



Board Chair Report

A performance update from your regional transit agency

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LYNN FLINT SHAW

DART Chairman of the Board

Orange and Blue Line review continues || *A special message from Lynn Flint Shaw*

During our January 8, 2008, Board of Directors meeting, we continued discussing actions necessary to meet our commitment to open the first leg of the Orange Line to North Irving in 2011 and a Blue Line extension to Rowlett in 2012.

The discussion focused on a three-pronged approach: project cost-reduction, adjustments in DART's 20-year Financial Plan to generate

additional upfront construction cash, and potential new revenue sources such as public-private partnerships, revenue generating opportunities, grants, and expanded advertising.

Over the past few weeks, we've spent a great deal of time learning more about public-private partnerships. We have met with representatives from the financial, construction and transportation operations communities to not only educate ourselves on possible options but also to gauge interest in a DART partnership. I'm pleased to say that there's strong initial interest in possible partnerships due to our record of performance.

However, at this stage, it's important to remember we have not made final decisions in any of these areas, and we will discuss them further at our regularly scheduled January 22 meeting.

While the bulk of the cost differential between the Financial Plan and the current 10% design estimate for the Orange and Blue lines is due to unprecedented increases in the world market for construction materials and services, we're also reviewing how we monitor rail projects and their costs through the planning, design and construction phases. I directed staff to begin an audit of that process on November 27, 2007, when the Board was briefed on the projected shortfall.

Meanwhile, our 28-mile Green Line expansion remains on schedule and within budget. We're very excited about having our first trains in place to Fair Park in time for the State Fair in September 2009, and completing the connection from Pleasant Grove to Carrollton just over one year later.

We'll continue keeping you informed on the latest Green Line construction developments and on our progress in meeting our commitments to Irving and Rowlett.



Agency News

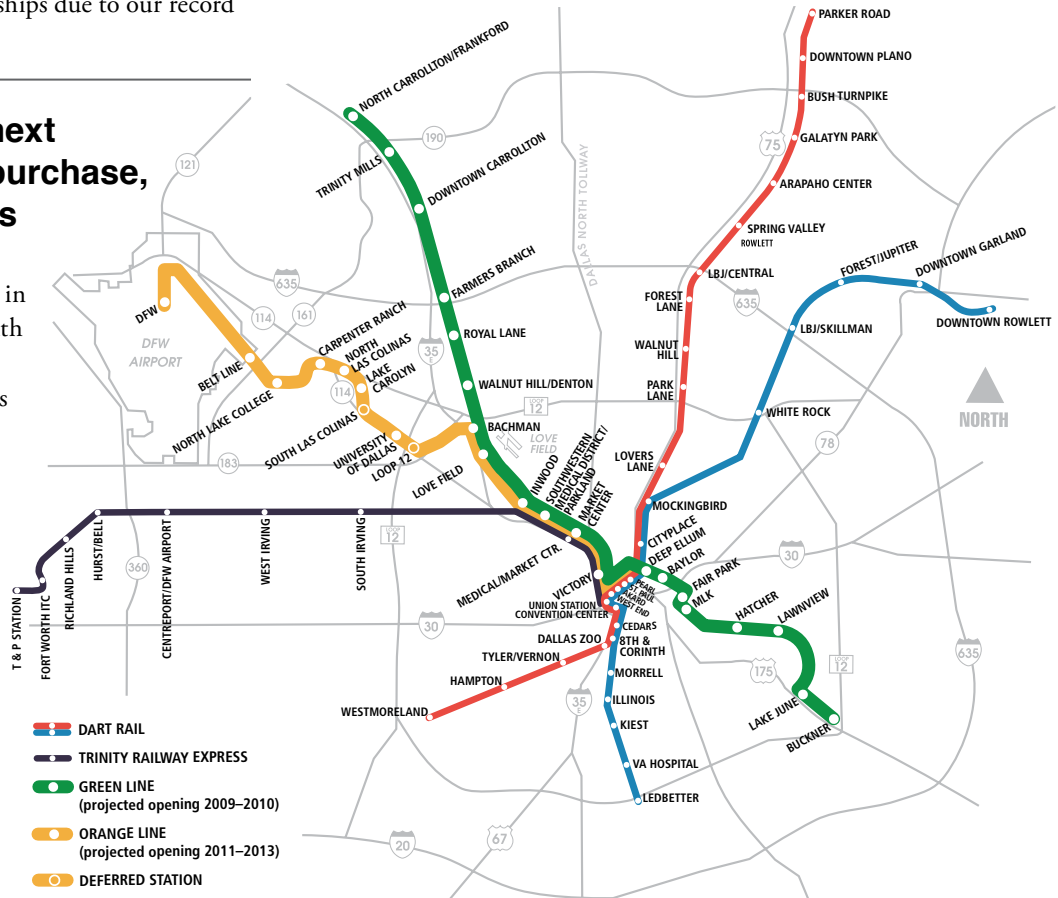
DART planning next generation bus purchase, new technologies considered

We're taking the next step in our clean fleet program with the purchase of 537 new, advanced technology buses scheduled to be in service beginning in 2010. This

purchase will replace our fleet over a three-year period.

In the past 10 years we have invested nearly \$25 million in clean fuels programs, leading to a 68% reduction in fleet emissions. Within the transit industry, DART has made some of the largest investments in clean fuels for buses. For example, we developed the Texas market for ultra-low sulfur diesel and we conducted the first large-scale rollout of

►► to pg 2



Next Generation Bus Purchase

► continued from pg 1

transit buses fueled with liquefied natural gas (LNG). In response to our leadership, DART was awarded a \$7.5 million grant from the State of Texas in 2002 to upgrade bus engines with new pollution-fighting equipment that significantly reduces exhaust emissions. We used that technology to help bring diesel-fueled bus emissions down to natural gas levels.

Given our limited resources and other large capital commitments to the region with our light rail and High Occupancy Vehicle lane expansion, it's imperative that we also consider the cost effectiveness of our bus purchases. While we continue to seek opportunities for federal assistance, this next procurement currently is supported by 98% local money.

For more than a year, staff reviewed the three commercially viable transit bus engine alternatives (diesel, natural gas, and hybrid/electric). All of these must comply with the same stringent emissions standards established by the U.S. Environmental Protection Agency for 2010.

It's important to note that the differences in emissions between diesel, natural gas,

and hybrid/electric technologies have been substantially reduced through advancements in the bus engine industry and are virtually the same between fuel types.

Regardless of fuel type, improvements in engines and stronger fuel-neutral federal guidelines mean the buses we order today will not only meet federal air quality guidelines in 2010, they will reduce our current bus fleet NOx emissions – a precursor to ozone pollution – by at least 90%. Reducing NOx emissions is a major regional air quality objective.

Our recent economic analysis concluded diesel technology was our most economical choice at this time. However, our current bus solicitation will allow for the consideration of other fuel technologies, which will be evaluated based on the cost effectiveness to DART.

The Board will be considering the award of this contract in August 2008. We'll also continue to monitor further developments in bus engine and fuel technologies as we consider future bus orders.

Employees deliver holiday cheer, food and toys



In addition to their individual charitable and volunteer activities throughout the year, DART employees come together each holiday season to support a number of local efforts, most notably the Union Gospel Mission and the DART Police Santa Cops.

Just before Christmas, employees presented the Union Gospel Mission nearly 18 tons of food – about six tons more than last year. Over the past 10 years, our employees have donated more

than 45 tons of food to the mission. To put that amount in perspective, that's more than the weight of three DART buses.

DART Police officers began their own version of the Santa Cops program in 2001 to reach out to needy people they occasionally encounter while patrolling our buses, trains and facilities. Each year, the program has grown, and this year they gave meals to about 185 families and toys to 650 children.



I could go on about staff adopting individual families or schools or supporting other programs. Let me just say this: I'm very proud of our staff and pleased to have this opportunity to share with you how they extend themselves every day to serve our community.

Fiscal Year 2008 Board of Directors

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