

*Connecting Your Life*





## 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

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 perceive public transportation as an important public service which benefits the community as a whole while consistently providing exemplary service to efficiently meet diverse individual needs.

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

CATS is recognized, both locally and nationally, for its contribution to effective, innovative and community-focused regional development.

## Goals

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

**System Development:** Expand and reorganize 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 and efficient 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' abilities to perform their jobs and be prepared for promotional opportunities.

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**H. Parks Helms**

Chair of the  
Metropolitan  
Transit  
Commission

A handwritten signature in black ink, appearing to read "H. Parks Helms".

As Chair of the Metropolitan Transit Commission (MTC), I look back on this year with great pride. As the public body entrusted with the responsibility for overseeing all public transit planning, the MTC has made decisions during the year which will affect the quality of life of every resident of the Charlotte region for decades to come. From approving the implementation of wide-ranging plans to materially improve both regular route and paratransit services, to

adopting a set of visionary land use and development policy guidelines for rapid transit, the MTC has set its seal on initiatives which I feel will shape the future of Charlotte and Mecklenburg County.

One of the MTC's most important efforts during fiscal year 2002 was to help bring Charlotte's 25-year, \$2.9 billion regional rapid transit system one year closer to being a reality. We took significant steps to advance development of the South Corridor Light Rail Transit line, studying and approving station locations, station area planning initiatives, and engineering proposals. At the same time, the commission adopted specific evaluation criteria for in-depth studies of potential mode and alignment alternatives in the other four rapid transit corridors. As the trustees of perhaps the largest public project in North Carolina history, the MTC has consistently maintained a real "hands-on" approach.

Approving fare, discount pass, and procurement policies, creating a public art program, selecting the site of a new state-of-the-art bus garage and maintenance facility, and approving a \$186 million budget for fiscal year 2003 have kept the MTC intimately involved in the operational planning of the current transit system as well.

With members representing Charlotte, Mecklenburg County, the towns of Cornelius, Davidson, Huntersville, Matthews, Mint Hill, Pineville, and the surrounding cities and counties, we on the MTC have striven to ensure that our public transit system benefits every citizen of the Charlotte region by providing safe, convenient transportation and far-sighted regional planning. I believe we have succeeded admirably.



**Ronald J. Tober**  
Chief Executive  
Officer

In publishing this annual report, I am very pleased to be able to report that the Charlotte Area Transit System (CATS) made significant strides in every area of public transit during the year.

With regard to existing services, ridership was up by 3.6%, regular route bus service was expanded and improved, and paratransit service for the disabled was extended to the entire county. New signs, benches, and shelters were installed at bus

stops throughout the system, while a public art program was kicked off, new security plans and procedures were developed, and discounted passes were made available to the public for the first time. As well, a whole host of less visible but equally important initiatives were carried out successfully.

At the same time, planning for Charlotte's first ever rapid transit system went forward at a remarkable pace. Important land use and development policies were developed and adopted, and preliminary engineering and in-depth environmental impact studies on the South Corridor light rail line brought that project much closer to becoming a reality. Also this year, detailed studies of rapid transit options in the North, Northeast, Southeast, and West Corridors and Center City were completed, leading to recommendations for an integrated regional rapid transit system which can be approved and initiated in the 2003 fiscal year.

We at CATS are proud of what we achieved in this fiscal year. It was a year of important milestones and major accomplishments, and it brought us closer than ever to achieving our multi-faceted mission of enhancing the quality of life in the Charlotte region, providing outstanding community-wide public transportation services, and proactively contributing to progressive, sustainable regional growth and development.

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Pictured from left to right

**Front Row:** Judy Davis, *Mayor of Monroe*; Robert Race, *Cornelius Town Manager*; Randall Kincaid, *Mayor of Davidson, Vice Chair MTC*; H. Parks Helms, *Chairman Mecklenburg County Commission, MTC Chair*; Patrick McCrory, *Mayor of Charlotte*; Kim Phillips, *Mayor of Huntersville*; Scott Padgett, *Mayor of Concord*; Richard A. McLean, *Mooresville Town Manager*.

**Middle Row:** Harry Jones, *Mecklenburg County Manager*; Pamela Syfert, *Charlotte City Manager*; Mary Ann Creech, *Pineville Town Administrator*; Bill Powers, *City of Gastonia Councilmember*; George Fowler, *Mayor of Pineville*; Marion A. Cowell, Jr., *Attorney at Law, NCDOT Representative*.

**Back Row:** Al Jones, *Mayor of Mooresville*; Jerry Cox, *Huntersville Town Manager*; Leamon Brice, *Davidson Town Administrator*; Lee Myers, *Mayor of Matthews*; James E. Blank, *TSAC Chairman*; Doug Spell, *Monroe City Manager*; R. Todd Lamb, *Mint Hill Town Administrator*.

**Absent:** Ted H. Biggers, *Mayor of Mint Hill*; Bayles Mack, *SCDOT Representative*; Jeff Brown, *CTAG Co-Chair*; Jerry Blackmon, *CTAG Co-Chair*; A. Douglas Echols, Jr., *Mayor of Rock Hill*; Carson Cato, *Mayor of Cornelius*.

### **Citizen Advisory Committees**

To aid in reviewing long-range transit plans and provide input into the day-to-day operations of the transit system, the MTC has two citizen advisory committees: the Citizens Transit Advisory Group (CTAG) and the Transit Services Advisory Committee (TSAC).

### **Citizens Transit Advisory Group**

The CTAG reviews long-range transit system planning and proposed operating and capital programs from the community's perspective, and makes recommendations to the MTC. This advisory board is made up of members of the community appointed by the Mecklenburg County Board of Commissioners, the Charlotte City Council, each of the six towns, and the Charlotte-Mecklenburg Board of Education. It may include no elected official, and its members serve staggered two-year terms.

### **Transit Services Advisory Committee**

The TSAC reviews, makes recommendations, and provides input into short-range transit operations. The committee focuses on day-to-day operations of the transit service to ensure that it meets the needs of the community. It makes recommendations to the MTC on issues within its sphere of interest and acts as a vehicle to promote public involvement on short-term transit planning. The TSAC is made up of representatives appointed by the City of Charlotte, the Mecklenburg County Board of Commissioners and the six towns.

## **PUBLIC MEETINGS**

### **MTC**

**Fourth Wednesday of each month**

**5:30 p.m. to 7:30 p.m.**

**Charlotte-Mecklenburg Government Center**

**Room 267**

**600 East Fourth Street, Charlotte, N.C.**

### **CTAG**

**Third Tuesday of each month**

**7:00 a.m. to 9:00 a.m.**

**Charlotte-Mecklenburg Government Center**

**Ninth floor**

**600 East Fourth Street, Charlotte, N.C.**

### **TSAC**

**Second Thursday of each month**

**4:00 p.m. to 5:30 p.m.**

**Charlotte-Mecklenburg Government Center**

**Ninth floor**

**600 East Fourth Street, Charlotte, N.C.**

The Metropolitan Transit Commission (MTC) is CATS' governing board and is responsible for reviewing and recommending all long-range public transportation plans. The MTC reviews the transit system's operating and capital programs and makes recommendations to the affected governments for their approval and funding of those programs. The MTC is composed of voting and non-voting members. The voting members are the mayors and managers of the City of Charlotte, County of Mecklenburg, and the six towns in Mecklenburg County: Cornelius, Davidson, Huntersville, Matthews, Mint Hill, and Pineville. To ensure regional involvement, the MTC includes five non-voting members representing local governments outside of Mecklenburg County and one non-voting member each from the North Carolina and South Carolina Departments of Transportation.



**Pictured from left to right**

- Olaf Kinard, Marketing and Communications Manager*
- John Muth, Chief Development Officer*
- Dee Pereira, Administration Manager*
- Ronald J. Tober, Chief Executive Officer*
- Paula Washam, Assistant to the Chief Executive Officer*
- Carolyn Johnson, Senior Assistant City Attorney*
- Keith Parker, Chief Operating Officer*



**AT A GLANCE**

	<b>FY2002</b>	<b>FY2001</b>	<b>FY2000</b>
Revenue Hours	<b>777,229</b>	699,239	625,932
Revenue Miles	<b>11,909,448</b>	10,465,517	9,289,157
Employees	<b>143</b>	117	79
Ridership	<b>14,693,846</b>	14,182,463	13,464,745
<b>Fleet</b>			
Forty-Foot Buses	<b>232</b>	223	206
Over-the-Road Buses	<b>10</b>	10	0
Shuttle Buses	<b>23</b>	7	8
Trolleys	<b>12</b>	0	0
Paratransit Shuttles and Vans	<b>71</b>	52	53
Vanpool Vans	<b>90</b>	75	65

The cover of this annual report is of Birkdale Village, a mixed-use community designed for higher-density residencies with easy pedestrian access to neighborhood shops. Here CATS' Village Rider provides residents with easy access to the library, medical appointments, the YMCA, the North CPCC campus and other destinations throughout the region by connecting conveniently with other CATS routes. This year, Village Rider services were expanded beyond Birkdale Village to serve the towns of Cornelius and Davidson and to connect with the existing community shuttle serving Huntersville.

The Village Rider–Matthews started on October 2001, providing more freedom and transportation options for residents. The Matthews service operates six days-a-week and connects with Route 27 to provide access to Center City Charlotte and other CATS routes serving the region. The Village Riders are just one of the many services CATS initiated to support the development of Transit-Oriented Development (TOD) communities.

**More People Are Riding**

In fiscal year 2002, more than 14.6 million people throughout the Charlotte region chose CATS to connect the destinations in their lives. This represents a 3.6% increase over fiscal year 2001 and was the fourth consecutive year ridership increased. This represents an impressive 22.7% growth rate since fiscal year 1998. Much of the fiscal year 2002 growth in ridership was fueled by the implementation of the first phase of the County-Wide Transit Service Plan (CTSP) developed during fiscal year 2001. The CTSP included expansion of existing services, additional new services and the development of specific facilities to support the growth of the transit system.

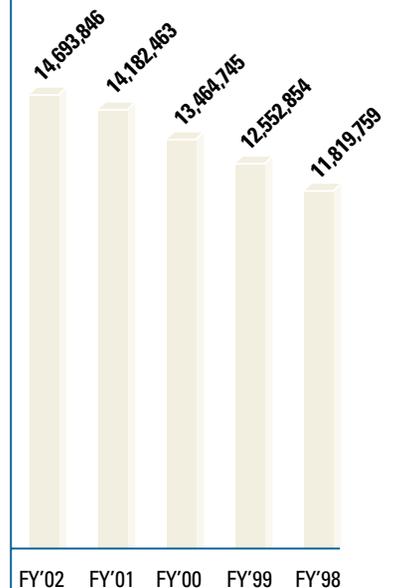
**The first phase of the County-Wide Transit Service Plan (CTSP) also focused on several local CATS routes:**

- Saturday service was expanded on Route 13 Nevin Road
- Route 22 Graham Street was extended to the University Research Park
- Route 27 was extended to connect with the Village Rider–Matthews
- Route 9 was extended to additional Park-n-Ride lots
- Additional trips were added to Route 17 Commonwealth to accommodate dramatic ridership increases.



**CATS Ridership Growth**

*in millions*





### ***The Gold Rush and More***

Center City Charlotte enjoys a touch of nostalgia with the introduction of CATS' new Gold Rush service. The eye-catching replica, rubber-wheeled trolley buses, took over the uptown shuttle service in September 2001, operating along new routes with a new name: the Gold Rush. Since its inception, the service has captured the imagination and the ridership of the community with growth up 18.8% during fiscal year 2002. The Gold Rush is a free-fare service that connects employees to and from parking lots, takes them to meetings and eating establishments, and connects visitors to conventions and entertainment. An innovative 50/50 partnership between the Charlotte Center City Partners and CATS keeps the Gold Rush going. The Mobie, a shuttle service serving the SouthPark area, was another 50/50 partnership service that started in October 2001. However, in May 2002, the Mobie was discontinued when ridership failed to achieve the levels needed to maintain the investment.

### ***Expanding Regionally***

The success of CATS' regional express services to the cities of Gastonia and Concord continued this year with the addition of two new regional express services to Mooresville, N.C. and Rock Hill, S.C. These regional express services also saw the introduction of CATS' new wheelchair-accessible fleet of over-the-road buses. The comfortable vehicles, specifically designed for longer commutes, include cushioned, reclining seats for 48 passengers, overhead lights and air vents. Although these regional express routes extend beyond Mecklenburg County, CATS maximizes the investment in these services through a 50/50 shared funding between the towns they serve and CATS.



Schedule information for each route serving a bus stop was installed in May 2002. Customers can now determine the approximate time a bus will serve their bus stop.



27 Monroe Rd		
La Super Departs from Charlotte Transportation Center at each bus stop during weekdays		
Weekdays A.M.	Saturdays A.M.	Sundays A.M.
6:30	6:45	6:30
6:55	6:50	6:15
6:15	6:20	7:00
6:35	7:20	7:45
6:55	7:50	8:20
7:15	8:20	8:15
7:35	8:50	10:00
7:55	9:20	10:45
8:15	10:20	11:15
8:31	10:50	1:00
8:45	11:20	1:45
9:00	11:50	2:15
9:23	12:20	2:45
9:43	12:50	4:00
10:03	1:20	4:45
10:23	1:50	5:30
10:43	2:20	6:15
11:03	2:50	7:00
11:23	3:20	7:45
11:43	3:50	8:30
12:03	4:20	8:15
12:23	4:50	10:00
12:43	5:20	10:45
1:03	5:50	11:30
1:23	6:17	12:15
1:43	6:50	1:00
2:03	6:20	
2:23	6:50	
3:03	8:50	
3:23	10:45	
3:40	11:20	
3:55	12:10	
4:10	12:55	
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4:55		
5:15		
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7:35		
8:10		
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9:25		
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11:05		
11:40		
12:15		
12:50		
1:25		

Field times are p.m. times  
Los puntos de tiempo recabados  
son en los buses de la Super

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### It Starts at the Stops

Connecting your life starts at the bus stop. Market research in December 2000 revealed that CATS' customers and non-riders wanted improved information and amenities at bus stops and bus shelters. So, in fiscal year 2002, CATS began a comprehensive capital program to replace and upgrade all bus stops and a five-year program to add and replace bus shelters around the region.

Customer focus groups were employed to aid in designing the look of CATS' new bus stop signs. During the winter of 2001-2002, over 4,000 bus stop signs were replaced with new signs, which include the route number and route

name at each stop. And, in the spring of 2002, schedule information was added for all the bus routes servicing each bus stop. The response to this initiative was overwhelmingly positive. In research conducted in the spring of 2002, customers and non-riders rating of CATS' performance regarding its bus stops increased. New bus shelters also started appearing in the spring of 2002. Forty-four new ergonomically designed bus shelters were installed by the end of fiscal year 2002. And, over the next five years, CATS will install approximately 750 new bus shelters across the service area.

## Connecting Through Customer Service

CATS' strong emphasis on improving customer service included a thorough review of safety and security conditions throughout the transit system. This review resulted in improved emergency response procedures, updated security plans, enhanced use of security and surveillance devices on buses and at the Charlotte Transit Center, and the development and adoption of a Rider's Code of Conduct. The Rider's Code establishes guidelines for rider behavior on CATS vehicles. The Code was developed in partnership between CATS and Charlotte-Mecklenburg Police Department. The Code lays out a short list of specifically prohibited acts and addresses general rules of conduct, primarily courtesy violations.

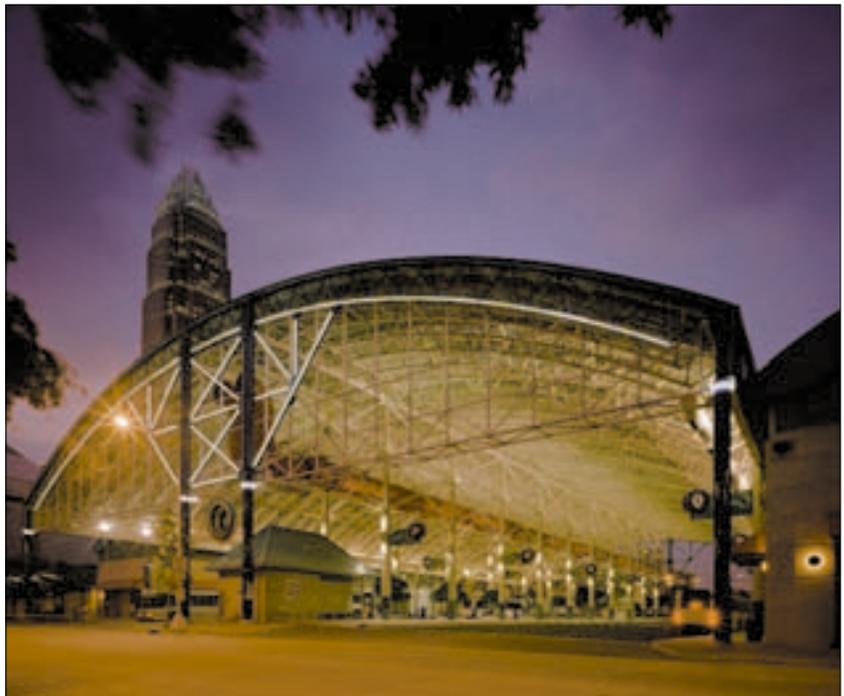
During fiscal year 2002, CATS improved upon its safety record by reducing the number of accidents by 23% over the previous year. Preventing accidents and practicing defensive driving techniques were the keys last year to reducing the accidents from 2.8 to 2.2 per 100,000 miles. It is this commitment to customer safety that is echoed in our safety message: CATS is built on safety!

Another significant customer service innovation in fiscal year 2002 was the procurement of state-of-the-art Automated Vehicle Locator (AVL) technology. The AVL system, which will be installed in all CATS buses, will allow CATS to maintain constant, real-time data on every bus and every route. Real-time tracking means that individual buses can alter speed to remain on schedule or change course to avoid delays. The system also allows CATS planners to conduct service planning on a minute-to-minute basis to maintain maximum efficiency. The result will be better, more responsive and reliable service to our customers.

### **Let's Keep Them Rolling**

Of course increasing ridership and expanding services require the right equipment and facilities. CATS completed a \$70 million procurement program to expand the current fleet. This procurement is the largest in North Carolina and provides CATS with the needed bus capability to support expanded services for neighborhood shuttles, add forty-foot buses for new local and express services, and replace older buses to keep the fleet moving. CATS' fleet increased with the addition of 10 over-the-road buses, 12 trolley buses, and 16 low-floor shuttle buses, all fully wheelchair-accessible. As the fleet grows, so does the need

to maintain it. In fact, CATS will need a second bus garage by 2004. Increased maintenance requirements are an unavoidable component of fleet expansion. Plans for a single-site bus maintenance garage and light rail maintenance yard are currently underway. Following a decision made this fiscal year, the facility will be located at 3201 S. Tryon Street. Completed designs and the start of construction are planned for fiscal year 2003.



Charlotte Transportation Center



Rendering of light rail station near Sterling Elementary School

CATS' rapid transit development made significant progress during fiscal year 2002. Following the 2025 Integrated Transit/Land Use Plan and the 2010 Center City Vision Plan, CATS is bringing Charlotte's City Center and Corridor vision to life through the development of a five-corridor rapid transit system. This system is an integral part of the regional transit network that will tie together Mecklenburg County, Charlotte's Center City and the region.

During fiscal year 2002, CATS completed the development of the Draft Environmental Impact Study for the South Corridor, the first of the five rapid transit corridors. The study included four possible configurations for rapid transit in the Corridor and examined all potential economic, environmental, land use, traffic, noise and vibration, historical and architectural, and financial impacts of each configuration. The study recommended construction of a light rail transit line from Uptown Charlotte south to I-485. MTC and Federal Transit Administration approval of the South Corridor project

is expected in fiscal year 2003. Construction is slated to begin in fiscal year 2003, with completion in fiscal year 2006.

At the same time, CATS, with the input gained from 155 public meetings and various consultant teams, completed the majority of the work on simultaneous Major Investment Studies (MIS) for the remaining four transit corridors: North, Northeast, Southeast, and West. These MISs examined the geographic, economic, and demographic conditions in the corridors and identified numerous alternatives in each regarding alignment and mode. Using five categories of criteria approved by the MTC, each alternative was then studied in-depth in the context of the corridor itself, the system as a whole, and the financial capabilities of the system. CATS, using the results of the MISs, developed a Recommended System Plan, Recommended Implementation Plan, and Financial Plan designed to provide an effective regional rapid transit system that will contribute to long-range, sustainable growth and

development throughout the region. The recommendations are to be presented to the MTC in September 2002 with approval expected in November 2002.

As part of the rapid transit system development process, CATS also conducted a detailed study of the Center City. This study identified ways in which the downtown area can serve as an effective hub, integrating all five rapid transit corridors. From the results of this study and the Corridor MISs, CATS developed the Center City portion of the Recommended System and Implementation plans. The Center City Plan is designed to facilitate connectivity between the corridors, the Center City, and the rest of the region. The Center City Plan also provides a pedestrian and transit-friendly environment within the downtown area itself.

### ***Laying the Foundation for TOD***

In developing a rapid transit system for the Charlotte region, CATS planners laid a number of important pieces of "groundwork" during fiscal year 2002. Now in place are policies and implemented agreements necessary to successfully begin the process of transit development.

In February 2002, the MTC approved the Transit Station Area Joint Development (TSAJD) Principles. These principles are designed to assist local governments in promoting joint endeavors by the public and private sectors to implement appropriate development in the areas around transit stations. The areas addressed by the TSAJD Principles include public facilities, public infrastructure, joint public/private development, housing, private sector development incentives, and marketplace stations. The methods for actually implementing the TSAJD Principles will be determined by the individual jurisdictions. By the end of fiscal year 2002, the City of Charlotte,

## 2025 Integrated Transit/Land Use Plan

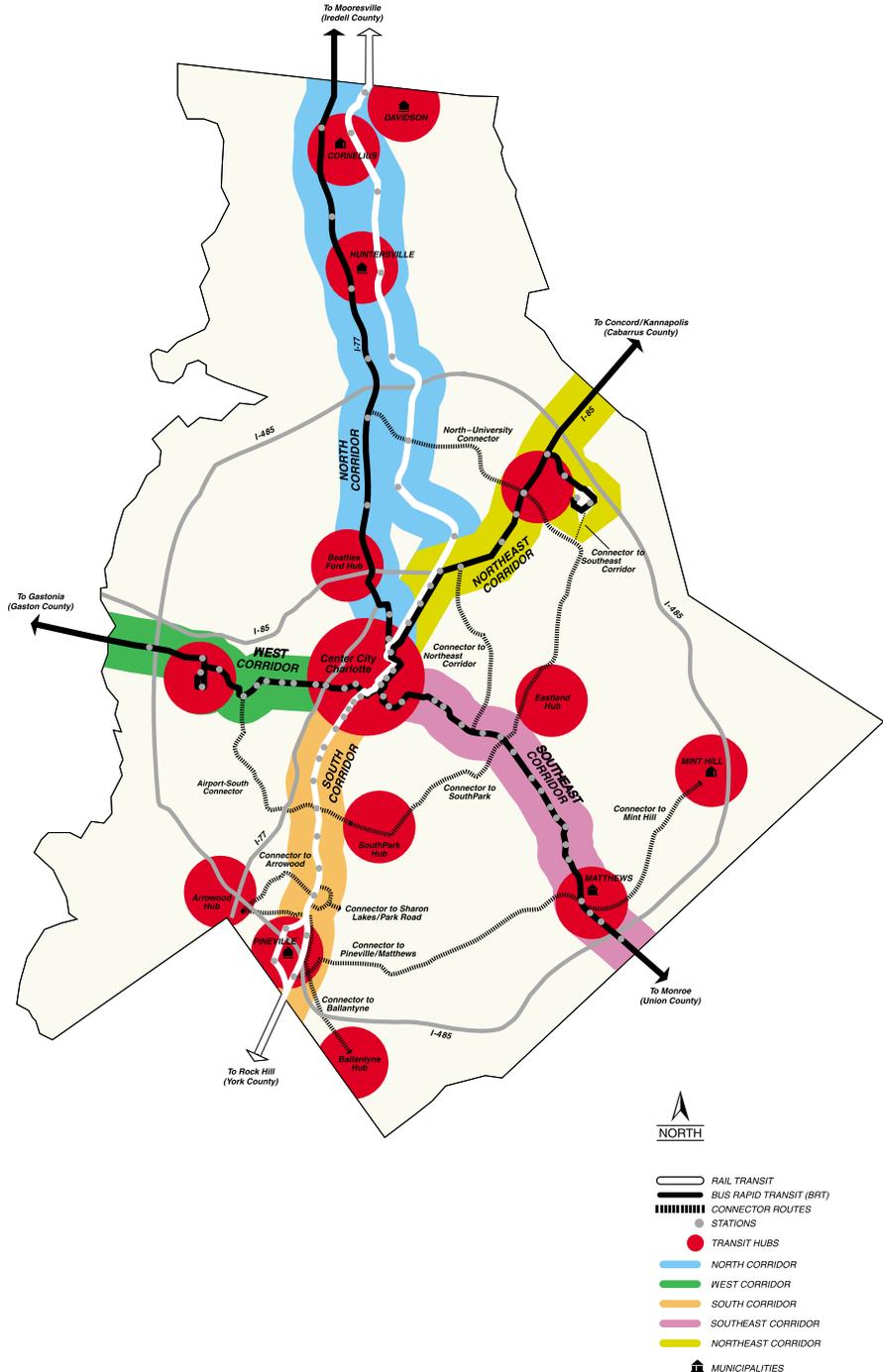
Mecklenburg County and the towns of Matthews, Huntersville, Davidson, and Cornelius had adopted the TSAJD Principles.

Also in fiscal year 2002, CATS opened negotiations with Norfolk Southern Railroad to purchase the right-of-way along Norfolk Southern's existing tracks in the North Corridor. Use of those tracks and right-of-way are an essential component of the Recommended System Plan for the North Corridor. Successful completion of the negotiations will allow CATS to develop a highly effective rapid transit line into the corridor at minimal cost.

In seeking to develop the South Corridor Light Rail Transit (LRT) line, CATS completed an agreement with Charlotte Trolley, Inc., the non-profit owner of Charlotte's Historic Trolley, to allow the Trolley and the LRT line to share tracks along part of the South Corridor alignment. To maximize effective use of the right-of-way, while allowing both the LRT and the Trolley to maintain operations, the agreement gives CATS responsibility for the operation and maintenance of the trolley's small fleet of restored trolley cars. In turn, Charlotte Trolley, Inc., continues its valuable work of restoration and community education.

### Enhancing Transit and Communities Through Art

Another CATS effort during fiscal year 2002 will enhance both the developing rapid transit system and the transit network as a whole. In January 2002, the MTC approved CATS' Art-in-Transit Program. The Art-in-Transit Program will promote the integration of public art into every facet of the transit system. The goal is to enhance the communities served by the system and to make the system an attractive and valuable asset to riders and non-riders alike.



## FINANCIAL HIGHLIGHTS

### Summary of Transit Program Revenue and Expenditures Fiscal Year 2000 - Fiscal Year 2002

	FY2002 Unaudited	FY2001 Actual	FY2000 Actual
(in millions)			
Operating Revenue	\$90.4	\$91.7	\$88.7
Operating Expense	\$54.3	\$46.9	\$37.6
Operating Balance	\$36.1	\$44.8	\$51.1
Capital Revenue	\$34.5	\$21.1	\$ 3.8
Total Capital Revenue	\$70.6	\$65.9	\$54.9
Capital Expense	\$50.0	\$21.5	\$15.9
Annual Capital Reserve Contribution	\$20.6	\$44.4	\$39.0
Cumulative Capital Reserve Fund	\$104.0	\$83.4	\$39.0

During fiscal year 2002, (July 1, 2001 - June 30, 2002), CATS continued to operate as an enterprise fund of the City of Charlotte. As such, CATS' accounting practices are controlled by the City of Charlotte's Finance Department in compliance with established financial and governmental reporting principles and standards. CATS is accounted for on an accrual basis.

CATS' fiscal year 2002 Transit Operating Program and Fiscal Year 2002 - Fiscal Year 2007 Capital Program were approved by the MTC on March 28, 2001, by the Charlotte City Council on June 4, 2001, and by the Mecklenburg Board of County Commissioners on April 18, 2001. The approvals were in compliance with the 1999 Transit Governance Interlocal Agreement.

#### **Financial Highlights:**

- The South Corridor Light Rail Project received the Federal Transit Administration's (FTA) highest rating of "Highly Recommended." The FTA based their rating "upon the project's strong cost-effectiveness... as well as the strength of the capital and operating financial plans..."
- \$13.2 million in discretionary funding from the USDOT, Federal Transit Administration (FTA).
- \$3.4 million in discretionary funding from the USDOT, Federal Highway Administration.
- September 2001 letter of commitment from the North Carolina Department of Transportation (NCDOT) of 25% of the capital cost of building the South Corridor.
- Low interest Certificates of Participation accelerated CATS' ability to procure the base bus fleet by the year 2010.
- 27.7% increase in Operating Revenue received from the state of North Carolina.
- \$20.6 million to the Capital Reserve Fund which will provide funds to match Federal and State grants for rapid transit development and other capital improvements.

## FINANCIAL HIGHLIGHTS

### Financial Performance Indicators:

CATS' financial policies establish financial benchmarks which CATS is required to meet or exceed in managing the business. These financial policies were established by the MTC in fiscal year 2001 and there were no changes to these standards during fiscal year 2002.

	FY2002 Unaudited	FY2001
Operating Ratio: $\geq 15\%$ The percentage of operating expenses covered by operating revenues.	22.7%	24.5%
Operating Fund Balance: $\geq 1$ month's operating balance Contingency fund against unexpected cost increases.	7.96	10.55
Administrative Overhead: $\leq 20\%$ of direct cost Costs of supporting direct services.	18.4%	23.8%
System Cost Per Hour: Total cost of delivering one hour of revenue service. Increase to be equal to or less than the year-to-year inflation rate. Fiscal year 2002 inflation was 1.1%.	\$56.36	\$77.11
Capital Investment Level: $\geq 33\%$ An amount equal to or greater than 33% of the Transit Sales Tax Revenue must be budgeted for Capital Expenditures.	70.6%	78.4%

### Operating Revenue:

Operating revenue totaled \$90.4 million which was 8% below budget and 1.5% below the fiscal year 2001 actual revenue. The largest source of operating revenue for CATS is the one-half cent Sales & Use Tax. The actual sales tax received in fiscal year 2002 was 13.1% below the budgeted amount and 6.7% below the actual sales tax received in fiscal year 2001. This shortfall in sales tax revenue is attributed to the economic slowdown following the events of September 11, 2001. This lower-than-budgeted revenue directly impacted the amount of interest earned, which was 39% below the fiscal year 2002 budgeted amount.

The impact of the sales tax reduction was mitigated to some extent by the 27.7% increase in maintenance assistance received by the NCDOT and a 7.1% increase in passenger revenue as compared to fiscal year 2001.

### Operating Expense:

Operating expenses were 10% below the budget of \$60,337,120 reflecting savings of \$6 million. Contributing to the savings were a 37% reduction in fuel costs, a three month delay in implementing the fiscal year 2002 service changes, and the actual costs of the fall of 2001 new services being lower than the budgeted amount.

New services funded during fiscal year 2002 included community services in the towns of Matthews, Cornelius, and Davidson and expanded service in Huntersville; regional express services to Gastonia, Mooresville, and Rock Hill; expansion of various city services and the now discontinued SouthPark circulator service.

The operating expenses funded 143 regular and 23 part-time CATS staff positions and paid \$2,511,564 to the City of Charlotte for support of the transit program. Mecklenburg County's Department of Social Services received \$1,856,175 to provide human services transportation programs for the elderly general and daycare. Customer service and transit security were highlighted as direct expense categories.

## FINANCIAL HIGHLIGHTS

### Fiscal Year 2002 Transit Capital Program

	FY2002 Unaudited	FY2001 Actual	FY2000 Actual
(in millions)			
Capital Revenue Allocations	\$34.5	\$21.1	\$ 3.8
Operating Balance	\$36.1	\$44.8	\$51.1
Capital Expense	\$50.0	\$21.5	\$15.9
Annual Capital Reserve Contribution	\$20.6	\$44.4	\$39.0

### Fiscal Year 2002 Use of Capital Revenue

Program Categories	Expenditures
(in millions)	
Buses	\$ 0.9
Passenger Amenities / Facilities	\$ 12.4
Paratransit Vehicle / Vanpools	\$ 1.8
Technology Improvements / Other	\$ 4.9
Rapid Transit Development	\$ 30.0
<hr/>	
Total	\$ 50.0

#### Capital Revenue:

Capital revenue includes Federal and State grant funds and surplus funds from the operating program (operating balance). Urban transit systems are entitled to receive funds each year from the Federal government based on formulas established by the USDOT. In fiscal year 2002, CATS received \$7.5 million in formula funds. In addition to the formula funds, transit agencies pursue other funding allocated at the discretion of the Federal government to build and maintain transit systems. During fiscal year 2002, CATS was successful in receiving allocations of \$16.6 million in discretionary funds from the Federal government. These Federal discretionary funds, which pay from 50% to 80% of project costs, assisted CATS in minimizing the amount of local sales tax dollars that were used to plan and design the rapid transit system.

#### Debt Service:

Fiscal year 2002 was the first year CATS introduced asset financing into its capital revenue stream. Ten-year Certificates of Participation (COP) were acquired at an interest rate of 4.4% for the procurement of buses. Ninety percent of the debt service payment on the COPs will be paid by the FTA and NCDOT.

#### Capital Expense:

Capital expenditures in fiscal year 2002 funded the purchase of 54 new and replacement buses, 16 ADA buses, 21 vanpool vans, initial planning for a second bus garage, technology improvements, bus stop improvements, development of transit centers and CATS' first Park-N-Ride lot. Capital expenditures for the Rapid Transit program included continuing preliminary engineering for the South Corridor.

#### Operating Balance Utilization:

In fiscal year 2002, the operating balance was \$36.1 million, of which \$15.5 million was obligated for capital expenditures and the remaining \$20.6 million was contributed to the Capital Reserve Fund.

#### Capital Reserve Fund:

The Capital Reserve Fund accumulates surplus revenue and investment income earned. The amount in this fund is available for use in future transit development, lessening the transit system's dependence on other sources of revenue or the need for debt financing in future years. At the end of fiscal year 2002, the three-year cumulative balance in the capital reserve fund was \$104 million.

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