



IT STARTS AT THE STOP

ANNUAL REPORT 2012





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MISSION

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

VISION

A steadily increasing share of transit competitive travel markets in the Charlotte region choose to use public transportation on a regular basis.

The citizens of the region value public transportation as an important public service, which benefits the community as a whole by consistently providing exemplary service that meets diverse individual needs.

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

CATS is recognized both locally and nationally for its contribution to effective and innovative regional growth that is community focused and sustainable.

GOALS

CUSTOMER SERVICE FOCUS

Provide safe, high-quality transportation services to all customers and support our employees in that endeavor.

SYSTEM DEVELOPMENT

Expand and enhance public transportation services to retain current customers and attract new ones by providing services that meet customer and community needs while supporting transit-oriented and pedestrian-friendly land use patterns.

FISCAL RESPONSIBILITY

Ensure cost-effective, efficient and responsible use of resources and aggressively pursue funding partnerships to supplement local resources.

COMMUNITY BENEFITS

Provide social, economic and environmental benefits to the community through system operations and improvements, and promote community awareness of these contributions.

PREPARE FOR THE FUTURE

Pursue process improvements, business practices, and technologies that will support cost-effective and customer-friendly service delivery in the future.

INVEST IN EMPLOYEES

Provide training and career development support that enhances employees' ability to perform their jobs and be prepared for promotional opportunities.

LETTERS TO THE COMMUNITY

WE CAN'T STOP NOW

There is no doubt that we would not have made as many strides as we did last year without the shared vision and bi-partisan leadership of the Metropolitan Transit Commission (MTC) members. Economic challenges continue to be an obstacle for us as federal and state budgets and sales tax receipts remain constrained; however, we were able to make progress on maintaining the existing services and advancing rapid transit projects during the year.

The MTC unanimously approved the FY2013 Transit Operating Budget, which reflects a 6 percent growth in income from increased sales tax receipts, a 25-cent base fare increase, and ancillary revenue, while expenses are projected to grow at a 3.5 percent rate over the FY2012 adopted budget. We also approved the FY2013-2017 Capital Investment Plan, which focuses on maintaining transit assets, advancing the LYNX Blue Line Extension (BLE) into Final Design and construction, and providing funding to explore the next steps for the Red Line project.

A new Countywide Transit Services Plan was adopted providing the strategic blueprint for implementing and adjusting services for the

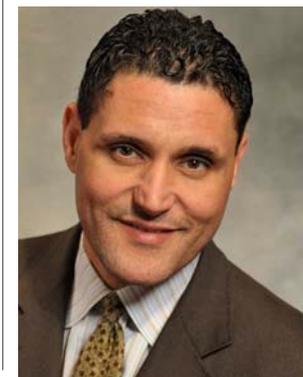
next five years. The plan proposes new routes, more frequent service, better cross-town connections and improved travel time. It also focuses on expanding park and ride locations to handle increased demand; enhanced customer amenities such as shelters and benches; and technology enhancements that include a new farebox system and expanded mobile apps and online pass sales.

The MTC also developed a federal and state legislative agenda outlining the strategic initiatives with an emphasis on maintaining current funding levels needed to support public transit projects in the Charlotte region. The group expressed its support for North Carolina to conduct a comprehensive review of statewide, regional and local transportation needs before making any adjustments to the gas tax and other public transit funding. At the federal level, the MTC focused on efforts to advance the full funding grant agreement for the BLE with the Mecklenburg Delegation, other congressional leaders and the FTA.

The Red Line and Silver Line rapid transit corridors continued to advance. The Red Line Task Force worked hard developing innovative funding strategies and conducting stakeholder

meetings across the county which led to NCDOT funding a Rail Traffic Control study on rail line capacity. The MTC also directed staff to develop a process and schedule for an alignment study to evaluate a rail transit alignment along the Southeast Corridor that is not in the median of Independence Boulevard. The direction for the Southeast Corridor study was based on a recent analysis conducted by Urban Land Institute.

As you can see, our personal commitment to advance public transit in the region isn't the only thing that starts at the stop. And as we continue to expand the number of destinations, services and vehicles available to commuters, the easier it is for more people to ride CATS. For the first time. For the next time. For every time.



MTC CHAIR &
MECKLENBURG
COUNTY BOARD OF
COMMISSIONERS
CHAIRMAN –
HAROLD COGDELL



IT STARTS AT THE STOP

The moment our passengers step on board a CATS bus or LYNX light rail train, they are giving us the opportunity to make their experience extraordinary. It is the moment our relationship begins, and it is something that we take very seriously. Of course, maintaining that relationship through constant upgrades and improvements is just as important as attracting new riders. And, I'd like to share how we've continued to do both during the past year.

I'm pleased to report that ridership grew 6.4 percent over FY2011 demonstrating the value citizens find from riding CATS services. Ridership increases on the Gold Rush and LYNX Blue Line contributed to the overall 6.4 percent boost. However, CATS Local and Community Circulators were the backbone of our ridership increases with an 8.4 percent and 11.9 percent jump in ridership over FY2011, respectively. Customers continued to rate CATS high on the quality of service, 86 percent were satisfied, and over 92 percent think we manage the system well.

The LYNX Blue Line Extension (BLE) continued its forward momentum this year, thanks to several key developments. The BLE Final Environmental Impact Statement was completed in October 2011, and later in the year the project received

a Record of Decision from the Federal Transit Administration (FTA). Lease, construction and operating agreements between North Carolina Railroad Company, Norfolk Southern Corporation and CATS were also executed, and the FTA approved the BLE to move into Final Design. In April CATS received a State Full Funding Grant Agreement from NCDOT to fund 25 percent of the project and is prepared to receive a federal FFGA in FY2013, which will provide the remaining 50 percent of the funding to advance the BLE into construction.

As our sales tax receipts continued to show signs of recovery, but are still below the FY2006 level, we kept exploring other avenues to boost revenue. One of those avenues was exterior advertising, which surpassed original projections by 35 percent during its first year. In fact, our advertising partner, Titan Outdoor, secured advertising contracts exceeding the first year's revenue guarantee of \$562,500 within 45 days of signing the contract to manage the new advertising program. Alternative revenue streams like this are critical to funding current and future transit projects.

While managing growth within our resources remains a challenge, we have maintained our overall safety record, on-time performance marks and operational efficiency. Special Transportation Service significantly improved

its accident rate by 60 percent, while the overall preventable accident rate for the CATS bus system remained below the goal of .50 per 100,000 miles. LYNX had another year of no preventable accidents. The LYNX service enhanced its on-time performance reaching 99 percent, while bus on-time performance reached 86 percent.

We are proud to serve the community in other ways, too, particularly the business community. CATS does this by creating local jobs through the advancement of transit projects.

We have made exceptional progress over the past year. It would not have been possible without the wonderful people working for us, and the people we enjoy working for. They inspire us to make every journey extraordinary. A journey that starts at the stop.



CATS CEO –
CAROLYN FLOWERS

BOARDS & COMMITTEES



METROPOLITAN TRANSIT COMMISSION

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 sets policies that guide the transit system's use of public monies. The MTC is composed of voting and non-voting members. The voting members are the mayors and managers of the City of Charlotte; Mecklenburg County; and the six towns in Mecklenburg County: Cornelius, Davidson, Huntersville, Matthews, Mint Hill and Pineville; and a board member from the North Carolina Department of Transportation. To ensure regional involvement, the MTC includes five non-voting members representing local governments outside of Mecklenburg County and one non-voting member from the South Carolina Department of Transportation.

Pictured from left to right: Front Row – Jill Swain, Mayor of Huntersville; Miles Atkins, Mayor of Mooresville; Anthony Roberts, Cornelius Town Manager; Harold Cogdell, MTC Chairman, Chairman of the Mecklenburg County Board of Commissioners; Anthony Foxx, Mayor of Charlotte; John Woods, Mayor of Davidson; Harry Jones, Mecklenburg County Manager and Sarah B. Nuckles, SCDOT Representative. Back Row – George Fowler, Mayor of Pineville; Greg Ferguson, Huntersville Town Manager; Wayne Herron, Monroe Town Manager; Curt Walton, Charlotte City Manager; Rick Sanderson, TSAC Chairman; James Taylor, Mayor of Matthews and Jeff Tarte, Mayor of Cornelius. Not Pictured – Mary Barker, CTAG Co-Chair; Ted Biggers, Mayor of Mint Hill; Leamon Brice, Davidson Town Manager; John Bridgeman, Mayor of Gastonia; John Collett, NCDOT Representative; Bobby Kilgore, Mayor of Monroe; Ralph Messera, Matthews Designee; Scott Padgett, Mayor of Concord; Mike Rose, Pineville Town Administrator; Brian Welch, Mint Hill Town Manager; and Hugh Wrigley, CTAG Co-Chair.

CITIZENS TRANSIT ADVISORY GROUP

The Citizens Advisory Group (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 officials, and its members serve staggered two-year terms.

TRANSIT SERVICES ADVISORY COMMITTEE

The Transit Services Advisory Committee (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. TSAC is made up of representatives appointed by the City of Charlotte, the Mecklenburg County Board of Commissioners, and the six towns.

PUBLIC MEETINGS

Meetings are held at:

Charlotte-Mecklenburg Government Center
600 East Fourth Street
Charlotte, NC 28202

Metropolitan Transit Commission
Fourth Wednesday of each month
5:30 pm to 7:30 pm – Room 267

Citizens Transit Advisory Group
Third Tuesday of each month
7:30 am to 9:00 am – Basement Level, CH-14

Transit Services Advisory Committee
Second Thursday of each month
4:00 pm to 5:30 pm – Basement Level, CH-14





LEADERSHIP TEAM

CATS' Leadership Team is charged with managing the day-to-day business of the organization. It is made up of managers from each CATS division: Executive, Finance, Development, Transit Support Services, Marketing and Communications, and Operations.

Pictured from left to right: Wanda Braswell, Executive Assistant to the Chief Executive Officer; John Trunk, Director of Transit Support Services; Rocky Paiano, General Manager of Rail Operations; Olaf Kinard, Director of Marketing and Communications; Gracie Myers, Transit Human Resource Manager; John Muth, Deputy Director; John Joye, Senior Assistant City Attorney; Carolyn Flowers, Chief Executive Officer; David McDonald, Transit Planning Manager; Pete Wallace, General Manager of Special Transportation and Vanpool; Dwayne Pelfrey, General Manager of Bus Operations; Larry Kopf, Chief Operations Planning Officer; Celia Gray, Quality Assurance Manager and Dymphna Pereira, Chief Financial Officer.

SERVING THE CUSTOMER

HOW DO WE TAKE SOMETHING GOOD AND MAKE IT BETTER? THAT IS OUR CONSTANT CHALLENGE, AND IT'S WHAT INSPIRES US TO CONTINUE TO LOOK FOR NEWER AND MORE CONVENIENT WAYS TO DELIVER SERVICE ABOVE AND BEYOND EXPECTATIONS. FOR STARTERS, WE HAVE ADDED AND UPGRADED SERVICES THAT ARE KEY ELEMENTS TO OUR SUCCESS. WE ALSO GIVE RIDERS A VOICE TO BETTER UNDERSTAND HOW CATS IS SERVING THOSE WHO DEPEND ON US.



 RIDERSHIP
UP 6.4%
OVER FY11

RANKED
3RD IN RIDERSHIP
INCREASE OVER SAME
PERIOD IN 2011
FOR JANUARY-MARCH 2012 BY APTA



STOPPING TO LISTEN

Listening is just as important as anything we do for our customers and our community. It is vital to the constant improvement of our services, and it enables us to meet the needs of those who rely on us. Through a series of public meetings, riders identified new areas to enhance transit services to provide greater access to jobs and educational opportunities. As a result we implemented Saturday service to UNC Charlotte and Tyvola/SouthPark. The public and businesses also told us about underserved areas with employment needs resulting in expanding Saturday night and Sunday service on Route 34-Freedom Drive; Saturday service on Route 43-Ballantyne; and extending Route 61X-Arboretum Express to the Valerie C. Woodard Center. Service enhancements to these three routes were implemented in October 2011 and ridership on these three routes has increased as much as 37 percent over last year.

STARTING SCHOOL

This year, both the Gold Rush and the UNC Charlotte Campus Shuttle expanded to offer convenient, accessible service to our local institutions of higher learning. The Gold Rush Orange Line now serves the Charlotte School of Law during peak periods. The UNC Charlotte Campus Shuttle, which has seen ridership increase nearly 13 percent over FY2011, operates Monday through Friday and provides improved passenger amenities to students, faculty and staff.

BEING GREEN STARTS HERE

CATS knows the importance of a healthy environment and good air quality. And, we understand our responsibility in helping the region's citizens reduce their carbon footprint. So, we've started incorporating more hybrid electric buses into our fleet, installing recycling bins at LYNX stations, and providing vehicle charging stations at some CATS facilities. In FY2012 CATS put six more hybrid buses into service, which brought our total to 13. These buses produce 90 percent fewer carbon emissions and also average a 30 percent improvement in fuel economy over diesel buses.

As part of our continuing effort to engage our customers in improving the environment, CATS installed 56 green recycling bins at all LYNX stations. This recycling initiative was made possible by a \$30,000 Community Waste Reduction and Recycling Grant from the North Carolina Department of Environment and Natural Resources. We also installed electric vehicle charging stations at CATS park and ride lots at Mallard Creek, Huntersville-Gateway and the I-485/South Boulevard Light Rail Station.



A BETTER START TO THE DAY

CATS continued to focus on service improvements, including those for seniors and disabled riders. GetAbby, an interactive voice recognition system is now available to our Special Transportation Service (STS) riders to confirm transportation arrangements the night before, schedule trips online and receive reminders that their ride is on the way. This has led to a 12 percent reduction in no-shows and cancellations, reduced driver wait times and fewer reservation errors. In fact, it has been so successful that CATS received the 2011-2012 Technology Award for Best Sustainability, a national award from the Public Technology Institute.

A FRESH START

The newly reopened North Davidson Street Bus Facility is a sight to behold thanks to more than \$20 million in stimulus funds through the American Recovery and Reinvestment Act.

Originally built in 1978, the refurbished facility, featuring updated mechanical, electrical and plumbing systems, will improve operational efficiency by providing maintenance for up to 200 buses and extend the useful life of the facility. We were able to consolidate another facility, and STS now operates its 87-vehicle fleet out of this location as well. And, we were delighted that Jimmy O'Neal's external art installation "Wheels on the Bus in 7 Cymatic Sonatas" was named one of the 50 best public art projects in the 2012 Public Art Network Year in Review by Americans for the Arts. The facility will continue to undergo renovations with improvements to the fuel, fare and bus wash area and safety and security enhancements.

THOUGHT STARTERS

How can we improve transportation services in the Charlotte-Mecklenburg region? That is the question we present to the public every five years. We recently asked this question at

32 community meetings to update the plan for FY2013-FY2018. And, the answers customers and the public provided were put into action as we completed the FY2007-FY2012 Countywide Transit Services Plan. This year, the MTC voted unanimously to adopt the initiative, which used public feedback and existing service analysis to develop a five-year Service and Capital Development Plan. The plan proposes new routes, more frequent service, better cross-town connections and improved travel time; expanding park and ride locations to handle increased demand; enhanced customer amenities, such as shelters and benches; as well as technology enhancements including mobile apps, on-line pass sales and a new farebox system.



A man with short brown hair and a light beard is wearing a headset and a khaki shirt. He is smiling and looking down at a clipboard or document he is holding. The background is slightly blurred, showing what appears to be the interior of a vehicle or a similar setting with metal railings and a blue wall.

SAFETY & SECURITY

OUR PASSENGERS ARE OUR GUESTS, AND IT IS OUR GOAL TO MAKE THEIR EXPERIENCE EXTRAORDINARY. IT STARTS WITH A SMILE WHEN THEY CLIMB ABOARD. A SMILE THAT REASSURES THEM THAT THEY'LL BE AS SAFE IN OUR VEHICLES AS THEY ARE IN OUR PARKING LOTS, STOPS AND STATIONS WAITING FOR THAT VEHICLE TO ARRIVE. BECAUSE WE NEVER FORGET THAT THEIR SAFETY AND SECURITY STARTS WITH US.

STOPPING CRIME IN ITS TRACKS

Safety is everyone's responsibility, which is why we tell everyone: "If You See Something, Say Something." This is part of a national public safety campaign, which encourages people to report any suspicious activity on the transit system. Implemented by CATS, the campaign is just one reason crimes against persons and property continue to decrease over the previous year. CATS also continued to work aggressively to make the public aware of safety rules along the LYNX Blue Line. "Look, Listen & Live," developed by the national rail safety organization Operation Lifesaver, Inc., has been CATS' safety message since LYNX's inception and is one of several reasons the LYNX line has no preventable accidents.

NEVER STOP MAKING IT SAFER

Of course, safety is something that needs constant support. Additional safety enhancements made possible by Department of Homeland Security grants include enhanced light rail video with greater retention time and remote viewing capabilities. Many CATS facilities are also in the process of adding gates, intrusion detection equipment and security lighting.

COMPLIANT FROM START TO FINISH

It's one thing for us to tell you how safe we are. It's another when the Federal Transit Administration (FTA) agrees. That's why CATS and the North Carolina Department of Transportation (NCDOT) were thrilled when they received an outstanding evaluation from the FTA in November 2011 as part of its Safety and Security Oversight (SSO) Program. The FTA made zero findings of non-compliance for the program, which has emerged as one of the primary mechanisms through which the FTA, states, and the rail transit industry ensure safety and security. Out of the 40 national SSO audits conducted since the program's inception in 2007, CATS and NCDOT are only the second group to achieve a perfect score on each of the nine areas reviewed by the FTA.

START WITH SAFETY

We are pleased to report there were no preventable accidents on the LYNX light rail line in FY2012; the preventable accident rate for Special Transportation Service decreased 60 percent – from 0.47 in FY2011 to 0.19 in FY2012; and the bus preventable accident rate for our fixed route service was 0.49 per 100,000 miles. Because of their significant safety improvements, STS was awarded top honors as the safest Urban Dial-A-Ride system in the state by NCDOT in May for the fourth consecutive year.

PREVENTABLE
ACCIDENTS ⁱⁿ FY2012

LYNX **0.0**

BUS **0.49**
PER 100,000 MILES

STS **0.19**
PER 100,000 MILES



PLANNING FOR THE FUTURE

GROWTH ALWAYS NEEDS A STARTING POINT, WHETHER THAT MEANS CREATING SOMETHING NEW, ADDING TO SOMETHING THAT ALREADY EXISTS, OR INTRODUCING NEW SOLUTIONS TO OLD CHALLENGES. THAT STARTING POINT HELPS US ESTABLISH GOALS AND TARGETS, WHETHER THEY ARE DICTATED BY THE NEEDS OF OUR CURRENT PASSENGERS, POTENTIAL PASSENGERS, OR OPPORTUNITIES THAT PRESENT THEMSELVES ALONG THE WAY.



POWER STARTER

They say knowledge is power, but funding sure helped us put our knowledge to work. This year, Federal Transit Administrator Peter Rogoff presented CATS and the City of Charlotte with an \$18 million Transportation Investment Generating Economic Recovery III (TIGER III) grant from the U.S. Department of Transportation for capacity and power enhancements along the LYNX Blue Line to support three-car trains. More than 19 million riders have used the LYNX Blue Line since it opened in November 2007 and we routinely average more than 15,000 passenger trips per weekday. During special events like Carolina Panthers games, the Central Intercollegiate Athletic Association (CIAA) tournament and Food Lion Speed Street daily ridership can more than double. Three-car trains would help to handle large crowds for special events, and this grant moves CATS toward operating them along extended platforms, which will provide additional capacity and operational savings. Construction is set to begin in FY2014.

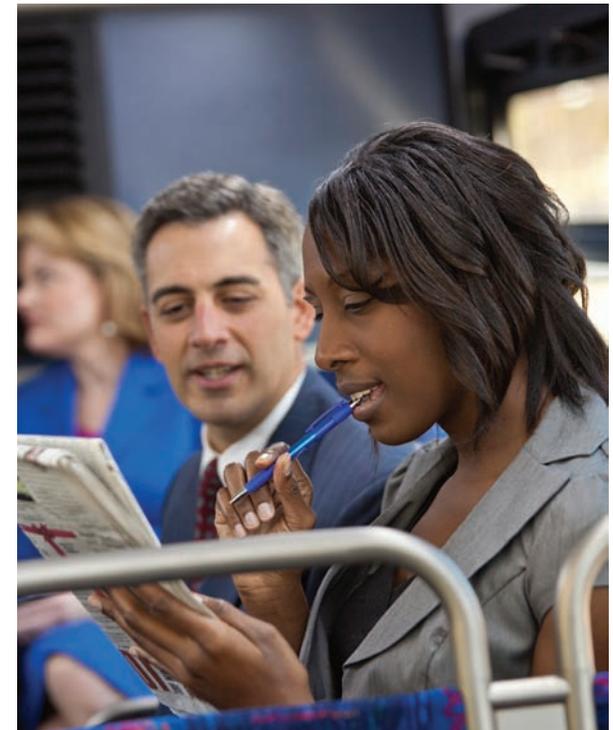


WE DON'T STOP FOR MILESTONES

When we reach one milestone, we don't just stop there. Maybe that's why the Blue Line Extension (BLE) is experiencing so much momentum. A 9.3 mile extension of the existing light rail line with 11 proposed stations, the BLE will run from Center City Charlotte to UNC Charlotte. The BLE reached many milestones this year. The Final Environmental Impact Statement was published in the Federal Register in October 2011. Two months later, in December, the project received a Record of Decision from the FTA, which allowed the BLE to enter into Final Design. But why stop there?

We achieved another milestone this year when we received a State Full Funding Grant Agreement (FFGA) from NCDOT. Now the project is prepared to receive a Federal FFGA

from the FTA in FY2013, which will provide 50 percent funding. Construction on the BLE is scheduled to begin in 2013 with revenue service starting in 2017.





THE START OF A BEAUTIFUL FRIENDSHIP

What do you get when three of the most respected names in transportation come together? Signed lease, construction and operating agreements between the North Carolina Railroad Company, Norfolk Southern Corporation and CATS for the LYNX BLE project along a 2.7-mile corridor beginning at East 12th Street and ending near Eastway Drive. The agreements are significant because the FTA required their execution before the BLE could be approved to move into final design. As part of the agreement, CATS will make improved safety enhancements at 36th Street for freight and future passenger rail service. CATS also has an option with Norfolk Southern for the acquisition of the current intermodal rail yard along Brevard Street north of Uptown Charlotte when Norfolk Southern moves to a new facility under construction at Charlotte Douglas International Airport.

GROWTH STARTS IN OUR OWN BACKYARD

A city grows when its local businesses thrive. With the help of other City of Charlotte departments and the Charlotte Chamber of Commerce, CATS hosted two events in FY2012 designed to help small, and

socially or economically challenged, businesses in our community do just that. The CATS Business Opportunity Symposium and “Meet the Primes” events gave local companies a chance to learn about future business opportunities with CATS and how to get that business. The events also helped the companies understand how to work within federal requirements for CATS projects.

STARTING TO TAKE SHAPE

Teamwork has always helped CATS create customized solutions to meet the needs of area residents, and the Red Line is no exception. This year, the Red Line Taskforce and state consultants worked on the Draft Financial Plan, the details of which were shared at the Red Line Rail Report Summit in December. Consultants then presented elected officials and the general public with key elements of the project, including the Business/Finance Plan that was developed as a blueprint to advance the Red Line Regional Rail Project.



FINANCIAL SUMMARY

In FY2012 CATS continued to fulfill its mission of providing outstanding community-wide public transportation services to 26.5 million passengers while proactively contributing to focused growth through advancement of the LYNX Blue Line Extension project and sustainable regional development.

FY2012 FINANCIAL HIGHLIGHTS

- On June 30, 2012, CATS closed FY2012 with an unaudited fund balance of \$111.9 million.
- Actual operating cost of \$101.2 million. FY2012 was the third year in which CATS reduced its operating costs to balance rising expenses and lower-than-budgeted revenues.
- CATS managed a \$1.7 million reduction in Operating costs with no reduction in service hours while absorbing \$569,118 in higher-than-budgeted fuel costs.
- The State Full Funding Grant agreement for the 9.3-mile LYNX Blue Line Extension (BLE) light rail project was executed in March 2012.
- CATS applied for five competitive grant opportunities offered by the U.S. Department of Transportation with applications totaling \$62 million.
- CATS exceeded all of the Financial Policy Objectives in FY2012. Noteworthy achievements were made in the cost of service per revenue hour, debt service coverage ratios and the year-end unobligated fund balance.

FINANCIAL PERFORMANCE

In FY2012 CATS exceeded all of its Financial Performance objectives.

FINANCIAL PERFORMANCE INDICATOR	MEASURE	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 UNAUDITED
Operating Ratio	Operating Revenues/Operating Expense \geq 20%	23.76%	27.66%	27.83%
Passengers per Hour	Bus \geq 20 passengers per hour	24.6	25.0	26.8
	Rail \geq 90 passengers per rail car	106.3	104.9	108.0
Cost Growth	Cost per Hour System less Rail	\$90.03	\$86.68	\$89.11
	Cost per Hour Rail (car)	\$278.57	\$274.66	\$247.13
Administrative Overhead	\leq 15%	5.62%	7.54%	8.95%
Capital Investment Level	\geq 20% of Sales Tax Revenue	38.00%	30.59%	36.26%
Net Debt Service Coverage	\geq 1.15	1.42	1.15	1.77
Gross Debt Service Coverage	\geq 3.0	3.73	3.74	4.9
Fund Balance (\$ in millions)	\geq \$100 million	\$106.1	\$100.7	\$111.9

OPERATING PROGRAM

OPERATING INCOME

Operating income for FY2012 totaled \$125.6 million.

Income from CATS' key source of revenue, the one-half cent Sales & Use tax was \$3.4 million above the FY2012 adopted budget. Maintenance assistance from the State of North Carolina was down by \$0.9 million. Even with the State's recognition of rail as a mode of transportation, State Maintenance Assistance Program, or SMAP, funding was lower than anticipated in FY2012. The State's appropriation for maintenance assistance to transit agencies was reduced by 6% in FY2012 versus the prior year. The most noteworthy increase in Operating Income was advertising revenue of \$777,855, which represented a 20% increase over the FY2012 original budget of \$650,000.



OPERATING EXPENSE

Operating expense for FY2012 totaled \$101 million. This is significant due to the fact that CATS was able to stay within budget and absorb the increased costs of fuel and security while maintaining core services with no reductions in service hours.

CATS was able to achieve its budget through the following cost-saving initiatives:

- Inventory management
- Fuel buying options
- Reduction in discretionary expenses in all CATS' cost centers

OPERATING BALANCE

Operating balance at \$23.9 million is 36.26% of the actual sales tax received and well within the objective established by CATS Financial Policies. The Operating Balance was transferred to the Capital fund and utilized to fund CATS' share of the Capital Investment Plan.

CAPITAL CONTRIBUTION			
	FY2010	FY2011	FY2012
Operating Balance	\$21,802,139	\$17,121,199	\$23,904,279
Sales Tax	\$57,377,049	\$55,964,789	\$65,920,018
Operating Balance as % of Sales Tax	38.00%	30.59%	36.26%

SUMMARY OF FY2012 INCOME AND EXPENSE (MILLIONS)

INCOME	
BEGINNING BUDGETARY BALANCE	\$100.7
Half Cent Sales Tax	\$65.9
Operating Revenue	\$26.7
Maintenance of Effort	\$18.6
State Maintenance Assistance	\$12.4
Interest Earned	\$0.27
Miscellaneous	\$1.7
Operating Income	<u>\$125.6</u>
Federal Grant Income	\$46.2
State Grant Income	\$2.7
Other Capital	\$8.9
Capital Income	<u>\$57.8</u>
BUDGETARY BALANCE PLUS INCOME	<u><u>\$284.0</u></u>
EXPENSE	
Bus/STS/Vanpool Operating	\$82.8
Rail Operating	\$9.9
General Administration	\$8.3
Operating Expense	<u>\$101.0</u>
Debt	
Expense	\$13.5
Debt Service Expense	<u>\$13.5</u>
Capital	
Bus Equipment/Facilities	\$41.8
Rapid Transit	\$15.8
Capital Investment Expense	<u>\$57.6</u>
Total Expense	<u>\$172.1</u>
BUDGETARY BALANCE	<u><u>\$111.9</u></u>

CAPITAL PROGRAM

CAPITAL INCOME

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

Federal grant awards were delayed due to several Continuing Resolutions in FY2012. This impacted the execution of State matching grants as well. The result was that even though CATS was aware of grant allocations in FY2012, the funds were not actually received during FY2012.

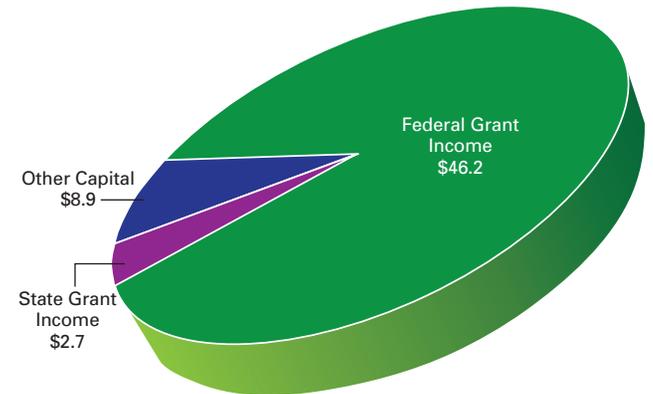
In FY2012, CATS received allocation of \$46.2 million in Federal grants resulting from both formula allocations and several competitive processes. CATS submitted proposals for five grants with a value of \$62 million.

CAPITAL EXPENSE

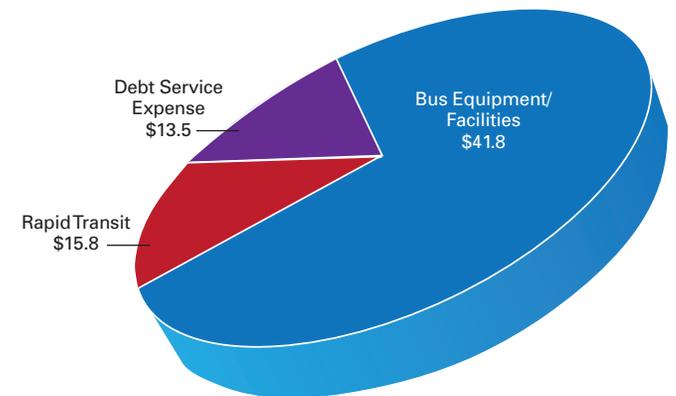
Capital expense of \$57.6 million was as follows:

- \$15.8 million on continuing Preliminary Engineering on the Blue Line Extension project and staff costs on the Red Line Commuter Rail project.
- \$15.0 million on procurement of revenue vehicles including the replacement of 29 buses, 20 STS ADA equipped buses and 19 vanpool vans.
- \$2.0 million toward the Maintenance of Way Rail Facility, \$1 million toward the Light Rail Vehicle Overhaul program

The 9.3-mile LYNX Blue Line Extension light rail project was granted approval by the Federal Transit Administration to enter Final Design. This allows the project to be developed from the 65 percent to the 100 percent design level and to complete preparation of final construction plans, right-of-way acquisition, construction cost estimates, budget documents and utility relocation.



FY2012 CAPITAL INCOME (MILLIONS)



FY2012 CAPITAL EXPENSES (MILLIONS)

DEBT SERVICE

DEBT SERVICE COSTS

Debt service costs at \$13.5 million included expense on three prior issuances. At the end of FY2011, CATS retired its first (2001) debt issuances, which reduced this year's debt service costs by \$1.6 million over FY2011.

OUTSTANDING DEBT

On June 30, 2012, CATS' outstanding debt was \$157.59 million.

TRANSIT FUND BUDGETARY BALANCE

The FY2012 year-end (unaudited) budgetary balance was \$111.9 million.

The budgetary balance is the prior year-end balance plus the current year revenues less current year expenditures. CATS Finance Policies mandate an annual year-end budgetary balance equal to or greater than \$100 million. The difference between budgetary balance and fund balance available for appropriation is restricted funds.

OUTSTANDING DEBT		
	PRINCIPAL REDEEMED	REMAINING PRINCIPAL
2007		\$262,315,000
2008	\$6,010,000	\$256,305,000
2009	\$78,015,000	\$178,290,000
2010	\$7,150,000	\$171,140,000
2011	\$7,430,000	\$163,710,000
2012	\$6,120,000	\$157,590,000

FY2012 BUDGETARY BALANCE (MILLIONS)	
BEGINNING BUDGETARY BALANCE	\$100.7
Income	\$183.3
Subtotal	\$284.0
Less: Expense	\$172.1
FY2012 YE BUDGETARY BALANCE	\$111.9

JUST THE FACTS

BEFORE A CUSTOMER STARTS USING OUR SERVICES, THEY WANT TO KNOW WHAT WE HAVE TO OFFER. NOT ONLY DO WE WANT RIDERS TO KNOW WHAT WE'RE ABOUT, WE WANT THE ENTIRE COMMUNITY TO BE ENGAGED. AND, WE WANT CITIZENS TO BE ABLE TO GET THAT INFORMATION QUICKLY.

FAST FACTS

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Revenue Hours	960,450	1,021,623	1,034,940	997,733	994,220	1,023,299
Revenue Miles	15,542,847	16,689,718	17,013,729	15,617,247	15,927,116	16,085,770
Employees	365	377	377*	351	345	331
Ridership	19,757,737	23,199,350	26,034,078	24,355,191	24,900,919	26,498,635
Fleet						
Forty-Foot Buses	173	181	161	169	169	164
Over the Road Buses	91	91	102	91	91	91
Shuttle Buses	42	50	41	43	43	48
Trolley Buses	20	20	20	20	20	20
Paratransit Shuttles/Vans	93	84	84	84	85	87
Vanpool Vans	93	101	81	71	99	99
Light Rail/Vintage Trolley	20	20	20	23	23	23
Fleet Total	532	547	509	501	530	532



Wheelchair Accessible Fleet	100%
Services	
Local Bus Routes	38
Express Bus Routes	18
Neighborhood/Community Shuttle Routes	16
Vanpools	75
Light Rail Lines	1
Fares	
Local/LYNX	\$2.00
Express	\$2.75
Express Plus	\$4.00
Neighborhood/Community Shuttle	\$.80
Stops	
Bus Stops	3659
Park and Ride Lots	49
Facilities	
Transit Centers	4
Bus Facilities	2
Rail Facilities	1



600 East Fourth Street
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