

Memorandum



CITY OF DALLAS

DATE August 12, 2016

TO Honorable Mayor and Members of the City Council

SUBJECT **Proposed Dallas Area Rapid Transit FY 2017 Annual Budget and 20-Year Financial Plan**

On Wednesday, August 17, 2016, you will be briefed on the Proposed Dallas Area Rapid Transit FY 2017 Annual Budget and 20-Year Financial Plan. Attached are the materials for the briefing.

Please contact me if you have any questions.

A handwritten signature in blue ink, appearing to read 'A.C. Gonzalez', written over the printed name and title.

A.C. Gonzalez
City Manager

c: Christopher D. Bowers, Interim City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Summary

Proposed Dallas Area Rapid Transit FY 2017 Annual Budget and 20-Year Financial Plan

Presented to City Council

City of Dallas

August 17, 2016



DART Board Calendar For Budget and Financial Plan Consideration

Date	Subject
Mar 22	FY 2017 Financial Outlook
Apr 26	Approval of FY 2017 Financial Standards
May 24	FY 2017 Capital Budget Overview
Jun 28	FY 2017 Operating Budget Overview
Jul 12	Draft FY 2017 Annual Budget & Twenty-Year Financial Plan
Aug 9	Request Approval to Distribute FY 2017 Annual Budget and Financial Plan to Service Area Cities
Aug 23	Budget & Finance Committee recommends approval of the FY 2017 Annual Budget and Twenty-Year Financial Plan to the Committee-of-the-Whole
Aug 25	Briefing for Service Area City Managers and Finance Directors
Sep 6	Committee-of-the-Whole initial consideration of the FY 2017 Annual Budget and Twenty-Year Financial Plan
Sep 27	Board approves the FY 2017 Annual Budget and Twenty-Year Financial Plan



Budget & Financial Plan Overview

- Budget & Financial Plan developed within the Board Policy framework of the approved Financial Standards
- Twenty-Year Financial Plan
 - Constructed from detailed data on capital projects, reserves, cashflows, operating expenses, revenues, sales tax and inflation projections, and debt service assumptions
 - Reviewed and updated annually with prior year actual results and revised assumptions – budget for upcoming year is first year of 20-year financial plan
 - Demonstrates financial sustainability

Proposed FY17 Budget Summary (\$M)

Item	FY 2016 Budget	FY 2017 Proposed
Operating	\$494.9	\$494.9
Capital & Non-Operating	278.3	289.1
Debt Service	197.8	191.5
Total Expenditures	\$971.1	\$975.5

Financial Plan

(Years 2017 – 2036, \$M)

Line Item	FY17 Proposed FP		
	FY17	5-Yr Total (FY17-21)	20-Yr Total (FY17-36)
Sales Tax Revenues	\$563.6	\$2,981.3	\$16,308.0
Operating Revenues	85.3	454.0	2,502.3
Total Federal Funds	114.6	964.8	2,144.6
Debt Issuance/Retirement	(30.0)	1,309.5	1,989.4
Interest & Other Sources	53.5	247.4	1,108.7
Total Sources of Funds	\$787.0	\$5,957.0	\$24,053.1
Operating Expenses	\$494.9	\$2,659.4	\$13,042.1
Capital & Non Op Expenditures	289.1	2,462.8	5,290.2
Debt Service	191.5	1,070.3	5,648.6
Total Uses of Funds	\$975.5	\$6,192.5	\$23,981.0
Ending Total Cash	\$684.7	\$701.4	\$827.9
Ending Unrestricted Cash	428.6	485.8	502.5

Supplemental Capital Project Information

FY 2017 Annual Budget and 20-Year Financial Plan

Supplemental Capital Project Information

- Core Capacity (D2, Platform Extensions & Dallas Central Streetcar Link)
- Commuter Rail Service in the Cotton Belt Corridor (Cotton Belt)

Core Capacity Project Description

Program of Interrelated Projects: Increase the core capacity of the DART Light Rail system. Three separate initiatives:

1. Construction of a 2nd rail corridor through downtown Dallas (known as D2) to increase throughput and provide a rerouting option in the event of a service disruption.
2. Platform extensions to the oldest stations on the Red & Blue lines to accommodate three-car trains.
3. Expansion of the Streetcar network, connecting the Oak Cliff Streetcar line with the McKinney Avenue Streetcar line.

Note: The second downtown light rail alignment (D2), for which a locally preferred alternative (LPA) was adopted in September 2015. Phase 1 of the D2 initiative originally consisted of the Orange Line tunnel from Victory Station to Union Station. This has since been modified to have a second rail corridor pass through downtown.

Core Capacity Funding (\$M)

Project	Conceptual Cost Estimate	Revised Estimate
Platform Extensions	\$184.4	\$124.4
Streetcar Extension	92.2	92.2
Orange Line Extension	706.8	706.8
Total Core Capacity Cost	\$983.4	\$923.4

Proposed Funding Sources		
Savings from current projects	\$150.0	\$150.0
State of Good Repair deferrals	80.0	-
CBD, Platform Extension and other related budgets	27.0	19.0
TxDOT	60.0	60.0
COG	40.0	40.0
Core Capacity Grant	350.0	325.0
Additional Long-Term Debt	400.0	400.0
Total Funding Sources	\$1,107.0	\$994.0

* Due to the timing of cash receipts and disbursements, funding for the project exceeds the project cost but this is necessary to maintain cash balances throughout the Plan.

Cotton Belt Project Description

- Commuter rail service from DFW Airport to Plano.
- Full Double-track with a shallow trench across North Dallas and a station at Cypress Waters was included in the FY 2016 Financial Plan for revenue service in FY 2035.
- FY 2017 Proposed Twenty-Year Financial Plan includes an acceleration of this project to revenue service in FY 2022.
- Project configuration changed to more cost-effective approach: single at-grade track with passing sidings and up to eleven new stations. Corridor constructed to accommodate a future double track configuration.

Cotton Belt Acceleration

- Cotton Belt Rail Line acceleration enabled by:
 - More cost-efficient configuration
 - Construction cost savings due to inflation avoidance
 - Favorable financing environment
- Initial estimate of \$994M based on 5% design; actual budget may change as scope is further defined
- Project contingent upon confirming the assumed revenue sources

Cotton Belt Funding (\$M)

Plano - DFW Level D/S	2017	2018	2019	2020	2021	5-Year Total	20-Year Total
Sources							
Cotton Belt Capital Grants - RTC	\$0	\$25	\$25	\$25	\$25	\$100	\$100
Cotton Belt Capital Grants - UAFP	0	0	3	0	0	\$3	\$3
Addison Contribution	0	0	5	0	0	\$5	\$5
Fare Revenues	0	0	0	0	0	\$0	\$72
Advertising Revenues	0	0	0	0	0	\$0	\$4
Federal Revenues	0	0	0	0	0	\$0	\$29
Naming Rights	0	0	0	0	0	\$0	\$9
Richardson TIF	0	0	0	0	0	\$0	\$18
Billingsley	0	0	0	0	0	\$0	\$15
Coppell ~1/6-Cent	0	0	0	0	0	\$0	\$51
Debt Issuance	0	0	350	370	274	\$994	\$994
Total Sources	\$0	\$25	\$383	\$395	\$299	\$1,102	\$1,301
Uses							
Construction Cost	\$25	\$75	\$200	\$300	\$300	\$900	\$994
	0	0	0	0	0	\$0	\$0
Operating Expenses	0	0	0	0	10	\$10	\$330
Capital Maintenance	0	0	0	0	0	\$0	\$35
Debt Service Principal	0	0	0	0	0	\$0	\$270
Debt Service Interest	0	0	3	22	30	\$54	\$463
Total Uses	\$25	\$75	\$203	\$322	\$340	\$964	\$2,093
DART Annual Requirement			\$3	\$22	\$40	\$64	\$900

Summary

- Budget & Financial Standards in compliance with Board Policy
- Sales Tax receipts are right on budget
- Increased Service levels in FY17 and over 20 years
- Cotton Belt revenue service accelerated from FY 2035 to FY 2022
- Funding for Core Capacity projects, including Platform Extensions, D-2 alignment, and streetcar is included as approved in FY15