



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 plans being refined

A special message from Lynn Flint Shaw

overestimated the cost of the last portion of the Orange Line (Belt Line to DFW Airport). The reevaluation reduced the \$900 million differential by \$136 million, to \$764 million. While this is still a large figure, it's a more accurate basis from which to work.

Using the revised \$764 million differential, we further examined the Orange and Blue line project costs to identify savings. We have worked closely with Irving and Rowlett to find cost-saving measures that will in no way affect safety or reduce project quality. So far, DART has determined we can reduce the projects by \$185 million.

Financial plan options

Adjustments to our financial plan are another part of our approach. We have identified \$240 million in financial plan opportunities as a major area of savings for us over time which includes our ability to issue future debt at a new, lower rate. While our 20-year Financial Plan assumed we would be paying 5 to 5.25% interest on our future long-term debt, it appears we will be able to issue debt at a lower, locked-in rate. This is similar to a fuel hedge and would ensure a maximum rate for our debt issued over the next two years. This adjustment alone saves about

\$80 million over the life of the plan, but the savings could be even higher depending on the rate we are able to obtain. Based on our meetings with the financial community, DART remains a very attractive investment.

Generating additional sources of revenue

We are continuing to learn more about the potential of public-private partnerships. We have met with representatives from the

► Orange and Blue Line plans continued on pg. 2

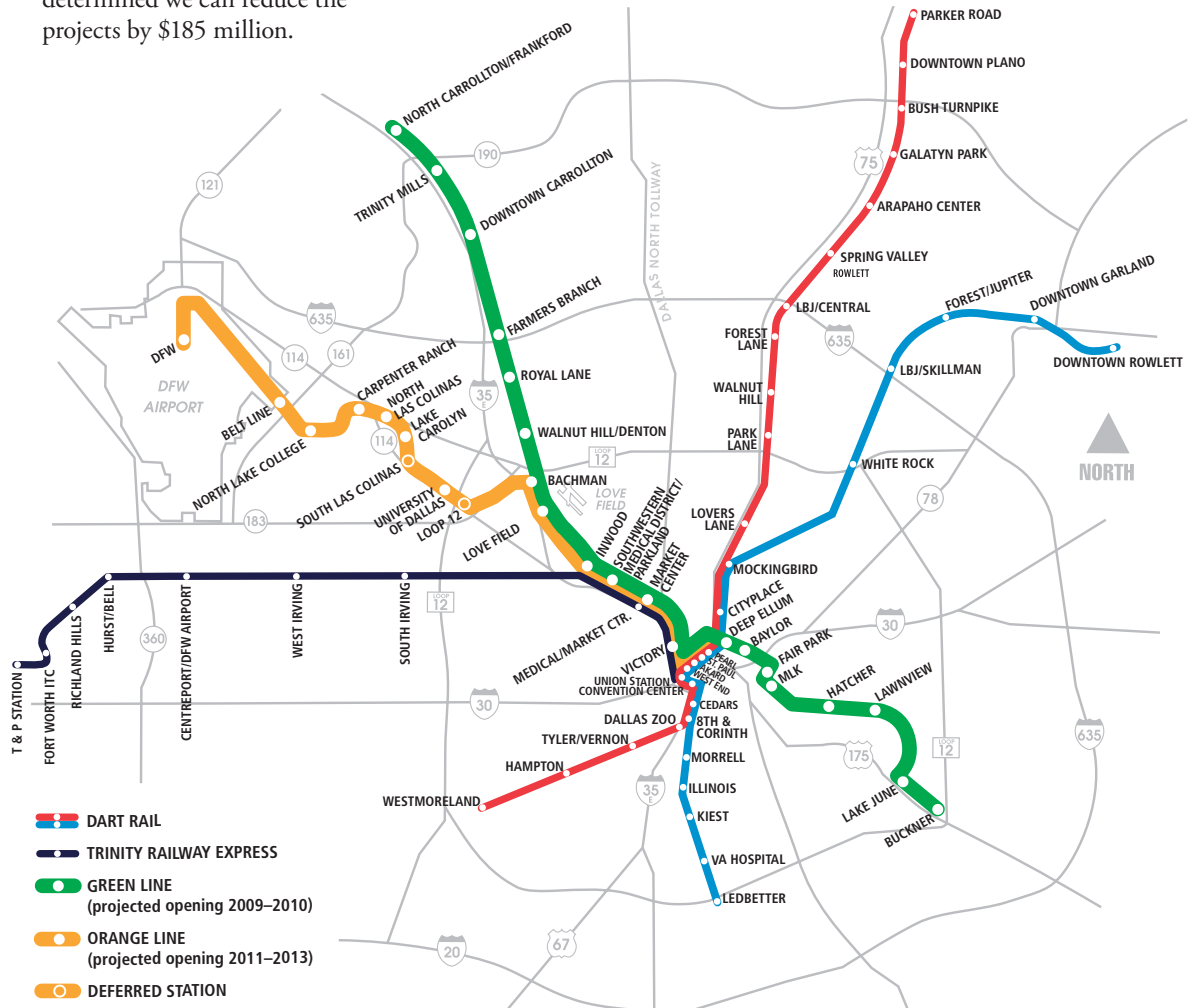
The DART Board and staff continue reviewing financing options that will help us meet our commitment to bring DART Rail to Irving in 2011 and Rowlett in 2012. In recent weeks we have also renewed our pledge to the City of Dallas to maintain the schedules for the South Oak Cliff Blue Line extension from Ledbetter Station in South Oak Cliff to I-20, as well as a second rail line in the Dallas Central Business District.

The Green Line project remains on schedule and on budget as we move toward the scheduled openings in September 2009 and December 2010.

During the January 22 board meeting, we again discussed potential cost-reductions to the Irving and Rowlett extensions, adjustments in DART's 20-year Financial Plan that might provide additional construction cash, and new revenue sources such as grants or public-private partnerships.

Project review continues

Our first step was to closely review the project estimates to give us the most precise dollar figure possible at this point in time. As a result of that analysis, DART determined we had



Orange and Blue Line plans

► continued from pg. 1

financial, construction and transportation operations communities and have found a shared interest in addressing our region's mobility needs. In addition, we've talked with our peer transit agencies in San Francisco, Denver, Houston and New Jersey to learn about their experiences with these partnerships. This will help us develop some "best-in-class" practices that will serve us well as we continue our expansion over the coming decades.

Next steps

I am including a table which pulls together the highlights of our approach to the problem. It is a snapshot of where we are right now. Our next step will be for us to continue working with staff to refine their plans and approve a new Financial Plan. A primary objective will be to solidify the funding source for the additional \$329 million in debt needed to fund the rail projects. There are several options available to us, some of which involve legislative or voter approval, and some of which are totally within DART's control. Once the Board approves a draft Financial Plan, our member cities will have 30 days to provide feedback before the Board votes on a final version in the March-April timeframe.

RESPONDING TO THE CHALLENGE Irving & Rowlett Update (\$ in millions)	
• November 27 Estimate of difference between Financial Plan and 10% design	\$900
• Savings from project re-evaluation	\$136
• Actual difference	\$764
• Making up the difference	
– Value Engineering Reductions	\$185
– Financial Plan Opportunities	\$240
– Revenues	\$ 10
– Additional Debt	\$329
	\$764
Net difference	\$0



Agency News

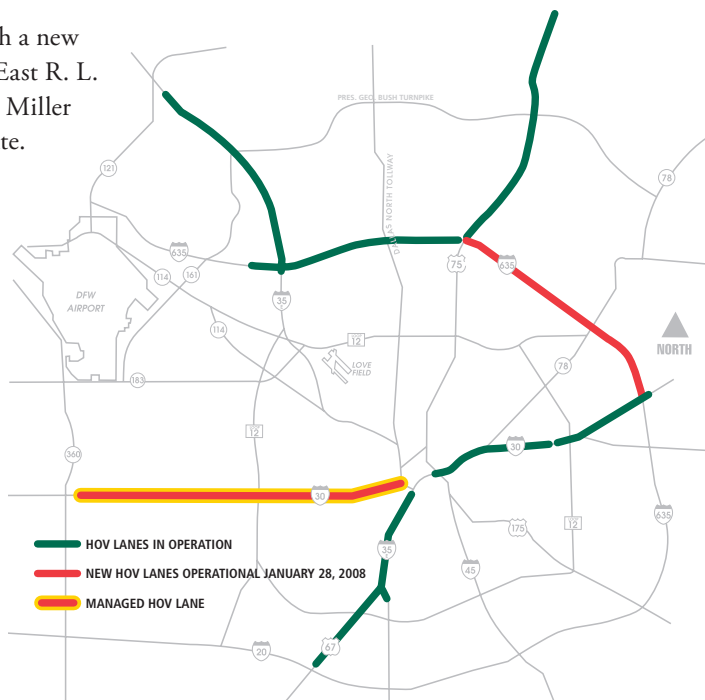
Regional HOV expansion continues with new lanes on LBJ

A 12-mile extension of the I-635 (LBJ Freeway) HOV lane, from U.S. 75 (Central Expressway) to I-30 that will roughly double the length of HOV lanes in the LBJ corridor opens Monday, January 28.

This is the latest phase in the regional expansion of HOV lanes, which will add 50 miles and roughly double the existing network. It began July 31 with the opening of a new managed HOV lane on I-30 West (Tom Landry Highway) – between the Dallas/Tarrant County Line and Loop 12 – that eventually will stretch between Dallas and Fort Worth.

It continued December 17 with a new six-mile extension of the I-30 East R. L. Thornton HOV lane from Jim Miller to Northwest Drive in Mesquite. The lane – which extends to downtown Dallas – uses movable barriers put in place by Barrier Transfer Vehicles, commonly referred to as "zipper trucks," and is open to westbound traffic in the mornings and eastbound traffic in the afternoons.

The new 15-mile HOV lane extending north from the "High Five" interchange on I-635 LBJ to Exchange Parkway in Allen opened December 21.



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