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Current rail projects not affected

Reduced sales tax forecast prompts review of operations, future capital projects

Lagging sales tax receipts, resulting in lower long-term revenue forecasts in the 13 member cities, are prompting Dallas Area Rapid Transit (DART) to review all expenses including operations, administration and future capital projects, officials said.

"The current projection for sales tax receipts in fiscal year 2010 will be between \$15 and \$20 million below our original estimate of \$387.8 million," DART President/Executive Director Gary Thomas said. "Combined with lower than anticipated sales tax receipts last year, and significantly reduced 20-year sales tax projections, we will have to evaluate all future expenses."

Updated 20-year sales tax projections provided by economist Ray Perryman show DART receiving approximately \$3 billion less in sales tax income than the amount he projected as recently as May 2009. The revisions take into account not only the effect of the current economic downturn but also a comprehensive assessment of population and employment growth rates within the 13 member cities as compared to growth rates for the more rapidly growing emerging suburbs outside of the DART Service Area.

"Our current situation is not unique," Thomas added. "The weak economy is creating challenges for all businesses, public agencies and the customers they serve across the region and around the country. Unlike many we've been able to maintain quality service and keep our expansion on schedule. Fortunately we have financial controls in place to give us an early warning and let us start working on the hard choices we are going to have to make over the next several months."

Current rail projects not slowed; all agency functions to be reviewed

Thomas said the schedule for the planned bus purchase is not affected by the financial information. In addition, the DART Rail Green Line, and the Lake Highlands Station on the Blue Line, will open as scheduled in December 2010. The Blue Line extension from Garland to Rowlett will open as scheduled December 2012.

In February, DART officials said the opening of the first two sections of the Orange Line from northwest Dallas to Irving may be delayed due to schedule problems with the Texas Department of Transportation's (TxDOT) SH 114/Loop 12 construction. The timing of those sections of the Orange Line will not be affected by the latest financial development. DART and TxDOT officials are continuing to review the schedule in an attempt to maintain the original opening dates to Belt Line Station.

Thomas said all aspects of the agency's operations and future capital expansion are being reviewed and no decisions have been made. The Board will receive regular updates leading to the preparation of the fiscal 2011 budget. The Board is scheduled to approve a new budget in September.

Sales taxes key

More than 75% of DART's income is from the collection of the one-percent sales tax in each of the agency's 13 member cities. Other revenue sources include passenger fares, interest income and federal funds. Sales tax receipts are also used to secure debt to fund major capital projects. Sales tax data is monitored regularly and the budget is adjusted as needed.

DART collected \$378 million in sales taxes in fiscal 2009. The original sales tax projection for fiscal 2009 was \$431 million and then revised downward to \$385 million in May 2009.

Plans provide early guidance

To guide long-range planning DART develops 20-year financial and system plans. These two plans are reviewed and approved by the Board of Directors. Projects are not added to the system plan unless funding has been identified. The cost of designing, building, operating and maintaining the project is then included in the financial plan and divided according to the amounts needed in a specific year.