep operating cost growth in line, both total & unit
  - Keep system productivity on upward track
  - Update financial plans
  - Gain stable, dedicated source of State transit funding.
  - Explore/pursue existing and new federal funding opportunities.
  - Develop a plan for revenue management.
  
- **Organization Development**
  - Implement organizational & staffing plans for LRT
  - Facilitate employee development and promotional opportunities
  - Identify and implement project management process improvements
  - Implement process improvements thru organizational design, system implementation, legislative initiative and/or staff training or changes
  - Implementation of a plan for future administrative offices
  
- **Asset Management**
  - Implement fleet management and replacement plans
  - Implement new facilities maintenance program & absorb the new facilities that will come on line
  - Implement operating facilities plans
  - Utilize and maintain our technology

### CATS MISSION AND VISION

#### **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**

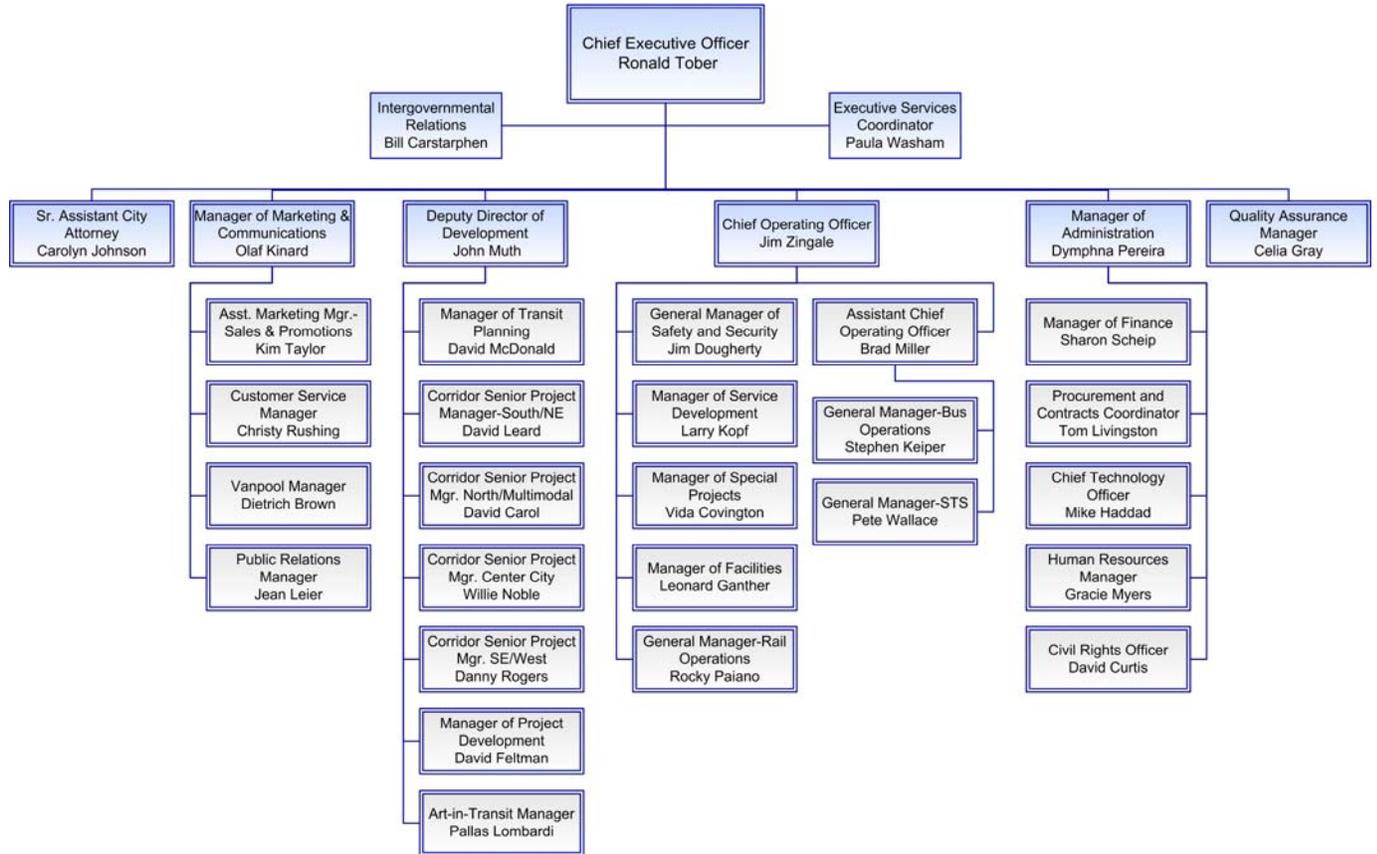
Successful accomplishment of the CATS Mission will mean that the following conditions are realized:

- ❖ 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.



## FY2007 Strategic Operating Plan

### Charlotte Area Transit System



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## II. STRATEGY AND PLANNING

CATS Business Strategy and plans are consistent with the overall corporate strategy of the City. They support two of the City of Charlotte's Council Focus Areas, *Transportation and Economic Development* and through those Focus Areas, the City's policies and growth strategy.

The 2025 Corridor System Plan, approved by the Metropolitan Transit Commission in November 2002 supports Smart Growth principles by designing a rapid transit system which encourages transit-oriented development and proactively encourages commercial and residential development, capital investment and environmental protection.

CATS provides transportation choices to the residents of Mecklenburg County, including the City of Charlotte and the six suburban towns. CATS also provides regional express services to the Counties of Cabarrus, Gaston, Iredell, Union and York.

CATS Business Strategy to fulfill its Mission is defined by the CATS Vision and the Strategic Goals/Themes described on the next page.



## FY2007 Strategic Operating Plan

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### **CATS Strategic Goals/Themes**

In order to achieve the CATS Vision, the following Strategic Goals and themes have been established to guide development and operation of the regional public transit system:

- ❖ **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.

### **FY2007 Links to Corporate Strategy**

CATS Balanced Scorecard shown in Section IV (on page 9) of this document graphically shows how the CATS Business Strategy relates to the City's Corporate Objectives and the Council's Focus Areas and priorities. CATS has identified a number of Strategic Initiatives for FY2007 several of which are continued from prior years. These Strategic Initiatives support various Objectives and the business perspectives delineated on the City's Balanced Scorecard. A table listing these Strategic Initiatives is also provided in Section IV. Validation of on-going performance measures for CATS Strategic Initiatives is provided in Appendix A.

### **Accomplishments**

Since its creation in 2000, CATS had accomplished a great deal in a concerted effort to fulfill the promises made to the voters of Mecklenburg County in 1998 when the transit sales tax was passed.

Highlights of those accomplishments include:

- Seven consecutive years of ridership increases with a 50% increase since 1998.
- Significant expansion of bus services and replacement of older buses in response to customer requests. The CATS bus fleet now totals 326 buses with an additional fleet of 160 paratransit and vanpool vans for a total vehicle fleet of 486 vehicles.
- Replacement of over 3800 bus stop signs with new ones providing route and schedule information and the installation of 197 bus shelters and 51 benches.
- Fleet is 100% wheelchair and bicycle accessible.
- Accident rate per 100,000 miles reduced by 53% since 2000.
- Federal appropriations totaling \$91.6 million (Formula, CMAQ, Discretionary, New Starts) and \$44.6 million from the North Carolina State Department of Transportation.

### **KBU Policies and Special Plans**

CATS is an enterprise fund department within the City of Charlotte with policy direction for the overall transit program provided by the Metropolitan Transit Commission (MTC). The MTC has adopted a number of policies to guide transit system operations and development that CATS staff regularly utilizes. Principle amongst these policies are:

**Financial Policies** to guide management of the transit system's finances and measure performance in the following areas:

- Operating Ratio
- Operating Balance Level
- Cost per Service Hour growth
- Overhead % of Operating Expenses
- Capital Investment level
- Service Productivity improvement
- Debt Service Coverage Ratios



## FY2007 Strategic Operating Plan

**Service Policies** to guide management of transit services

**Fare Policy** to guide decision-making on fare levels and structure characteristics

**Procurement Policies** to insure compliance with applicable federal and state laws and regulations

In addition to these policies, CATS also has plans governing various aspects of the transit system including the following:

### **City Required Plans**

- Technology Plan (Appendix B)
- Training and Development Plan (Appendix C)
- Customer Service Plan (Appendix D)
- Competition Plan (Appendix E)
- Transit Program (Appendix F)

The most recent versions of these plans are appended to this document.

### **FTA Required Plans**

Bus Fleet Management Plan

Rail Fleet Management Plan

System Safety Plan

System Security Plan

Financial Plan

Project Management Plans for individual major investment projects (i.e. South Corridor Light Rail Project)

Quality Manual and individual Quality Plans for major projects

### **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 expansion of existing services and introduce new services to meet the needs of the regional growth, and continue developing rapid transit plans for five transportation corridors, including starting construction on the South Corridor Light Rail system.

#### **Core Services**

The following listing of CATS Core Services includes an indication of which City Corporate Objective the CATS service relates to:

##### **Transit Services**

Provide transportation across the Charlotte region for 19 million customers each year.

- Transport over 60,000 daily customers to work, school, shopping, medical appointments and other destinations. (Provide Transportation Choices)
- Connect citizens to local businesses and to other destinations in the region through community shuttles. (Strengthen Neighborhoods)
- Provide door-to-door service for ADA certified customers. (Provide Transportation Choices)

##### **Rapid System Development**

Plan and develop long-range rapid transit systems outlined in the 2025 Integrated Transit / Land-Use Plan.

- Develop and implement long range plans for rapid transit systems in the five transportation corridors outlined in the 2025 Integrated Transit / Land-Use Plan. (Provide Transportation Choices)
- Develop transit station plans essential to laying the foundation for Transit Oriented Development in the community. (Provide Economic Opportunity, Strengthen Neighborhoods)

##### **Community Involvement**

- Engage and communicate with the public, Mecklenburg County jurisdictions and surrounding municipalities to participate in the development of transit services and rapid transit systems, and convince the public and businesses to use public transportation.
- Conduct public meetings involving citizens, neighborhoods, businesses and communities in the development of the short-term transit services and future rapid transit plans. (Provide Transportation Choices, Strengthen Neighborhoods)
- Assist over 1,100,000 customers annually with trip plans, route inquiries and customer service needs. (Enhance Customer Service)
- Develop transportation programs in area businesses and organizations to promote riding alternative transportation choices. (Provide Transportation Choices, Enhance Customer Service)



## FY2007 Strategic Operating Plan

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### **Financial Management**

Provide for contract administration, grant financing, capital procurement, design and implement technology to ensure the future infrastructure and capacity for continued growth of CATS.

- Manage DBE program encouraging the development of local businesses in the executing the 2025 Transit / Land-Use Plan. (Promote Economic Opportunity)
- Implement technology on bus fleet to provide for greater operating efficiencies and improved customer safety. (Improve Technology Efficiencies, Enhance Customer Service)
- Manage State and Federal grants providing for increased funding and leveraging the local transit sales tax. (Expand Tax Base and Revenues, Deliver Competitive Services)

### **History and Trends**

Historical information on transit system ridership and service levels is provided in the charts and tables shown on pages 7-8.

### **System Development Plans**

CATS System Development Plans include provision of rapid transit in five corridors, development of Community Transit Centers and Park and Ride lots, and provision of shelters, benches and other bus stop amenities.

The 2025 Corridor System Plan, adopted by the Metropolitan Transit Commission in November 2002 prescribes the technology, corridor alignment, and implementation timeframe for rapid transit in the North, Northeast, Southeast, South, and West Corridors. The 2025 Corridor System Plan was financially feasible within the parameters of the ½ percent local sales tax assuming significant federal and state capital grants and calls for phased implementation in the corridors with all corridors receiving rapid transit within the first ten years. The South Corridor Light Rail project is entering the construction phase with revenue operations to start in the 1<sup>st</sup> quarter of FY2008. The remaining four corridors are now undergoing engineering and environmental studies, which will be completed in FY2007.

The System Plan includes development of Community Transit Centers and Park and Ride lots in key locations around Mecklenburg County. The Community Transit Centers provide opportunities for CATS customers to transfer between neighborhood, local, and express services and travel. The Park and Ride lots are located in key transit corridors and provide accessible, safe locations for CATS customers to access express and regional bus service.

A key component of CATS system plan development is provision of customer information and amenities at CATS bus stops. Bus stop signs providing route and schedule information are provided at over 3800 bus stop locations throughout the region. Shelters and benches are being provided at the busiest stop locations.

## **IV. BALANCED SCORECARD**

CATS FY2007 Balanced Scorecard (BSC) is provided on page 9. As shown, CATS' Business Strategy is directly linked to two Council Focus Areas (Transportation and Economic Development) and to eleven of the City's Corporate Objectives.

On pages 10-11 are tables that list the department's Strategic Initiatives for FY2007 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 Initiatives in FY2007.

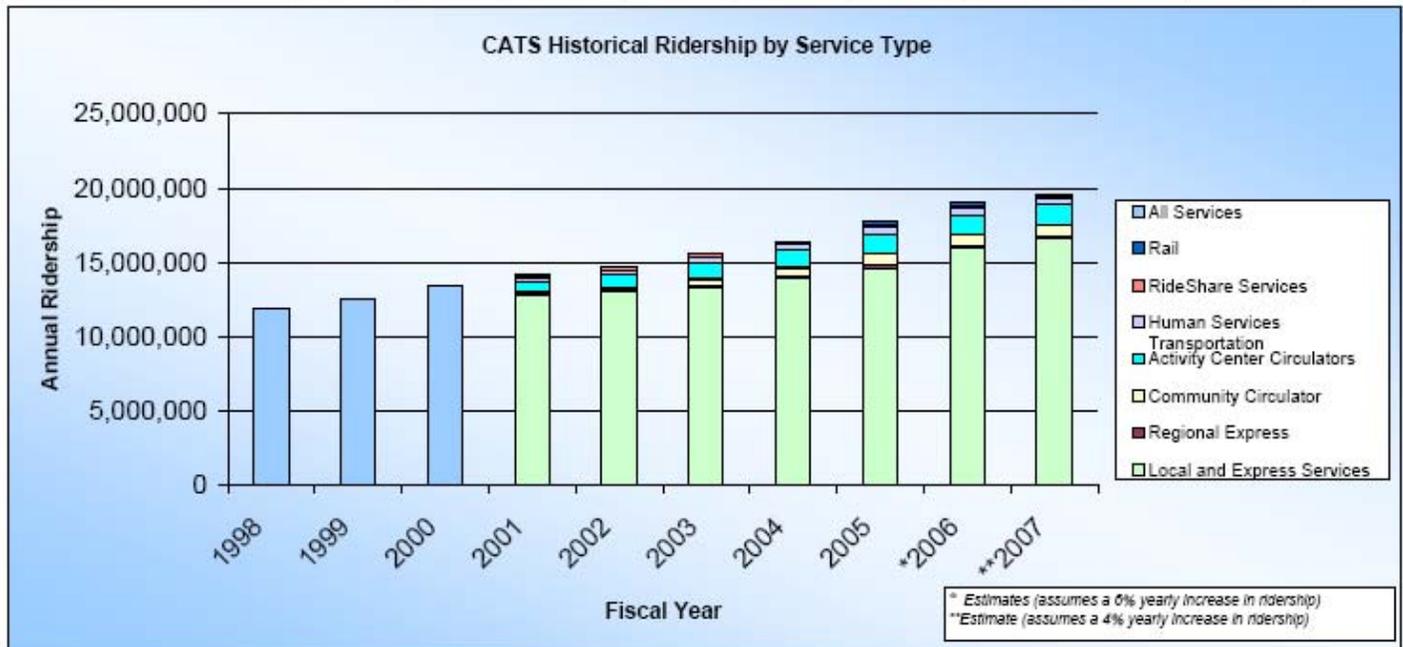


## FY2007 Strategic Operating Plan

### Charlotte Area Transit System Historical Ridership



Fiscal Year	1998	1999	2000	2001	2002	2003	2004	2005	**2006	**2007
Local and Express Services	-	-	-	12,780,844	13,048,974	13,325,703	13,882,280	14,590,787	15,975,183	16,614,190
Regional Express	-	-	-	41,913	87,705	110,263	140,798	204,847	162,023	168,503
Community Circulator	-	-	-	141,309	165,245	410,977	599,358	775,992	689,718	717,306
Activity Center Circulators	-	-	-	708,440	842,995	1,098,732	1,168,728	1,336,575	1,344,926	1,398,723
Human Services Transportation	-	-	-	310,353	335,738	374,354	380,459	412,947	437,817	455,330
RideShare Services	-	-	-	201,804	226,692	208,908	-	181,452	188,718	208,808
Rail	-	-	-	-	-	-	3,415	283,907	185,738	4,087
All Services	11,819,759	12,552,586	13,464,745	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>11,819,759</b>	<b>12,552,586</b>	<b>13,464,745</b>	<b>14,182,463</b>	<b>14,707,349</b>	<b>15,526,927</b>	<b>16,356,488</b>	<b>17,773,753</b>	<b>18,822,404</b>	<b>19,575,301</b>





# FY2007 Strategic Operating Plan

FY2006-FY2007 TRANSIT PROGRAM

Service (Operations) Changes

Attachment 4

12/20/2005

	FY2003 Actual	FY2004 Actual	FY2005 Actual	FY2006 Budget	FY2006 Projection	FY2007 Prel. Budget	FY2007 Proposed	% Change FY2003- FY2007
<b>Local and Crosstown Bus Routes</b>								
Local and crosstown bus route revenue hours	534,690	537,142	549,128	557,667	552,439	574,758	564,048	5%
Local and crosstown bus route revenue miles	7,218,320	7,149,474	7,211,470	7,444,858	7,375,060	7,673,014	7,530,034	
Local and crosstown bus revenue passengers	12,710,417	13,215,421	13,829,409	14,253,914	14,422,204	14,803,452	15,055,509	16%
Local and crosstown bus route pass/rev hrs	23.8	24.6	25.2	25.6	26.1	25.8	26.7	
<b>Express Bus Routes</b>								
Express bus route revenue hours	49,093	51,009	53,139	54,408	54,788	53,950	56,181	13%
Express bus route revenue miles	1,030,946	1,028,642	1,062,780	1,088,159	1,095,769	1,078,999	1,123,611	
Express bus route revenue passengers	532,660	584,130	678,660	709,278	894,388	744,924	1,012,711	47%
Express bus route pass/rev hr	10.9	11.5	12.8	13.0	16.3	13.8	18.0	
<b>Neighborhood/Business Center Services</b>								
Neighborhood/business center service revenue hours	89,313	107,178	125,952	142,200	138,852	156,512	141,814	37%
Neighborhood/business center service revenue miles	982,443	1,335,981	1,734,122	1,791,726	1,749,532	1,972,057	1,786,861	
Neighborhood/business center service revenue passengers	1,481,051	1,746,769	2,102,832	2,402,666	2,595,825	2,719,131	2,807,041	47%
Neighborhood/business center service pass/rev hr	16.6	16.3	16.7	16.9	18.7	17.4	19.8	
<b>Town Services</b>								
Town service revenue hours	28,373	19,260	17,418	17,463	17,463	18,407	17,463	(62)%
Town service revenue miles	510,714	294,042	265,625	266,311	266,311	280,707	266,311	
Town service revenue passengers	109,284	104,046	88,284	91,897	73,660	101,337	73,660	(48)%
Town service pass/rev hr	3.9	5.4	5.1	5.3	4.2	5.5	4.2	
<b>Regional Express Services</b>								
Regional express service revenue hours	9,426	16,409	17,476		17,779	16,968	18,915	50%
Regional express service revenue miles	263,928	247,566	260,965		266,689	254,520	283,725	
Regional express service revenue passengers	110,253	140,796	204,847	231,391	294,060	238,332	346,181	68%
Regional express service pass/rev hr	11.7	8.6	11.7		16.5	14.0	18.3	
<b>TOTAL BUS SERVICES</b>								
Total Revenue Hours	710,895	730,998	763,113	771,738	781,321	820,595	798,421	11%
Total Revenue Miles	10,006,351	10,055,705	10,534,962	10,591,054	10,753,361	11,259,297	10,990,542	
Total Passengers	14,943,665	15,791,162	16,904,032	17,689,146	18,280,137	18,607,176	19,295,102	23%
Total Pass per rev hour	21.0	21.6	22.2	22.9	23.4	22.7	24.2	
<b>Charlotte Trolley</b>								
Total Revenue Hours		27	6,972		4,805	6,630	4,030	
Total Revenue Miles		111	28,444		19,604	27,050	16,442	
Total Passengers		3,415	263,955	100,000	169,044	164,516	100,000	
Total Pass per rev hour		126.5	37.9		35.2	24.8	24.8	
<b>Light Rail Operations</b>								
Total Revenue Hours						8,050		
Total Revenue Miles						153,325		
Total Passengers						675,000	0	
Total Pass per rev hour						83.9		
<b>TOTAL RAIL SERVICES</b>								
Total Revenue Hours		27	6,972		4,805	14,680	4,030	
Total Revenue Miles		111	28,444		19,604	180,375	16,442	
Total Passengers		3,415	263,955	100,000	169,044	839,516	100,000	
Total Pass per rev hour		126.5	37.9		35.2	57.2	24.8	
<b>STS Paratransit Services</b>								
Total Revenue Hours	91,631	100,294	116,471		112,680	116,060	116,060	21%
Total Revenue Miles	1,707,016	1,881,728	2,223,981		2,084,580	2,147,113	2,147,110	
Total Passengers	186,713	191,222	209,680	216,176	227,417	222,662	236,514	21%
Total Pass per rev hour	2.0	1.9	1.8		2.0	1.9	2.0	
<b>Vanpool Services</b>								
Total Revenue Hours	44,280	32,192	35,411		37,568	37,568	37,568	(18)%
Total Revenue Miles	2,320,152	1,578,777	1,736,655		1,968,455	1,968,455	1,968,441	
Total Passengers	208,908	181,452	187,962	199,597	214,935	199,597	214,935	3%
Total Pass per rev hour	4.7	5.6	5.3		5.7	5.3	5.7	
<b>TOTAL OTHER SERVICES</b>								
Total Revenue Hours	135,911	132,486	151,882		150,248	153,628	153,628	12%
Total Revenue Miles	4,027,168	3,460,505	3,960,636		4,053,035	4,115,568	4,115,551	
Total Passengers	395,621	372,674	397,642	415,773	442,352	422,259	451,449	12%
Total Pass per rev hour	2.9	2.8	2.6		2.9	2.7	2.9	
<b>TOTAL CATS SERVICES</b>								
Total Revenue Hours	846,806	863,511	921,967	771,738	936,374	988,903	956,079	11%
Total Revenue Miles	14,033,519	13,516,321	14,524,042	10,591,054	14,826,000	15,555,240	15,122,535	
Total Passengers	15,339,286	16,167,251	17,565,629	18,204,919	18,891,533	19,868,951	19,846,551	23%
Total Pass per rev hour	18.1	18.7	19.1	23.6	20.2	20.1	20.8	



## FY2007 Strategic Operating Plan

### **PUBLIC TRANSIT KBU FY 2007 BALANCED SCORECARD**

... SMART GROWTH

**CATS' 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.

CATS' VISION				COUNCIL FOCUS AREAS	CORPORATE SCORECARD OBJECTIVES																	
Achieve increasing share of transit competitive travel markets	Achieve value to citizens by benefiting whole community through exemplary service	Committed, competent and motivated employees	Contribute to innovative, effective and community-focused regional development	Transportation	●				●	●	●	●	●	●	●	●	●	●	●	●		
				Economic Development	●	●	●							●								
					Provide Transportation Choices																	
					Strengthen Neighborhoods																	
					Promote Economic Opportunity																	
					Enhance Customer Service																	
					Improve Technology Efficiencies																	
					Develop Collaborative Solutions																	
					Deliver Competitive Services																	
					Expand Tax Base & Revenues																	
					Achieve Positive Employee Climate																	
					Promote Learning & Growth																	
					Recruit & Retain Skilled Diverse Workgroups																	
●	●	●		CUSTOMER FOCUS	●				●							●						
●			●	SYSTEM DEVELOPMENT	●	●	●	●		●											●	
●	●			FISCAL RESPONSIBILITY							●			●	●							
	●		●	COMMUNITY BENEFITS			●	●														
	●	●		PREPARE FOR THE FUTURE						●	●	●										
	●	●		INVEST IN EMPLOYEES																●	●	●
<b>CATS STRATEGIC GOALS/THEMES</b>					Serve the Customer					Run the Business												Develop Employees





## FY2007 Strategic Operating Plan

SERVE THE CUSTOMER	Provide Transportation Choices	Deliver safe, high quality services	<ul style="list-style-type: none"> <li>• System Ridership increase*</li> <li>• Customer Performance v. Importance Scores*</li> <li>• Vehicular accident rate (all modes)*</li> </ul>
		Advance Corridor System Plan rapid transit projects	<ul style="list-style-type: none"> <li>• Corridor Preliminary Engineering and Environmental Studies completion</li> </ul>
	Strengthen Neighborhoods/ Promote Economic Opportunity	Improve transit service to neighborhoods	<ul style="list-style-type: none"> <li>• Service Improvements implemented</li> <li>• Completion of community transit centers</li> </ul>
		Implement 2025 Corridor System Plan	<ul style="list-style-type: none"> <li>• Identify alignment profiles and station locations along rapid transit lines</li> </ul>
	Promote Economic Opportunity	Implement changes/improvement to DBE/SBE programs	<ul style="list-style-type: none"> <li>• No. of firms certified*</li> <li>• Goal attainment*</li> </ul>
	RUN THE BUSINESS	Enhance Customer Service	Improve basic passenger facilities
Improve basic customer services			<ul style="list-style-type: none"> <li>• % of customer complaint responses within 5 days*</li> <li>• No. of pass sale outlets*</li> <li>• No. of schedule rack locations*</li> <li>• Call Center Abandonment Rate*</li> </ul>
Improve Technology Efficiencies		Pursue technology and process improvements to enhance service delivery	<ul style="list-style-type: none"> <li>• Achievement of Technology Plan milestones*</li> </ul>

\* Measure validation provided in Appendix A.



## FY2007 Strategic Operating Plan

M A N A G E  R E S O U R C E S	Deliver Competitive Services	Improve service delivery capacity and systems	<ul style="list-style-type: none"> <li>• Completion of Park-n-Ride lots</li> </ul>
		Effective management of transit program finances	<ul style="list-style-type: none"> <li>• Cost per service hour*</li> <li>• Passengers per service hour*</li> </ul>
	Expand Tax Base and Revenues	Secure funding needed to carryout 2025 Plan improvements	<ul style="list-style-type: none"> <li>• State capital funding*</li> <li>• Federal capital funding*</li> <li>• Debt policies*</li> </ul> <p>(these three are on one measure validation form)</p>

D E V E L O P  E M P L O Y E E S	Recruit and Retain Skilled, Diverse Workforce	Create an atmosphere where CATS is an employer of choice.	<ul style="list-style-type: none"> <li>• Turnover Rate*</li> <li>• % of 1<sup>st</sup> choice candidates that accept job*</li> </ul> <p>(these two are on one measure validation form)</p>
	Promote Learning and Growth	Make employee development planning an integral part of CATS' culture	<ul style="list-style-type: none"> <li>• No. of promotional opportunities filled internally*</li> </ul>

\* Measure validation provided in Appendix A.

### V. **FY2007 TRANSIT PROGRAM AND BUDGET**

A detailed description of the proposed FY2007 Transit Program is provided in Appendix F. This proposed Program was presented to the MTC on December 21, 2005 and is scheduled for adoption by the MTC on March 22, 2006. The adopted Program will then be presented to the City Council for review and concurrence in April 2006.

#### Summary of FY2007 Transit Program highlights

- Light Rail Service – delay in the startup of revenue service and feeder bus route changes to FY2008.
- Safety and Security – Expansion of CMPD transit dedicated officers to a total of 10 FTE's and expansion and upgrade of private security force to 32 FTE's.
- Technology Maintenance – Additional resources allocated to maintaining new technologies and information systems.
- Fuel Prices – A 30+% increase in fuel prices and actions taken to reduce expenses to cover increased fuel costs.
- Staffing Level – Cut 8 positions to reduce expenses.
- Rapid Transit Corridors – Placeholder amounts budgeted to allow for rapid transit investments pending final MTC decisions on a revised Transit Corridor System Plan and implementation schedule.

Details on these highlights are provided in Appendix F.



## FY2007 Strategic Operating Plan

The FY2007 Transit Program satisfies the Financial Performance Objectives adopted by the MTC as shown below.

### CATS Financial Policy Performance Indicators

	FY2004 Actual	FY2005 Unaudited Actual	FY2006 Budget	FY2006 Projected	FY2007 Preliminary Budget	FY2007 Proposed Budget	FY2008 Projected	FY2009 Projected
<b>Operating Ratio (O R / O E ≥ 20%)</b>	20.20%	23.88%	22.66%	22.31%	21.25%	23.76%	25.33%	26.90%
<b>Operation Balance Months (≥ 1 month's Operating Expense)</b>	6.42	6.01	3.83	4.24	3.03	2.93	3.04	2.77
<b>Passengers Per Hour-Bus Operations (≥ 20 passengers per hour)</b>	21.60	22.20	22.90	23.40	22.70	24.20	23.90	24.20
<b>System Cost per Hour (Cost per hour ≥ inflation)</b>	\$68.56	\$69.15	\$82.34	\$80.50	\$87.44	\$88.88	\$84.26	\$86.28
<b>Administrative Overhead (≤ 15%)</b>	10.38%	11.34%	11.50%	10.03%	10.18%	11.03%	10.92%	10.82%
<b>Capital Investment Level (≥ 20% of Sales Tax Revenue)</b>	62.16%	58.88%	43.66%	46.24%	35.56%	34.77%	36.07%	34.42%
<b>Net Debt Service Coverage (≥ 1.15)</b>	10.87	4.18	1.45	1.70	1.31	1.20	1.31	1.72
<b>Gross Debt Service Coverage (≥ 3.0)</b>	17.49	7.11	3.33	3.63	3.59	3.44	3.62	5.00

#### VI. CONCLUSION

This document describes CATS Strategic Operating Plan for FY2007. A companion Addendum to this document providing a detailed description of the basic on-going activities carried out by CATS in the conduct of its business will be prepared in May of this year. The Addendum will also describe specific initiatives and priorities that CATS organizational units will focus on in FY2007 as part of the CATS Business Strategy.

#### VII. APPENDICES

- A Balanced Scorecard Measurement Validation
- B Technology Plan
- C Employee Development and Training Plan
- D Customer Service Plan
- E Competition Plan
- F FY2007 Transit Program and Budget
  - 1. Transit Program Summary
  - 2. Financial Objectives
  - 3. Transit Income Summary
  - 4. Transit Service (Operations Changes)
  - 5. Transit Staffing Level
  - 6. Transit Operating Program Detail
  - 7. Transit Program Level Changes
  - 8. FY2006-FY2010 Debt Service Schedule
  - 9. FY2006-2010 Transit Capital Program Summary

Charlotte Area Transit System System Ridership		
<b>Corporate Objective:</b> Provide Transportation Choices		
<b>KBU Initiative:</b> Deliver safe high quality services		
<b>Measure and Target:</b> System Ridership 5% increase		
<b>Units of Measure:</b> Individual Rider	<b>Frequency of Update:</b> Monthly	
<b>Measurement Intent:</b> The measure indicates people who choose alternative commute and travel modes.		
<b>Measurement Formula:</b> Actual count of each time an individual rides any CATS services.		
<b>Data Elements and Sources:</b> Data retrieved from buses fare boxes, monthly calculation of Vanpools (10 daily riders times the number of workdays in the month), Mobile Data Terminals from STS, report from DSS.		
<b>Source For and Approach to Setting Targets:</b> Monthly report from bus operating division, email from STS, DSS and Vanpool sections.		
<b>Data Contact:</b> Gail Hofmann		
<b>Target Setting Responsibility:</b> CATS Leadership Team and – CATS Senior Management	<b>Accountability for Meeting Target:</b> CATS Leadership Team	<b>Tracking/Reporting Responsibility:</b> Gail Hofmann
<b>Notes/Assumptions:</b>		

<b>Charlotte Area Transit System Customer Performance vs. Importance Scores</b>		
<b>Corporate Objective:</b> Provide Transportation Choices		
<b>KBU Initiative:</b> Deliver Safe, High Quality Services		
<b>Measure and Target:</b> Customer Performance vs. Importance Scores – Target not confirmed as of February 2006. Estimate decision by April 2006.		
<b>Units of Measure:</b> Performance vs. Importance rating on customer service elements is derived from CATS’ annual marketing research program.	<b>Frequency of Update:</b> Yearly	
<b>Measurement Intent:</b> To provide a barometer of how well CATS is performing on three key customer service elements in relation to how important these service elements are to customers.		
<b>Measurement Formula:</b> Rate derived from surveys conducted from a statistically valid sample of riding customers.		
<b>Data Elements and Sources:</b> Survey responses received from customers on the three customer service elements.		
<b>Source For and Approach to Setting Targets:</b> Source is CATS’ annual market research survey. Results are received in mid-spring of each year. Targets are set based on the gap between how important the customer service element is to customers and how well CATS is performing on that element. Programs are developed to reduce the gap.		
<b>Data Contact:</b> Gail Hofmann		
<b>Target Setting Responsibility:</b> CATS Operations and CATS Marketing	<b>Accountability for Meeting Target:</b> CATS Operations	<b>Tracking/Reporting Responsibility:</b> Gail Hofmann

<b>Charlotte Area Transit System                      Vehicular Accident Rate (all Modes)</b>		
<b>Corporate Objective:</b> Provide Transportation Choices		
<b>KBU Initiative:</b> Deliver Safe, High Quality Services		
<b>Measure and Target:</b> Vehicular Accident Rate (all Modes); Target not confirmed as of February 2006. Estimate decision by April 2006.		
<b>Units of Measure:</b> Ratio of Accidents per 100,000 miles	<b>Frequency of Update:</b> Monthly	
<b>Measurement Intent:</b> To track the safety level of CATS service as a transportation mode in a proportionate manner as compared to CATS' increasing amount of service.		
<b>Measurement Formula:</b> # of Revenue Vehicle Accidents (Bus Operations Division + STS) divided by the # of Total Vehicle Miles (BOD+STS) multiplied by 100,000.		
<b>Data Elements and Sources:</b> Monthly Accident Data & Total Revenue Vehicle Miles Traveled from CATS Bus Operations Division & STS.		
<b>Source For and Approach to Setting Targets:</b> Following review of prior year history, CATS' Senior Management Team recommends this annual target & CATS CEO Approves.		
<b>Data Contact:</b> Brad Miller		
<b>Target Setting Responsibility:</b> CATS Operations	<b>Accountability for Meeting Target:</b> CATS Operations	<b>Tracking/Reporting Responsibility:</b> CATS Operations
<b>Notes/Assumptions:</b>		

<b>Charlotte Area Transit System                      Number of Bus Shelters &amp; Benches Installed</b>		
<b>Corporate Objective:</b> Enhance Customer Service		
<b>KBU Initiative:</b> Improve Basic Passenger Facilities		
<b>Measure and Target:</b> Number of Bus Shelters & Benches Installed; Target not confirmed as of February 2006. Estimate decision by April 2006.		
<b>Units of Measure:</b> Quantity of Bus Shelters and Bus Benches	<b>Frequency of Update:</b> Annually	
<b>Measurement Intent:</b> To track the progress of CATS' Passenger Amenity Program and the level of success CATS has at increasing the number of amenities available for the safety and comfort of CATS passengers. Shelters & benches are regularly listed as some of the most requested improvements on customer service surveys.		
<b>Measurement Formula:</b> N/A		
<b>Data Elements and Sources:</b> # of shelters and benches installed - CATS Operations - Facilities Group		
<b>Source For and Approach to Setting Targets:</b> CATS Adopted Capital Improvement Program & Prior Year Historical Data.		
<b>Data Contact:</b> Brad Miller		
<b>Target Setting Responsibility:</b> CATS Operations	<b>Accountability for Meeting Target:</b> CATS Operations	<b>Tracking/Reporting Responsibility:</b> CATS Operations
<b>Notes/Assumptions:</b>		

<b>Charlotte Area Transit System</b> <b>Percent of Customer Complaints responded to within 5 days</b>		
<b>Corporate Objective:</b> Enhance Customer Service		
<b>KBU Initiative:</b> Improve basic customer services		
<b>Measure and Target:</b> Percent of Customer Complaints responded to within 5 days; Target 93% over FY2006 Actual		
<b>Units of Measure:</b> Complaints responded within 5 days vs. total complaints	<b>Frequency of Update:</b> Monthly	
<b>Measurement Intent:</b> Provide focus on resolving issues that do not meet customer expectations and provide opportunities to correct such issues.		
<b>Measurement Formula:</b> Number of complaints responded to within 5 business days divided by total complaints (year-to-date).		
<b>Data Elements and Sources:</b> CATS Customer complaint database and only the complaints		
<b>Source For and Approach to Setting Targets:</b> Monthly report from Customer Service Manager		
<b>Data Contact:</b> Christy Rushing		
<b>Target Setting Responsibility:</b> CATS Leadership/Senior Management Team	<b>Accountability for Meeting Target:</b> Christy Rushing	<b>Tracking/Reporting Responsibility:</b> Christy Rushing
<b>Notes/Assumptions:</b>		

Charlotte Area Transit System Number of Pass Sales Outlets		
<b>Corporate Objective:</b> Enhance Customer Service		
<b>KBU Initiative:</b> Improve basic customer services		
<b>Measure and Target:</b> Number of Pass Sales Outlets; Target will be increase of 8% over FY2006 Actual		
<b>Units of Measure:</b> Pass Sales Outlets	<b>Frequency of Update:</b> Monthly	
<b>Measurement Intent:</b> Customers indicate that having convenient locations to purchase passes is important to them and enhances the customer service element.		
<b>Measurement Formula:</b> Year-to-date number of pass outlets divided by the total number of pass outlets at the end of the previous fiscal year.		
<b>Data Elements and Sources:</b> CATS database of pass outlets		
<b>Source For and Approach to Setting Targets:</b> Monthly report from Pass Sales Group		
<b>Data Contact:</b> Christy Rushing		
<b>Target Setting Responsibility:</b> CATS Leadership Team and CATS Marketing	<b>Accountability for Meeting Target:</b> Christy Rushing	<b>Tracking/Reporting Responsibility:</b> Christy Rushing
<b>Notes/Assumptions:</b>		

<b>Charlotte Area Transit System                      Number of schedule rack locations</b>		
<b>Corporate Objective:</b> Enhance Customer Service		
<b>KBU Initiative:</b> Improve basic customer services		
<b>Measure and Target:</b> Number of schedule rack locations; Target will be increase of 8% over FY2006 Actual		
<b>Units of Measure:</b> Number of schedule rack distribution locations	<b>Frequency of Update:</b> Monthly	
<b>Measurement Intent:</b> Customers' through market research indicate that having convenient locations for the distribution of schedule information is key to high satisfaction.		
<b>Measurement Formula:</b> Number of total schedule rack locations divided by total schedule rack locations at end of previous fiscal year.		
<b>Data Elements and Sources:</b> Pass sales group database		
<b>Source For and Approach to Setting Targets:</b> Pass sales monthly report		
<b>Data Contact:</b> Christy Rushing		
<b>Target Setting Responsibility:</b> CATS Leadership Team – CATS Marketing	<b>Accountability for Meeting Target:</b> Christy Rushing	<b>Tracking/Reporting Responsibility:</b> Christy Rushing
<b>Notes/Assumptions:</b>		

Charlotte Area Transit System Call Center Abandonment Rate		
<b>Corporate Objective:</b> Enhance Customer Service		
<b>KBU Initiative:</b> Improve basic customer services		
<b>Measure and Target:</b> Call Center Abandonment Rate; Target will be increase of 10% over FY2006 Actual		
<b>Units of Measure:</b> Number of calls abandoned by customer and not answered by customer service representative	<b>Frequency of Update:</b> Monthly	
<b>Measurement Intent:</b> Measure how many customers' calls cannot be answered due to staffing levels or high call volume.		
<b>Measurement Formula:</b> Number of customer calls abandoned divided by total number of calls received.		
<b>Data Elements and Sources:</b> Automated call distributor database		
<b>Source For and Approach to Setting Targets:</b> Monthly call volume report.		
<b>Data Contact:</b> Christy Rushing		
<b>Target Setting Responsibility:</b> CATS Leadership Team – CATS Marketing	<b>Accountability for Meeting Target:</b> Christy Rushing	<b>Tracking/Reporting Responsibility:</b> Christy Rushing
<b>Notes/Assumptions:</b>		

Charlotte Area Transit System Passengers per Service Hour		
<b>Corporate Objective:</b> Deliver Competitive Services		
<b>KBU Initiative:</b> Effective Management of Transit Program Finances		
<b>Measure and Target:</b> Passengers per Service Hour; Target not confirmed as of February 2006. Estimate decision by April 2006.		
<b>Units of Measure:</b> Ratio	<b>Frequency of Update:</b> Annually	
<b>Measurement Intent:</b> To track the trends in CATS' service productivity in order to make future budgetary and service planning decisions.		
<b>Measurement Formula:</b> The # of Fixed Route Bus Unlinked Trips divided by the Annual Number of Revenue Vehicle Hours for Fixed Route Bus Service		
<b>Data Elements and Sources:</b> # of Unlinked Bus Trips is reported monthly by the Bus Operations Division using farebox data and then compiled by the CATS Marketing Dept. for an annualized figure. Annual Revenue Vehicle Hour totals for bus service are compiled by the CATS Bus Operations Division.		
<b>Source For and Approach to Setting Targets:</b> Target is based on same Measure included as part of CATS Adopted Budget Assumption. Target is calculated based on prior year data combined with projections for new services planned for the coming year.		
<b>Data Contact:</b> Brad Miller		
<b>Target Setting Responsibility:</b> CATS Operations	<b>Accountability for Meeting Target:</b> CATS Operations	<b>Tracking/Reporting Responsibility:</b> CATS Operations
<b>Notes/Assumptions:</b>		

<b>Charlotte Area Transit System DBE/Small Business Programs</b>		
<b>Corporate Objective:</b> KBU Promote Economic Opportunity		
<b>Initiative:</b> Implement Improvements to DBE/SBE Programs		
<b>Measure and Target:</b> Goal attainment for (DBE & SBE)	<b>FY2006</b> DBE 11% SBE 4%	<b>FY2007</b> DBE (TBD) August 2006 SBE (TBD) June 2006
<b>Unit of Measure:</b> 1. Percent 2. Percent	<b>Frequency of Update:</b> 1. DBE: Annually in October (federal fiscal year) 2. SBE: Annually (city fiscal year)	
<b>Measurement Intent:</b> The purpose of establishing goals is to assist and inform small businesses of upcoming opportunities available for them based on their particular specialty (trade). Goals also hold CATS accountable for promoting economic development in the community.		
<b>Measurement Formula:</b> 1. DBE total \$ amount (committed) to disadvantaged businesses divided by total \$ amount of federally funded contracts awarded. 2. SBE total \$ amount (actual) of small business contract divided by total \$ amount of non federally funded internal contracts.		
<b>Data Elements and Sources:</b> 1. CATS Capital Programs (DBE) 2. SBE goals are established by the City's Small Business Development Office.		
<b>Source For and Approach to Setting Targets:</b> Relationship between CATS Procurement Plan and FTA Regulations. 1. Bi-annual report on DBE goal achievement to FTA (March and December) 2. Quarterly report on SBE goal achievement to City Small Business Development Office		
<b>Data Contact:</b> David E. Curtis		
<b>Target Setting Responsibility:</b> CATS Administration	<b>Accountability for Meeting Target:</b> CATS Administration	<b>Tracking/Reporting Responsibility:</b> CATS Administration
<b>Notes/Assumptions:</b>		

<b>Charlotte Area Transit System Technology Performance FY2007</b>		
<b>Corporate Objective:</b> Improve Technology Efficiencies		
<b>KBU Initiative:</b> Pursue technology and process improvements to enhance service delivery		
<b>Measure and Target:</b> Measure: Achievement of Technology Milestones Target: FY2007 is 94.0% overall (95% of Approved Technology Plan; 92% of Technology Service Requests; 95% of Problems to City Help Desk)		
<b>Units of Measure:</b> Percent Complete		<b>Frequency of Update:</b> Monthly
<b>Measurement Intent:</b> Tracks the progress of agreed upon milestones to ensure that the information technology component of any project is progressing in conjunction with the planned and emergency requirements of the transit program.		
<b>Measurement Formula:</b> $\{[(AATPMC/TTPMS)*100] + [(ATSRMC/TTSRMS)*100] + [(APC/TPR)*100]\}/3 = \text{Measured Result (94.0\%)}$ AATPMC = Actual Approved Technology Plan Milestones Complete; TTPMS = Total Technology Plan Milestones Scheduled ATSRMC = Actual Technology Service Request Milestones Complete; TTSRMS = Total Technology Service Request Milestones Scheduled APC = Actual Problems Complete; TPR = Total Problems Reported (through the City's Help Desk)		
<b>Data Elements and Sources:</b> <ol style="list-style-type: none"> <li>1. Technology Master Plan (includes Projects, Milestones, Target Completion Dates, Actual Completion Date)</li> <li>2. Technology Service Requests (includes Project Request, Milestones, Target Completion Dates, Actual Complete Date)</li> <li>3. Actual Problems (includes Date Reported to Help Desk, Required Target Completion Date, Actual Completion Date)</li> </ol>		
<b>Source For and Approach to Setting Targets:</b> <ol style="list-style-type: none"> <li>1. Technology Master Plan which aligns milestones with project schedules and is approved annually by the CATS Leadership Team</li> <li>2. Technology Service Requests which are high priority requests approved by Division Managers. Target completion dates are negotiated with Division</li> <li>3. Technology Problems reported to the City Help Desk to include Radio, Surveillance, Networks, Servers, Operating Systems, Desktop, and Application.</li> </ol>		
<b>Data Contact:</b> Michael A. Haddad		
<b>Target Setting Responsibility:</b> CATS Leadership and Administration	<b>Accountability for Meeting Target:</b> CATS Administration	<b>Tracking/Reporting Responsibility:</b> CATS Administration (Information Technology Section)
<b>Notes/Assumptions:</b>		

<b>Charlotte Area Transit System Transit Cost Per Revenue Service Hour</b>		
<b>Corporate Objective:</b> Deliver Competitive Services		
<b>KBU Initiative:</b> Effective Management of Transit Program Finances		
<b>Measure and Target:</b> Cost per revenue service hour		FY2007 Target: \$88.88
<b>Units of Measure:</b> Unit Cost per revenue service hour	<b>Frequency of Update:</b> Annually	
<b>Measurement Intent:</b> The measure tracks total cost of operations against revenue hours of service provided to customers. The intent is to be competitive by maintaining the annual cost $\leq$ annual CPI change and benchmarking against industry standards. This particular measure is one that is used by FTA in annual fund apportionments to CATS.		
<b>Measurement Formula:</b> Total direct cost + % of overhead in support of direct operations divided by total revenue hours.		
<b>Data Elements and Sources:</b> Total direct cost of bus, rail, special transportation, vanpool, customer service, safety/security, operations maintenance. Overhead costs include percentage of costs of City, MTC/Committees and CATS Administrative units that support the Operations. All costs are derived from the City's General Ledger System and Audited Financial Reports. Actual revenue hours from each mode of transportation are recorded in the Cost Per Ride and NTD Monthly Ridership Reports.		
<b>Source For and Approach to Setting Targets:</b> Unaudited interim data is available from MTC Quarterly Reports. However, the final annual cost must be calculated from data in the Certified Annual Financial Report.		
<b>Data Contact:</b> Sharon Scheip		
<b>Target Setting Responsibility:</b> CATS Administration	<b>Accountability for Meeting Target:</b> CATS Administration and Operations	<b>Tracking/Reporting Responsibility:</b> CATS Administration (Finance Section)
<b>Notes/Assumptions:</b>		

<b>Charlotte Area Transit System Financial Partnerships and Planning</b>		
<b>Corporate Objective:</b> Expand Tax Base and Revenues		
<b>KBU Initiative:</b> Secure Funding Needed to Carry Out 2025 Plan Improvements		
<b>Measure and Target:</b> <ol style="list-style-type: none"> <li>1. Update Long Range Plan by Summer 2007</li> <li>2. Federal and State Grants</li> <li>3. Debt Financing – Gross = 3.44, Net = 1.25 – Completed by 8/05</li> </ol>		
<b>Units of Measure:</b> <ol style="list-style-type: none"> <li>1. Percent</li> <li>2. Debt Service Coverage Ratio/s</li> </ol>	<b>Frequency of Update:</b> Annually	
<b>Measurement Intent:</b> To obtain funding for approved projects and cash flow requirements while maintaining the fund balance and other operating and capital investment financial policy objectives established by CATS Financial Policies.		
<b>Measurement Formula:</b> <ol style="list-style-type: none"> <li>1. 2007 Long Range Plan</li> <li>2. Total Grant Funds/Authorized Capital Projects</li> <li>3. A. Gross Debt Service Coverage Ratio, i.e. Annual Sales Tax/Annual Cumulative Debt Service Cost = 3.0</li> <li style="padding-left: 20px;">B. Net Debt Service Coverage Ratio i.e. Annual Operating Balance/Annual Cumulative Debt Service Cost = 1.15</li> </ol>		
<b>Data Elements and Sources:</b> <ol style="list-style-type: none"> <li>1. Transit Op &amp; CIP Programs</li> <li>2. Annual Federal and State allocations</li> <li>3. Year end Certified Annual Financial Report which provides information on Actual Sales Tax received and Actual Debt Service Costs</li> </ol>		
<b>Sources For and Approach to Setting Targets:</b> Maintain balance between capital revenue and expense. <ol style="list-style-type: none"> <li>1. Federal Register and State Awards</li> <li>2. The debt service coverage ratios are measures that are established to ensure responsible use of funding and debt issuance for achieving project schedules.</li> </ol>		
<b>Data Contact:</b> Dee Pereira		
<b>Target Setting Responsibility:</b> CATS Executive & Administration	<b>Accountability for Meeting Target:</b> CATS Executive & Administration	<b>Tracking/Reporting Responsibility:</b> CATS Administration (Finance Section)
<b>Notes/Assumptions:</b>		

<b>Charlotte Area Transit System Employee Development</b>		
<b>Corporate Objective:</b> Promote Learning and Growth		
<b>KBU Initiative:</b> Make Employee Development Planning an Integral Part of CATS Culture		
<b>Measure and Target:</b> 30% of promotional opportunities are filled from within the City.		
<b>Units of Measure:</b> Percent	<b>Frequency of Update:</b> Monthly	
<b>Measurement Intent:</b> To track value that CATS achieves from its investment in employees and an experienced and skilled workforce. To provide employees with incentive and tangible benefit from the employee development program.		
<b>Measurement Formula:</b> Number of employees promoted into higher-level positions/total number of positions filled.		
<b>Data Elements and Sources:</b> The number of current City employees who are promoted into positions that are at a higher level than their current position. Data source: HRD-5 Forms		
<b>Source For and Approach to Setting Targets:</b> Propose a stretch target to encourage supervisors to achieve a higher return on investment in employees.		
<b>Data Contact:</b> Tawanda Alexander / Gracie Myers		
<b>Target Setting Responsibility:</b> CATS Divisions (All)	<b>Accountability for Meeting Target:</b> CATS Divisions (All)	<b>Tracking/Reporting Responsibility:</b> CATS Administration (Human Resources)
<b>Notes/Assumptions:</b>		

Charlotte Area Transit System Recruit and Retain Workforce		
<b>Corporate Objective:</b> Recruit and Retain Skilled, Diverse Workforce		
<b>KBU Initiative:</b> Create an atmosphere where CATS is an employer of choice		
<b>Measure and Target:</b> 1. 1 <sup>st</sup> Choice Candidates that accept job : 90% 2. Employee Turnover : 10%		
<b>Units of Measure:</b> 1 & 2 Percent	<b>Frequency of Update:</b> 1 & 2 Monthly	
<b>Measurement Intent:</b> To recruit the best qualified, skilled diverse workforce; to retain this skilled workforce and minimize employee turnover through investing in employees' personal and professional development.		
<b>Measurement Formula:</b> 1. Number of 1 <sup>st</sup> choice candidates who accept a position/number of job postings 2. Number of separations (voluntary & involuntary)/actual number of employees		
<b>Data Elements and Sources:</b> The number of 1 <sup>st</sup> choice candidates who accept positions within CATS; the number of employees separated from CATS.		
<b>Source For and Approach to Setting Targets:</b> Source for data is primarily information from the City's HRD-5 form which is completed by recruiting supervisors and filed in Human Resources. Data on workforce profile is available from the City's PeopleSoft system.		
<b>Data Contact:</b> Tawanda Alexander / Gracie Myers		
<b>Target Setting Responsibility:</b> CATS Divisions (All)	<b>Accountability for Meeting Target:</b> CATS Divisions (All)	<b>Tracking/Reporting Responsibility:</b> CATS Administration (Human Resources & Civil Rights Sections)
<b>Notes/Assumptions:</b>		



## FY2007 Strategic Operating Plan

### CATS TECHNOLOGY PLAN FY2007

The CATS Technology Plan provides a framework for the management and use of electronic technology components to operate together as a part of a comprehensive system that will enhance safety and mobility. This plan provides the guidelines for CATS management to use technology in a manner that most effectively and efficiently executes the mission of the transit system, meets obligations, and protects the public interest. The plan also provides the necessary structure to ensure compliance with the National ITS Architecture and Standards, as well as promote the use of electronic technology to facilitate providing information to the public.

Within the framework of the Technology Plan:

- Eleven (11) projects address the balance scorecard perspective of Serve the Customer. These projects use technology to enhance the customer experience in our facilities and on our vehicles. In addition, they provide for technology in new facilities in the form of increased information dissemination, surveillance systems, and improved communications capabilities.
- Seven (7) projects focus on the perspective of Manage Resources. The projects in this category involve technology that provides information to allow for better scheduling of routes; increased financial tracking, monitoring, and reporting; and an investment in the overall transit infrastructure.
- Three (3) projects are geared toward the perspective of Develop Employees. This project focuses on addressing the specific needs of the HR function within CATS to include all organizations under CATS, whether City run or managed or supplied by a vendor.
- The remaining thirty-one (31) projects are supporting the internal perspective of Running the Business. These projects improve CATS ability to run the transit business by providing hardware, software, radios, communications infrastructure, and facilities to provide more efficient and effective operation and management of the transit resources.



# FY2007 Strategic Operating Plan

## CATS Technology Funding FY2004 - FY2013

BSP	Project	FY 2006	FY 2007
1	Facility Upkeep at Davidson Street Site	5,000	
2	Uptown Transit Center - Customer Information Technology - PIDS	200,000	
3	High Speed Communications Lines	113,000	130,000
4	New Servers	32,000	32,000
5	Computer refresh (STS, BOD, CMGC, Rail)	45,000	38,000
6	Server Refresh	16,000	16,000
7	Data Analysis Tools (Rider & ATP)		80,000
8	Paratransit Upgrade		
9	Operations Support Systems	200,000	
10	Financial Systems (including Purchasing, budget, & Acctg)	250,000	250,000
12	HR Management	125,000	50,000
14	Paratransit Radio upgrade		
15	Project Management	225,000	115,000
16	Miscellaneous Software	35,000	
17	Contingency for Enhancements & New Endeavors	40,000	40,000
18	Computing Infrastructure		500,000
19	Time and Attendance System	250,000	
20	Timekeeping equipment	75,000	75,000
21	Presentation Systems	5,000	
22	Disaster Recovery	75,000	
24	STS & Call Center Land Line Communications System Upgrade	150,000	15,000
25	Infrastructure Event monitoring and notification	75,000	50,000
26	Data Archiving		30,000
30	Cash Register Replacement		
33	Graphics Computers Replacement	5,000	
1	ITS/AV/AVC	32,000	100,000
2	ITS/AV/AVC System	39,000	
5	ITS/AV/AVC System	1,883,387	137,500
6	STS Facility	500,000	
7	Bus & Bus Amenities/Facilities	30,000	
8	Facilities - Transit Passenger Amenities	54,000	
9	Davidson St Bus Facility Upgrade	300,000	300,000
10	Maintenance Training Modules	122,000	
11	BOD Recruitment Management System	60,000	
12	Trolley Cameras	50,000	
13	Trolley TVM	35,000	
14	Trolley Platform Signage	220,000	
15	Facilities Access Control	300,000	
16	OTC Improvements	60,000	
17	Signal Priority System	1,400,000	
1	New Transit Centers (~3% of C/F budget)	192,500	192,500
2	Park and Ride Lots - Signage (~2.5% of C/F budget)	52,500	58,750
3	New Rail Facility (LRT)	1,500,000	
4	Command Control Facility	1,000,000	
6	South Corridor Transitway	500,000	75,000
7	Surveillance system enhancements and additions	250,000	
8	New equipment	75,000	75,000
9	Kiosks	150,000	
11	Train and Signal Control		500,000
Technology Alone Projects		\$1,904,000	\$1,421,000
Technology included in Other Projects		\$4,609,381	\$437,500
Technology Needed But Not Included in Other Projects		\$3,120,000	\$80,250
Consulting / Direct Capitalization IT Staffing		\$474,179	\$695,214
Technology Alone + Consulting		\$2,378,179	\$2,116,214
<b>MTC Technology Budget</b>		<b>\$2,378,179</b>	<b>\$2,116,214</b>

BSP	Project	FY 2006	FY 2007
1	Hasbus Upgrade and add-on modules	77,250	79,568
2	Hastimo	511,900	53,045
3	AV/AVC	483,500	477,405
4	Info Server	14,000	14,420
5	GIS (ESRI)	10,712	11,033
6	TransCAD	2,652	2,732
7	Stratagem (ST-S)	25,000	25,500
8	EDMS	44,290	45,819
9	Office Suite		
10	Spear - Maintenance & Materials Management	80,340	82,750
11	Surveillance Systems	600,000	600,000
12	Time and Attendance	11,220	11,444
13	Operators Support	100,000	102,000
14	HR Management		45,000
15	Train & Signal Control		35,000
16	Financial Systems		180,000
17	Workstations		
18	Networks	13,000	13,260
19	GIS	7,491	7,641
20	Database	2,601	2,653
21	Project Management	45,000	40,800
22	Misc Software	12,600	12,852
23	GFI	23,005	24,313
24	Hasbus ATP	1,570	1,601
25	Hasbus Rider	1,570	1,601
26	Trip Planning	5,200	5,400
27	Surveillance System		565,000
28	Kiosks		72,000
29	Event monitoring and notification	4,500	4,500
30	Database Symmetry		
31	Data Archiving		
32	Radius	387,697	400,336
33	Nexels	92,400	101,840
34	AirCards	9,240	10,164
35	Other Cellular yearly		
36	PIDS Software	43,897	44,571
37	ADT Surveillance Systems	152,095	159,859
38	Talking Poies	45,000	45,900
39	Omira	21,000	22,000
40	DataBase Rollback	1,020	1,040
41	Access Control	54,000	55,820
42	Cash Registers	5,000	5,200
Sub-Total Unaccounted		\$2,403,740	\$3,383,388
Sub-Total Already Accounted		0	0
Sub-Total All Licenses & Maintenance		717,458	1,582,492
Total Projects & Maintenance UNACCOUNTED		6,123,740	4,264,638
Consulting/Direct Capitalization IT Staffing - ** Other staff not includ		474,179	695,214
Total Unaccounted Projects + Maint + Temp IT Staffing		6,597,919	4,979,852
Total Other Accounted Projects + Maintenance		7,012,101	3,820,888
Total Technology Projects + Maintenance		1,904,000	1,421,000
Complete Totals (Technology, Other, Non Accounted, Consultants, I		13,110,280	6,838,352



**FY2007 Strategic Operating Plan**

**Appendix C**

**FY2007 Employee Training and Development Plan**

<b>Need Assessment or Business Case:</b>	<b>KBU Initiative</b>	<b>Measure</b>
The Federal Transit Administration funding to transit systems is based on adherence to USDOT guidelines. CATS must ensure that its employees receive appropriate training in every facet of business to comply with Federal, State and local guidelines. (Promote Learning & Growth)	Senior Management/mid management level employees will participate in 1 transit professional development opportunity during each year in order to more accurately adhere to Federal, State and local regulations in performance of their jobs.	80% attendance at identified programs, if funding is available and travel is permitted.
Confident and safe operation of technology by employees. (Promote Learning & Growth) (Recruit & Retain Skilled, Diverse Workforce)	Training for all equipment operators, customer service and administrative employees.	80% of employees trained in job-related technology.  Documented number of in-house promotions resulting from higher skill level.
Enable employees to be responsible for their performance plans and career development. Achieve better communication between employee and their supervisor. (Achieve Positive Employee Climate)	PRD training will be continuous process for employees.  CATS Orientation Program for new employees.	100% of new employees will receive CATS Orientation and PRD training within their 1 <sup>st</sup> 6 months on the job.
Broaden and increase CATS employee's capabilities so they can acquire the job skills and experience necessary to be considered for open and future jobs. (Recruit & Retain Skilled, Diverse Workforce)	Develop a pilot Mentoring program with a selected volunteer group of employees.	100% of pilot group employees will submit recommendations, revisions and enhancements of the Mentoring program by June 30, 2006.
Sell CATS as a choice to customers in order to increase ridership and increase fare box return. (Customer Service Focus)	Training for employees on customer communications at all types of forums.	100% of new employees will receive customer service training within 1 <sup>st</sup> 6 months of employment.



## FY2007 Strategic Operating Plan

### CUSTOMER SERVICE PLAN

In the most recent survey of CATS' customers and of non-riders in the region, each group, independently, rated the quality of CATS' service as good to excellent 86% of the time. Customer service is the cornerstone of CATS business and we take pride in meeting, and at times, exceeding our customer' expectations. But, good customer service does not just happen, it takes a strategic plan to develop a customer service philosophy and the necessary business practices needed to execute good customer service.

The customer is at the center of CATS' strategic plan. CATS' **Wheel of Customer Service** (shown on the next page) demonstrates this strategy. Regardless of the type of job or function an employee performs, their action directly and indirectly affects how CATS serve customers. It is CATS' strategy to not merely meet customer expectations but strive to exceed those expectations. To achieve that mission, CATS will continue to focus on three main elements in our customer service strategy.

1. **Training:** key to ensuring a culture is established within the organization and designed to exceed customer expectations.
2. **Communications:** key to ensuring that customers' comments, whether complaints, compliments, requests, etc., are heard, acted upon and that our customers informed of actions taken.
3. **Measurement:** key to ensuring that established expectations levels are met, market research is conducted to understand the ever changing expectations of customers and to provide guidance on how to change the organization.

Outlined are some of the actions executed by CATS in each of these strategic areas.

1. **Training:**
  - a. Each driver, whether a City employee or contractor, receives customer service training over an 8 week period **before** they begin driving.
  - b. Drivers are re-trained when they receive customer complaints on customer service elements.
  - c. All CATS employees receive training when they join CATS on how the customer is impacted from customer information requests to the cleaning of CATS fleet. These are important customer service elements that make the entire CATS experience enjoyable or one that generates complaints.
  - d. Administration staff receives training on proper telephone usage, because every phone call is a customer.
  - e. Call center and info center employees are trained on customer service techniques, route information and conflict resolution.
2. **Communication:**
  - a. Every service never performs perfectly, that is why CATS provides for numerous ways for customers to tell us how we are doing.
  - b. CATS call center, 704-336-RIDE, tracks all complaints received from the telephone, web, and e-mail or written to the organization.
  - c. CATS tracks all complaints and has a business initiative that reports on how well we respond to customer complaints. We must, 93% of the time, respond to customer complaints within 2 business days and resolve customer complaints within 5 business days.
  - d. Once CATS has closed out a customer complaint, our job is not finished. Each month, we randomly choose customer who have called in and registered a complaint. We then survey customers on how well we did in resolving their complaint.
3. **Measurement:**
  - a. Training and communicating to customer is key but understanding how the customer feels is key to adjusting business plans to meet an every changing customer expectation.
  - b. Each week, the call center reviews how well they do on answering calls and how available they were to answer questions or take complaints.
  - c. Monthly, reports are created and reviewed by managers on key customer service elements:
    - i. Call center abandonment rate
    - ii. Call center availability
    - iii. Call volume
    - iv. CATS response to customer complaints in days
    - v. Customer satisfaction on using the call center.
  - d. An annual marketing research study is conducted of customers and non-riders to gain their perspective on 40 customer service elements related to CATS services.

As CATS moves forward, we will continue to monitor, review and adjust our services and customer interactions in order to exceed our customer's expectations.





## FY2007 Strategic Operating Plan

### COMPETITION PLAN

#### **BUS SERVICES**

##### Basic Long-Term Plan

- Continue to contract for regular route, express and community circulator services.
- Continue STS operation of complementary paratransit service.

##### Near-Term Actions

- Continue oversight and monitoring of contract operators to insure performance meets contractual requirements and quality expectations.

#### **LIGHT RAIL TRANSIT**

##### Basic Long-Term Plan

- Operate with City employees as a division within CATS. Contract for selected maintenance functions (i.e. landscaping, station cleaning, substation maintenance). Train Operators and equipment and systems maintenance personnel would be paid at the same or comparable rates as Bus Operators and Bus maintenance personnel but with City benefits and City established work rules.

##### Actions

- Organizational planning and hiring of key operating management personnel in FY2006.
- Assume operation of historic trolley service with seven-day operations thru to Uptown by September 2004.
- Begin hiring light rail operating personnel second half of calendar Fall 2006 and undertake training/testing into 2007.

#### **COMMUTER RAIL**

##### Basic Long Term Plan

- Contract out for complete operation and maintenance of commuter rail services thru competitive procurement.

**FY2006-07 (PROJECTED) TRANSIT PROGRAM AND BUDGET**

**EXECUTIVE SUMMARY**

The Charlotte Area Transit System (CATS) is the largest transit system in the Carolinas, serving 18+ million riders in the region annually with daily weekday ridership in excess of 60,000 passengers. Service is provided via bus, van and rail transportation. CATS' primary service area covers 527 square miles in Mecklenburg County, serving a population of approximately 768,789. The secondary service area covers Concord, Gastonia, Lincoln County, Union County and Mooresville in North Carolina and York County in South Carolina.

The FY2006 (Projected) and FY2007 (Proposed) Transit Operating Program and the FY2007-16 Capital Investment Plan build on the programs of the past seven years and make progress on achieving the Metropolitan Transit Commission's (MTC) mandate for implementation of an integrated regional rapid transit system. It also maintains focus on achieving CATS' mission to enhance the quality of life in the Charlotte region by providing outstanding community-wide public transportation services while proactively contributing to progressive, sustainable regional growth and development.

The charts shown on the following pages, and Attachment #1, summarize the Transit Program from FY2003 through FY2009. FY2006 (Projected) and FY2007 (Proposed) are presented for review and approval by the MTC. Projections for FY2008 and FY2009 are included to provide early projections of the transit system's financial status following the implementation of light rail service in early FY2008.

The following four pages provide:

- A summary of the FY2006 (Projected) and FY2007 (Proposed) program with historical and projected future information.
- Financial Policies Performance Objectives.
- Pie charts showing the breakdown of FY2007 (Proposed) Income and Expenses.

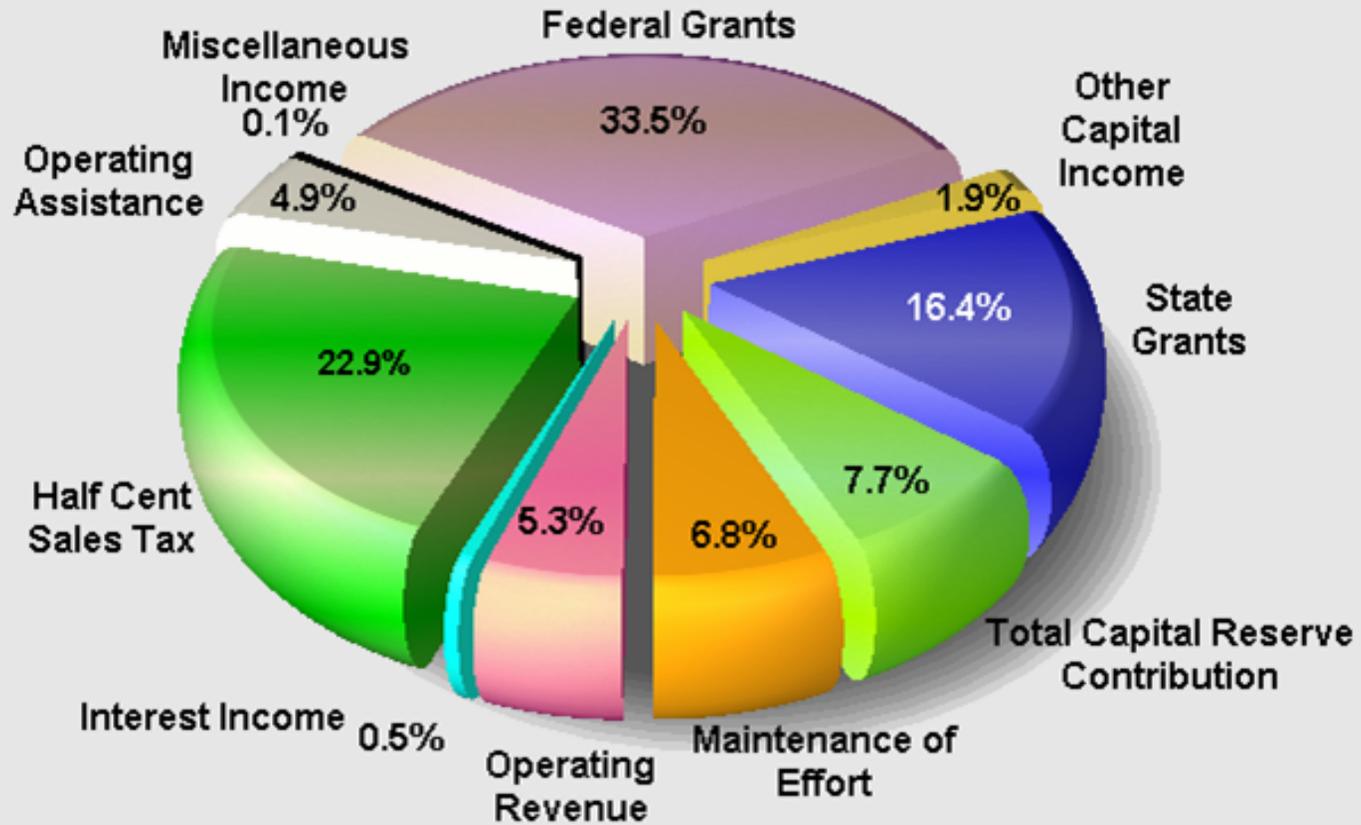
## FY 2006 – FY 2007 PROGRAM SUMMARY

(\$ In Millions)	FY2004 Actual	FY2005 Unaud. Actual	FY2006 Budget	FY2006 Proj.	FY2007 Preliminary Budget	FY2007 Proposed Budget	FY2008 Proj.	FY2009 Proj.
<b>Beginning Budgetary Balance</b>		\$123.2	\$127.4	\$127.4	\$121.0	\$331.5	\$310.7	\$189.5
<b>Total Operating Program Income</b>	\$96.1	\$103.7	\$107.8	\$107.2	\$113.6	\$111.0	\$117.3	\$120.8
<b>Total Operating Program Expense</b>	\$62.6	\$69.1	\$81.7	\$79.2	\$90.7	\$89.3	\$93.6	\$98.2
<b>Net Operating Balance/Contribution to Capital</b>	\$33.5	\$34.6	\$26.1	\$28.0	\$22.9	\$21.7	\$23.7	\$22.6
<b>Debt Proceeds Used for Capital Expenditures</b>	\$85.3	\$0.0	\$53.7	\$200.0	\$12.0	\$0.0	\$0.0	\$0.0
<b>Capital Program Income</b>	\$64.2	\$98.1	\$137.5	\$138.2	\$189.1	\$163.1	\$130.5	\$168.7
<b>Non-Operating Income</b>	\$149.5	\$98.1	\$191.2	\$338.2	\$201.1	\$163.1	\$130.5	\$168.7
<b>Debt Service</b>	\$3.1	\$8.3	\$17.9	\$16.4	\$17.5	\$18.2	\$18.2	\$13.1
<b>Redemption of Short Term Borrowing</b>	\$0.0	\$0.0	\$55.0	\$0.0	\$53.8	\$53.9	\$70.7	\$0.0
<b>Capital Program Expense</b>	\$123.3	\$85.6	\$124.7	\$117.7	\$137.0	\$111.8	\$162.8	\$230.6
<b>Total Non-Operating Expense</b>	\$126.4	\$93.9	\$197.6	\$134.1	\$208.3	\$183.9	\$251.7	\$243.7
<b>Total Capital Reserve Contribution/ (Drawdown)</b>	\$23.1	\$4.2	(\$6.4)	\$204.1	(\$7.2)	(\$20.8)	(\$121.2)	(\$75.1)
<b>Total Projected Budgetary Balance</b>	\$123.2	\$127.4	\$121.0	\$331.5	\$113.8	\$310.7	\$189.5	\$114.4

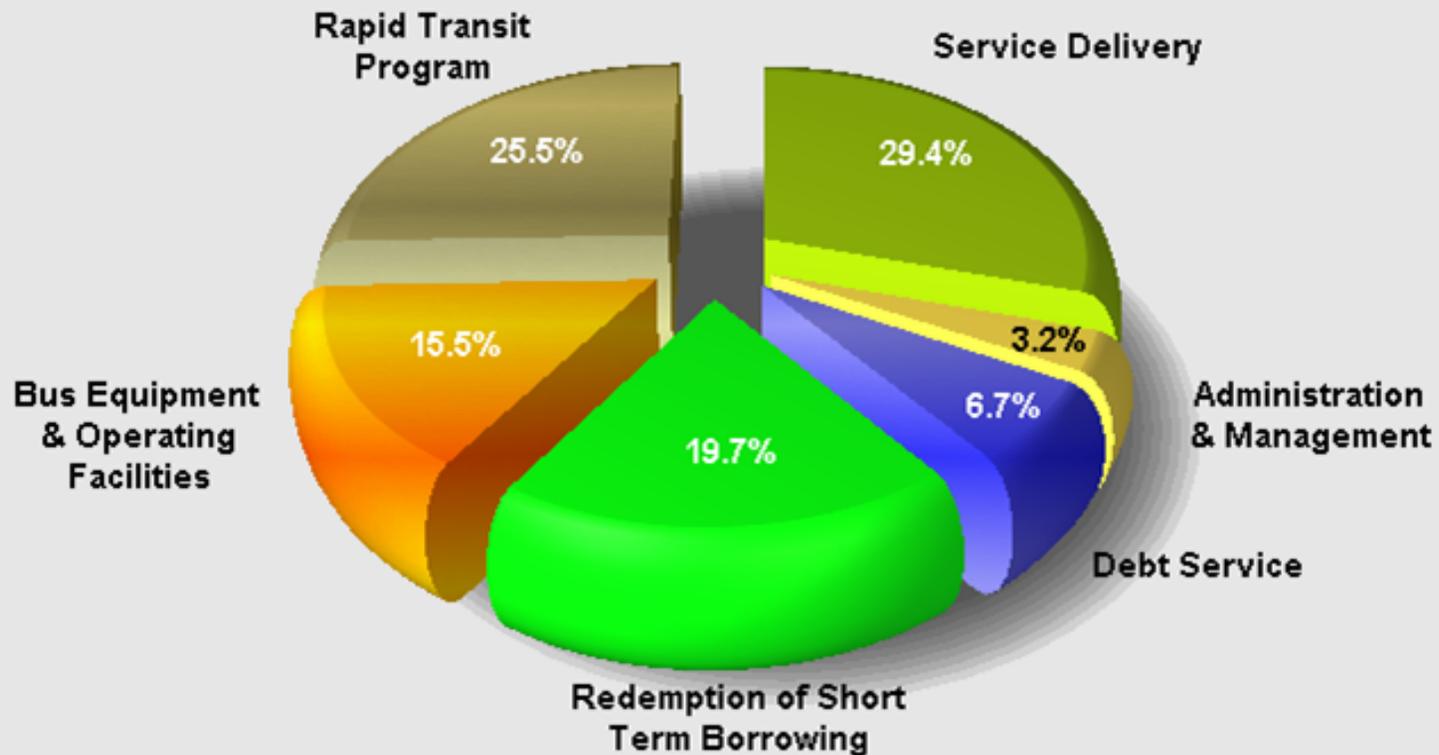
## FY 2004 – FY 2009 FINANCIAL PERFORMANCE OBJECTIVES

	FY2004 Actual	FY2005 Unaudited Actual	FY2006 Budget	FY2006 Projected	FY2007 Preliminary Budget	FY2007 Proposed Budget	FY2008 Projected	FY2009 Projected
<b>Operating Ratio (O R / O E ≥ 20%)</b>	20.20%	23.88%	22.66%	22.31%	21.25%	23.76%	25.33%	26.90%
<b>Operation Balance Months (≥ 1 month's Operating Expense)</b>	6.42	6.01	3.83	4.24	3.03	2.93	3.04	2.77
<b>Passengers Per Hour-Bus Operations (≥ 20 passengers per hour)</b>	21.60	22.20	22.90	23.40	22.70	24.20	23.90	24.20
<b>System Cost per Hour (Cost per hour ≥ inflation)</b>	\$68.56	\$69.15	\$82.34	\$80.50	\$87.44	\$88.88	\$84.26	\$86.28
<b>Administrative Overhead (≤ 15%)</b>	10.38%	11.34%	11.50%	10.03%	10.18%	11.03%	10.92%	10.82%
<b>Capital Investment Level (≥ 20% of Sales Tax Revenue)</b>	62.16%	58.88%	43.66%	46.24%	35.56%	34.77%	36.07%	34.42%
<b>Net Debt Service Coverage (≥ 1.15)</b>	10.87	4.18	1.45	1.70	1.31	1.20	1.31	1.72
<b>Gross Debt Service Coverage (≥ 3.0)</b>	17.49	7.11	3.33	3.63	3.59	3.44	3.62	5.00

# FY2007 Transit Income Overview



# FY2007 Transit Expense Overview



## FY2007 BUSINESS PLAN PRIORITIES

The FY2007 Transit Programs address the following business priorities:

- **Sustaining growth in transit ridership**
  - Improve customer satisfaction with key service attributes and products
  - Address top deterrents to using CATS for non-customers
  - Continue improvement in bus maintenance
  - Continue improvement in basic customer services/products
  - Expand TDM Program activities in context of regional TDM initiative
  - Implement expanded security strategy
  - Implement new pass structure for light rail
  
- **2025 Plan Implementation**
  - Complete construction of the SCLRP and prepare for revenue service
  - Complete DEIS studies in the other corridors, including finalization of alignments, station locations & technology in SE-W Corridor
  - Advance MTC & FTA approved corridor(s) into the FTA funding pipeline
  - Get transit centers and park-n-ride lots built & in service
  - Adoption of the updated Countywide Transit Services Study
  - Play a central role in communicating the Charlotte-Mecklenburg land use/transit strategy to the general public and key stakeholders
  
- **Financial Management**
  - Manage cash flow
  - Keep operating cost growth in line, both total & unit
  - Keep system productivity on upward track
  - Update financial plans
  - Gain stable, dedicated source of State transit funding.
  - Explore/pursue existing and new federal funding opportunities.
  - Develop a plan for revenue management.
  
- **Organization Development**
  - Implement organizational & staffing plans for LRT
  - Facilitate employee development and promotional opportunities
  - Identify and implement project management process improvements
  - Implement process improvements thru organizational design, system implementation, legislative initiative and/or staff training or changes
  - Implementation of a plan for future administrative offices
  
- **Asset Management**
  - Implement fleet management and replacement plans
  - Implement new facilities maintenance program & absorb the new facilities that will come on line
  - Implement operating facilities plans
  - Utilize and maintain our technology



## TRANSIT PROGRAM HIGHLIGHTS DETAIL

In FY2006 and continuing into FY2007, the Transit Program is significantly impacted by three key factors, i.e., the cost of preparation for light rail service with no increase in revenue service hours until FY2008, the cost of diesel fuel and expanded Safety and Security activities.

### 1. OPERATIONS

#### a. Light Rail Service

In FY2006 CATS has completed award of construction contracts for the light rail system and will start awarding contracts for equipment, tools and operations facilities enhancements associated with the service.

Completion of the light rail project will be delayed by four months from the original April 2007 date. Charlotte Trolley service will be suspended for approximately 12 months starting in February 2006, to accommodate construction of the light rail line and upgrade the current trolley stations to LRT standards. In the interim period, current staff of the Trolley operation will be assigned to assist in LRT start-up activities and other CATS divisions. The LRT project will be completed within the schedule required by the FFGA, i.e. by December 31, 2007.

The delay in the start of LRT service and the longer shutdown of historic trolley service results in budget reductions of \$561,688 in FY2006 and \$1,627,711 in FY2007. The reductions result from delays in recruitment, training, start-up and testing activities in the light rail program reduced and trolley operations costs. No LRT revenue service hours will occur in FY2007. Trolley revenue service hours are projected to be reduced by 40% in FY2007.

Budget reductions will also occur in programs supporting the light rail service, e.g. no LRT feeder bus services in FY2007, partial year hiring in Customer Service areas and later than anticipated expenditures on marketing and communications for light rail service.

North Carolina's first light rail vehicle (currently in production) is scheduled for delivery in Charlotte in June, 2006. The remaining vehicles will be delivered for testing from July, 2006 to April, 2007.





b. Safety and Security

In FY2006, the Transit Safety and Security program has been consolidated within CATS. The Program, approved by the MTC last spring, has an authorized FY2006 budget of \$2.1 million and 8 positions and an FY2007 preliminary budget of \$3.1 million and 15 positions. The currently authorized positions include the cost of two Charlotte-Mecklenburg Police Department (CMPD) Officers in FY2006 and eight additional in FY2007.

In September 2005, a comprehensive Safety/Security Plan was presented to the MTC and FTA. It provides for short and long term safety and security of transit riders and assets. In FY2006, new safety initiatives at the Uptown Transit Center and the addition of equipment will increase the estimated expense by \$361,425.

In FY2007 we begin implementation of our Policing Plan. The FY2007 proposed budget together with the FY2007 proposed program level change result in an increase of over \$643,134, which will provide for 8 CMPD Transit Police Officers and expanded contract security staff at CATS' facilities.

Increases in the cost of safety and security are associated with the total CATS system, including the new light rail operation, training and security at CATS' facilities, including transit centers and park and ride lots.

In the capital program, funds are budgeted in FY2006 for federally required safety certifications for the light rail vehicles, secure access control of facilities and emergency call boxes at passenger stations.

c. LRT Feeder Service

64,000 revenue hours of feeder bus services to light rail stations were originally scheduled for FY2007. These services will not occur in FY2007 and are now scheduled for implementation early in FY2008 to coincide with implementation of light rail operation in August, 2007.

d. Technology Maintenance Agreements

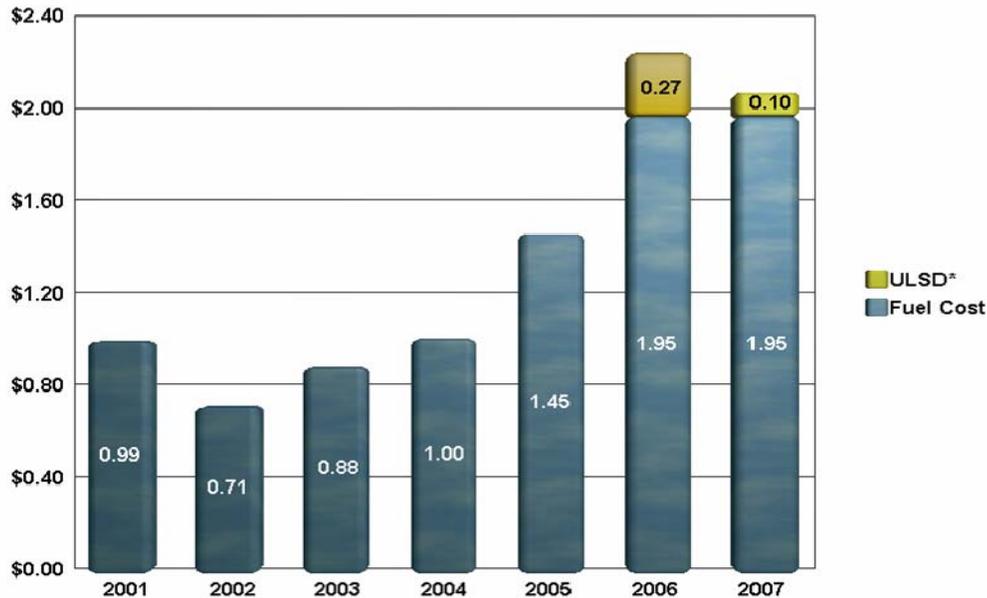
The Transit Capital Program has and continues to include investment in technology. Technology supports and enhances CATS' operations, planning, marketing and business programs. Over the years initial warranties and licenses on technology run out and it is essential to maintain adequate coverage and legal licenses on CATS' technology. The operating budget includes additions of \$405,000+ in FY2006 and \$ 1,100,000+ in FY2007 for extensions of warranties and license fees.

e. Fuel

Diesel fuel is a critical cost driver in the FY2006-07 Transit Programs.

The impact of several unusual situations in the country has resulted in increases in fuel costs over budget by \$1.4 million in FY2006 and \$1.4 million in FY2007. Diesel fuel was budgeted in FY2006 and FY2007 at \$1.50/gallon. From July thru November 2005, the average cost of diesel fuel was \$2.05/gallon. The average cost of diesel fuel assumed in the FY2006 and FY2007 budget is \$1.95/gallon.

The following chart tracks the average unit cost of diesel fuel from 2001-2007.



In FY2006, 63 buses use Ultra Low Sulfur Diesel (ULSD) fuel. Beginning in FY2007 all CATS' buses will utilize ULSD Fuel in compliance with EPA mandate.



## 2. INCOME

- a. Operating Revenue is income received from sales of passenger tickets and passes. It also includes reimbursements from surrounding counties for bus services to those areas. Operating Revenue is projected at 8.4% below the FY2006 adopted budget and 8.1% less than the FY2007 preliminary budget. A change in cashier equipment and accounting practices on pass consignment sales has caused the reduction in revenue versus budget. Significant increases in ridership since September 2005 have helped to mitigate the impact of these changes.
- b. Income from Sales Tax is conservatively assumed to increase in FY2006 by 3.0% over the actual amount received in FY2005. The \$60.5 million projected in FY2006 is increased by 3.5%, to \$62.7 million in FY2007 (see discussion on page 14).
- c. Interest earned on the Capital Fund Balance is projected to increase by \$2 million in FY2007. This results from the City's decision to invest rather than immediately repay the Federal funds received for the SCLRP per the Full Funding Grant Agreement (FFGA). This process was included in the City's financing plan model and is in compliance with law.

## 3. CATS' POSITIONS

In order to manage the increases in fuel costs and expansion of the Safety and Security program, CATS has implemented a reduction of 4 positions in FY2006. In FY2007, 5 additional positions have been eliminated in the administrative overhead areas of Marketing, Technology and Planning.

## 4. PREPARING FOR THE FUTURE

### a. Advancement of the "Other Corridors"

The capital program includes placeholder costs of \$8.1 million in FY2006 and \$50.0 million in FY2007 to advance the Other Corridors into Final Environmental Studies. The costs projected will support the MTC's decision, scheduled for the spring of 2006, on a program for advancement of the Other Corridors. Placeholder costs for the corridors include \$100 million in FY2008 and \$150 million a year from FY2009-16. No assumptions have been made on the Corridor build out schedules or updated costs for each Corridor. CATS' updated long term plan (scheduled for revision in the spring/summer of 2006) will project costs and funding sources to implement the MTC's action.

b. The Charlotte Gateway Station

Costs have been projected in FY2006 and FY2007 to design the Charlotte Gateway Station. The new four-year Federal legislation, SAFETEA-LU, provides an earmark of \$19.8 million for this project. The 10-year cost for this project, i.e. FY2007-16, prior to completion of an environmental study is budgeted at \$100 million and is subject to approval by the MTC later this fiscal year.

c. Transit Centers/Park and Ride Lots

The Capital Program in FY2006 includes the completion of three new transit centers (two are currently in design) and the construction of two park and ride lots (two are currently in design).

d. New/Renovated Operation Facilities

Key Operations facilities include design and construction of a new facility for Special Transportation Services; remodeling of the bus garage at Davidson Street and improvements to the Uptown Transportation Center.

e. Administrative Offices

No funds are projected in the Transit Program for CATS' administrative offices. CATS is currently developing short and long-term office space plan options for review by the MTC. The plans will include the Charlotte Gateway Station as one of the long-term options.

## FINANCIAL POLICIES

The proposed budgets for both FY2006 and FY2007 meet CATS' Financial Policies objectives in all categories except the System Cost growth per hour. The increase in excess of the inflation rate is due to the delay in the start of light rail service to FY2008. The FY2007 budget funds the staffing and other start up activities associated with the implementation of light rail service in August 2007, with no light rail service hours and minimum trolley service hours. Excluding the costs of these two programs in FY2007, the System Cost Growth per revenue hour would have been projected at \$82.20 versus the current projection of \$88.88.

The actual cost of diesel fuel is up 36.6% in FY2006 over budget. The projected increase, at \$1.95/gallon, adds \$1.4 million to the cost in FY2006 and \$1.4 million in FY2007. This increase also contributed to the above inflation growth in cost per hour.

The debt coverage ratios, both net and gross, meet the policy objectives in both years.

## TRANSIT OPERATING PROGRAM DETAILS

Operating Income is projected at \$107.2 million in FY2006 and \$111.0 million in FY2007. Operating Expense is \$79.2 million in FY2006 and \$89.3 million in FY2007. Details of Operating Revenue and Expense are provided in Attachments #3 and #6.

A summary of key changes in operating expense is summarized in the following table and the text that follows:

### SUMMARY OF KEY CHANGES IN OPERATING COST

\$ - Millions	FY2006 Projected	FY2007 Preliminary Budget	FY2007 Proposed
<b>Base Budget Cost</b>	<b>\$81.7</b>	<b>\$81.6</b>	<b>\$79.2</b>
<b>Change to Base Budget</b>	<b><u>(\$ 2.5)</u></b>		<b><u>\$3.1</u></b>
<b>Going Forward Base Cost</b>	<b>\$79.2</b>		<b>\$82.3</b>
<b>Increase to Base Budget Cost:</b>			
Diesel Fuel Increase	\$1.4		\$1.4
Safety and Security Increase	0.4		0.7
Technology	0.4		1.1
Other			0.3
<b>Reductions to Base Budget Cost:</b>			
LRT	(\$0.4)		(\$0.2)
Trolley	(0.1)		(0.2)
Other Discretionary	(4.2)		
<i>-Refer to Attachment #6 for further details</i>			
<b>Subtotal of Changes to Base Budget Cost:</b>	<b><u>(\$2.5)</u></b>		<b><u>\$3.1</u></b>
	=====		=====
<b>Program Level Change:</b>			
LRT Startup, Testing and Operations	N/A	\$5.6	\$4.3
Safety & Security Activities		1.0	1.0
Bus Services		1.4	0.6
Facility and Equipment Maintenance		0.5	0.5
Administrative Services		0.6	0.6
<b>Subtotal</b>		<b><u>\$9.1</u></b>	<b><u>\$7.0</u></b>
		=====	=====
<b>FY Proposed Cost</b>	<b>\$79.2</b>	<b>\$90.7</b>	<b>\$89.3</b>



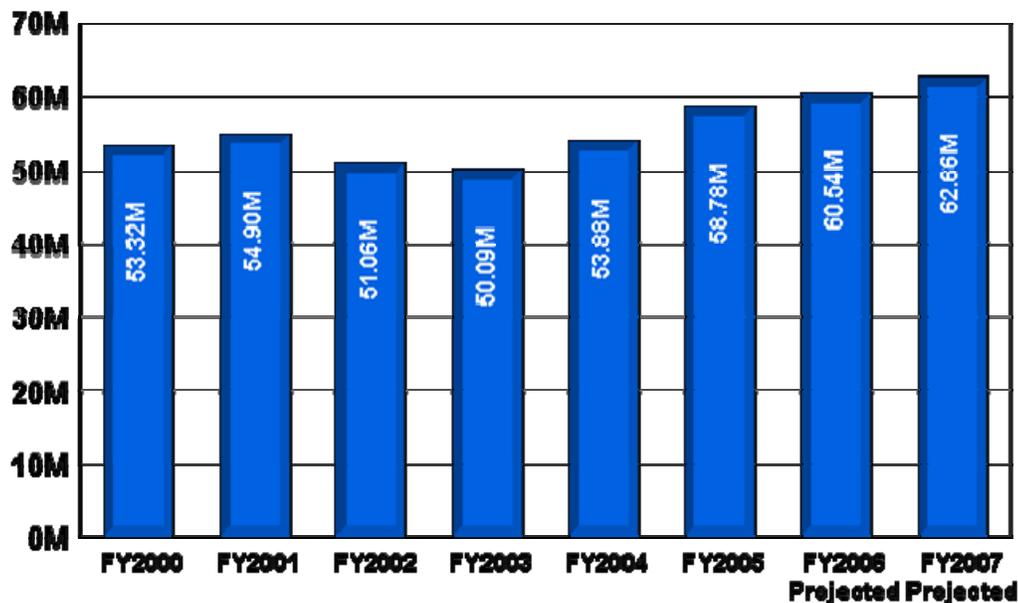
In order to manage the projected shortfall in Operating Program resulting from the increase in cost of diesel fuel and to continue preparation for light rail service, CATS has implemented reductions in discretionary Operating Expense early in FY2006 (Refer to Attachment #6). This action has achieved the Financial Policies objectives for Operating Ratio and Operating Balance Capital Investment level in FY2006 and FY2007.

FY2005 Operating Program elements stated in this document differ from the FY2005 Annual Management Report which was submitted to the MTC in August, 2005. The August 2005 document was prepared at fiscal year-end closing in July 2005 and prior to formal audits in October 2005. This more current document reflects interim audit information pending reclassification of audit entries in December, 2005.

Operating Revenue is projected at 8.4% below the FY2006 adopted budget and 8.1% less than the FY2007 preliminary budget. A change in cashier equipment and accounting practices on pass consignment sales contributed to the reduction in revenue versus budget.

The October 2005 fare increase is projected to increase Operating Revenue by \$630,000 in FY2006 and \$950,000 in FY2007.

Sales Tax income in FY2006 is conservatively projected to increase by 3% over the actual amount received in FY2005. During the first six months of FY2006, actual Sales Tax received was 8.33% over similar period in FY2005. In FY2007, Sales Tax is projected at \$62.7 million which reflects an increase of 3.5% over the FY2006 projection.



Operating Assistance from the State and FTA is projected to decrease in FY2006 by 4.4% versus the adopted budget. Thereafter, the State Maintenance Assistance Program is projected to increase by 5% each year. Federal Operating Assistance from a new revenue fund source is allocated to CATS at approximately \$200,000 annually. This allocation from



the Job Access Reverse Commute (JARC) Federal Program must be utilized to implement new services to transport groups of transit dependent riders to specific job sites. Operating Assistance in FY2007 is projected at 4.2% below the preliminary budget. Funding for TDM Marketing and enhanced bus services will not be awarded to CATS in FY2007.

Attachment #6 provides detail of direct service delivery costs which are projected at \$72.0 million in FY2006 (1.8% below the adopted budget) and \$80.4 million in FY2007 (1.7% below preliminary budget). The direct service delivery cost includes projected costs of local, express, regional and neighborhood bus services, ADA paratransit service, trolley, vanpool and human services transportation. In addition, this category includes costs of preparation for implementation of light rail service and services that directly support other operations.

- The Special Transportation Service (STS) will be extended into all of the Mecklenburg County by the end of FY2006. The expanded service will assist the disabled community beyond the requirements of the law. To maintain the integrity of CATS' ADA paratransit service, new certifications of individual customer eligibility are currently in process.
- Trolley service will be suspended for approximately a 12 month period effective February 2006. This results in gross savings of \$129,889 in FY2006 and \$190,432 in FY2007.
- Safety & Security costs have increased as a result of plans for major security coverage of CATS' facilities. Included in the overall plan are the addition of eight CMPD police officers in FY2007 and expansion of the number of company police officers to create a 24/7 coverage of CATS' riders, vehicles and facilities.
- Additions to the Customer Service unit during FY2007 will assist with extending the hours of the service and handling the increased call volume anticipated with the implementation of light rail.
- Recruitment, training, start-up and testing for light rail operation will be in full force during FY2007 in preparation for the August 2007 service implementation.
- The FY2007 Transit Program also includes the cost of 35 positions in other City Departments that provide direct support to CATS and individual projects.

Administrative Overhead of \$7.2 million in FY2006 and \$8.8 million in FY2007 is maintained well below the 15% of total operating program cost consistent with adopted MTC policy.

Administrative overhead includes CATS' direct support of its operations and planning programs; \$2,793,603 in FY2006 and \$3,844,046 in FY2007 in cost allocations from the City; and costs associated with the MTC and its committees, including annual payment to four of the six Towns who have consistently applied for funding to cover costs of their work in support of transit/land use programs.



The proposed Operating Program reflects the reduction of 4 regular positions in FY2006 versus the 274 authorized positions and a reduction of 9 positions from the 374 positions in the FY2007 preliminary budget. Position reductions have occurred in the Planning, Marketing and Technology programs. Details of position counts are listed on Attachment #5.

A summary of CATS' staffing follows:

#### STAFFING SUMMARY

Full Time Positions	FY2006	FY2007 Budget	FY2007 Proposed
Base Staff	274	274	270
Less: Operations Planning	(1)		
Development/ Administration	(3)		
Add: Light Rail Operations		82	82
Operations Planning		2	1
Customer Service		4	4
Operations Support Services		1	1
Safety & Security		7	7
Administrative Services		4	0
<b>FY Staffing</b>	<b>270</b>	<b>374</b>	<b>365</b>

Attachment# 6 provides line item detail of the proposed Transit Operating Program. Attachment #7 provides detail on the Program Level changes included in the proposed Operating Program for FY2007.

The Operating Balance (the difference between Operating Income and Operating Expenses) contribution to the Capital Program is \$28 million in FY2006 and \$21.7 million in FY2007. This level of balance from Operating Income meets the MTC's financial policy performance objective.



## FY2007-16 TRANSIT CAPITAL INVESTMENT PLAN (CIP)

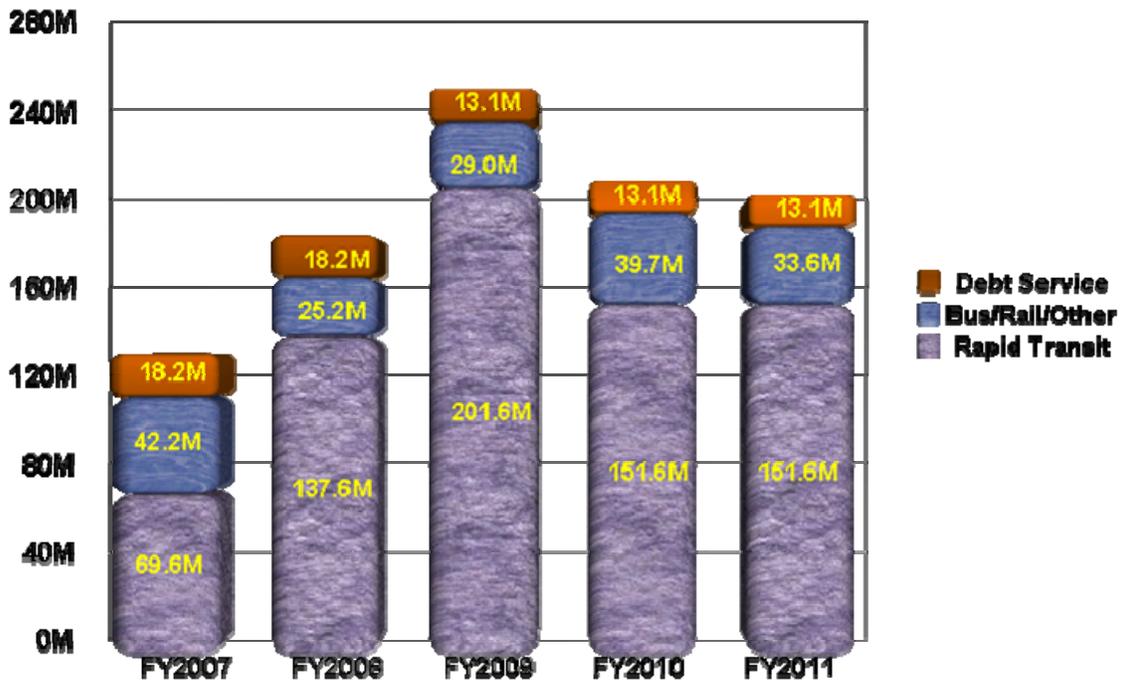
In compliance with the City's budget process, Attachments #8 and #9 provide detail of the proposed 10-Year Capital Investment Plan. Non-Operating Income is projected at \$338.2 million in FY2006 and \$163.1 in FY2007.

A significant component of the capital program is the 2005 issuance of \$200 million Certificates of Participation (COPS) to finance the capital program. This series of COPS, both fixed and variable rate, were rated at AA and higher by three national ratings agencies. A rating of AA is described as a high quality investment grade. At present, CATS has outstanding debt of \$291.4 million (2001-2005).

In FY2006 and FY2007, Federal grants anticipated include funds identified in the FFGA for the South Corridor; Formula and Bus Related apportionments as identified in SAFETEA-LU; and CMAQ funds which will be passed through NCDOT. State grants anticipated include commitments per the SFFGA, matches for all Federal grants and some portion of the Bus Related apportionment to NCDOT.

Other Capital Income includes interest earned on capital fund balances and reimbursement from Charlotte Center City Partners (CCCP) of \$110,996 per year on the cost of Gold Rush buses purchased in December 2000. Interest earned on capital fund balance has been significantly increased in FY2006-07 due to earnings on fund balances. Funds are invested by the City in accordance with the law and in coordination with the cash flow requirements of the transit system as described on page 10 of this Executive Summary.

The following table summarizes the 10-Year CIP:



The 10-Year CIP includes:

- Construction of the South Corridor Light Rail Project
- Placeholder costs for advancement of the “Other Corridors”
- Construction of the Charlotte Gateway Station
- Placeholder costs for Right Of Way purchases
- Vehicles per approved fleet plans
- Design and construction of transit centers, park and ride lots, STS operations facility; upgrades of the Davidson Street bus garage and Uptown Transit Center
- Rail operations tools, equipment and facility enhancements
- Technology, Safety/Security and Asset Maintenance

Attachment # 8 identifies the cumulative annual debt service cost on current and prior issuances. Financings are very carefully designed and managed to be in full compliance with the MTC approved Financial Policies objectives.

### **YEAR-END BUDGETARY BALANCES**

Year-end budgetary balances are projected at \$331.5 million in FY2006 and \$310.7 million in FY2007. Both years greatly exceed the \$100 million balance level objectives in CATS’ Financial Policies.

Maintenance of this balance in the early years of the transit system serves to maintain the confidence of the N.C. Local Government Commission and the national ratings agencies of the program’s financial stability. The \$100 million budgetary balance also protects the City’s overall financial rating.

