



DALLAS AREA RAPID TRANSIT (DART)

Third-Party State Performance Audit

by

TransTech
Management, Inc.

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FINAL REPORT

TABLE OF CONTENTS

Executive Summary	1
Introduction	6
Board Support & Board Staff Relations.....	10
Diversity and Economic Opportunity	12
Finance	16
Government Relations	24
Human Resources	26
Information Technology.....	30
Internal Audit.....	41
Legal	43
Marketing and Communications.....	47
Operations.....	52
Planning and Development.....	60
Police	68
Procurement.....	74
State-Mandated Performance Indicators	79
Statutory Requirements	88

EXECUTIVE SUMMARY

Audit Objectives

- Texas Transportation Code requires a performance audit once every four years.
 - Statute focuses on *improving efficiency and effectiveness*.
 - Audit focus: 1) management and administration functions, 2) statutory compliance with applicable laws (review of new legislation), and 3) a review of the key performance measures.
- The effort must recognize that DART and its Board must balance *efficiency and effectiveness* against a number of additional priorities as embodied in DART's Mission Statement.

Organization of Report

- Twelve chapters cover the various DART administrative and management departments that are the object of this review.
- The "Operations" chapter reflects the input gathered from the various DART operational departments who are supported by the administrative functions. Thus, discussions regarding operations issues are not included in this Executive Summary unless they are directly and significantly related to administrative and management support functions.
- There were sixty-eight findings and 51 recommendations.
 - A number of 'findings' thus require no corrective action or corresponding recommendations.
 - Departmental concerns with the audit recommendations mostly were related to areas where improving efficiency or effectiveness might compromise other organization goals and are so-noted, as appropriate
- The final two chapters ("State-Mandated Performance Indicators" and "Statutory Requirements") cover the additional compliance review areas required by the State and DART.

Major Positive Findings and Challenges

- Overall, we conclude that DART is a top-tier U.S. transit agency based on the functions covered in this audit.
- DART morale in the support areas generally is high, with excellent – albeit challenging - interagency relationships.
- DART is continuing to adjust to “reductions in force,” and most departments appear to have made workload adjustments while a few appear to be understaffed.
- DART is beginning to transition from a ‘build-out’ phase to an ‘operate and maintain’ phase - a significant transition with major implications for future operations and management.
- As infrastructure ages, administrative and management support demands will increase.
- Identifying and handling service expansion while maintaining equity among existing member governments will continue to be a challenge.

Recommendations of Primary Interest to the Board

This section highlights *selected* recommendations that are likely to be of significant interest to the Board. We advise reading the entire finding and recommendation contained in the body of the report for a more thorough understanding.

OBS-1. Evaluate the potential for reducing the number of employees in the Office of Board Support to a level more commensurate with other similar agencies. We do not see a compelling reason to reduce staff, just to point out that the number of employees in the Office of Board Support is at the upper end of the scale based on our years of experience in the industry.

OBS-2. Clarify the “policy and oversight orientation” of the Board and the “technical and operational” orientation of the staff. As is said, “this is not rocket science,” but it can be tricky to deal with, as the approach to board governance varies widely in the public and private sector. Most accept the position that an oversight board provides a *policy* framework for the agency or corporation (as well as makes major decisions, adopts a capital and operating budget, and assumes and/or otherwise manages fiduciary risk), and executive staff *executes* the policies via various technical, operational and structural means.

DEO-2. The DART Board should evaluate to what extent it desires to maintain and/or increase the resources devoted to achieving the agency's D/M/WBE goals. To the extent that the DART Board and management desire to bring such goals more in line with other transit properties, it may want to consider reducing its D/M/WBE goals, perhaps to something approaching the federal target of 10% for minority business enterprise contracting.

DIT-6. As funding permits, restore DART technology staffing to pre-RIF levels of 73 FTEs as a minimum. Areas of emphasis should include network management and support, program management (especially change management competencies), business intelligence, and ITS technology. Technology is viewed broadly as the means for adjusting to reduced staffing. However, this places considerable pressure on IT, where user expectations for technology may be excessive in some cases.

DIA-2. Provide increased flexibility among staffing levels within the Department of Internal Audit to allow for promotions from within the organization. In fact, ways and means should be found to retain exemplary professionals throughout DART, to include the Department of Internal Audit.

OGC-2. The DART General Counsel should report to executive management rather than the Board. This change is anticipated to provide DART management with greater confidence in including the Office and the General Counsel in discussions on improving organizational efficiency and effectiveness and in supporting routine DART legal matters. The General Counsel would continue to be available as needed for responding to Board requirements.

POL-2. Perform an independent analysis of the benefits, costs and risks of the DART Board's staffing mandate on the Police Department. The analysis should seek to address the potential risks identified by Police administration, including the deterioration of response times to incidents on buses and / or at transit centers, increased overtime costs, and the actual impact on both enforcement and community based prevention and outreach activity in all aspects of the Police Department's operations.

Other Major Recommendations

We have highlighted several key recommendations which in our judgment may be addressed by the executive and management staff and in most cases will not require direct intervention by or significant assistance from the Board.

FIN-1. Expand the cost allocation model to address non-transit and non-operations activities. DART's cost allocation model should be expanded by adding non-transit and non-operations initiatives to allow costs to be allocated to these activities. DART'S non-transit and non-operations activities include regional planning, development of streetcar lines for other agencies, and other activities unrelated to DART's current or future operations. Some of the costs of

these activities are currently charged to operating modes, while others are charged to capital accounts.

DHR-1. New leadership in the Department of Human Resources should focus on improving a number of processes that would move HR from an average organizational unit to one that is more exemplary. Priority attention should be given to the following matters, most of which are under the direct control of the VP, Human Resources.

- Compensation. Compensation decisions should be expedited, whether they are accomplished in house or with vendors.
- HR Generalists. These individuals (4) need to focus more strategically on customer service and spend more time serving their operations constituents in the field.
- Recruiting. A renewed focus is called for in the recruiting area, where two individuals carry most of the workload.
- Vacancies. HR needs to rectify an approximate 14% vacancy ratio within its own unit (as of June 2012).
- Customer Satisfaction. HR should develop and deploy internal and external customer satisfaction surveys on a regular basis.
- Performance Measures. Maintain the Quarterly Scorecard, which is an excellent tool, and add additional measures such as Talent Bench Strength and Quality of Hire Based on Performance.
- Employee & Labor Relations (ELR). The strength of ELR within HR and the agency needs to be re-established.
- Organizational charts. DART VPs and AVPs maintain their own organizational charts, which vary in terms of format and information provided. HR should be the repository of the official organizational charts for the agency.

DIT-1. The update of the Technology Strategic Plan should be a priority in light of current and future needs. DART should broaden the participation of the user community in the refresh process to help to ensure the alignment of business priorities with technology investment.

DIT-2. Strengthen the role of the DART Information Technology Department in the oversight of technology projects. Every technology project in the agency should be subject to the processes and methodologies of the DART Program Management Office, and a Technology Project Manager should be assigned, along with a business / functional leader, to direct each such project.

OGC-3 and PRO-3. DART should update its regulations related to procurement to reflect current “best practice” in governmental purchasing. In practice, this means revising DART procurement rules/regulations to be consistent with best practice procurement standards.

MAC-2. As DART is able to improve the technologies used to handle caller information requests, it should evaluate whether having Call Center employees work for home or at satellite facilities might improve efficiency, productivity and / or services, potentially at reduced cost. As part of a long-term strategy, DART should evaluate whether Call Center operations could be performed at similar or better levels of customer satisfaction and lower costs through outsourcing.

GRD-4. Report the costs and revenues associated with freight railroad corridor management as a separate mode. Similar to DART’s expenditures on general mobility and HOV/HOT lane management, the management of freight rail operations on DART property is not a traditional transit mode. By rolling this into commuter rail, the operating costs of commuter rail are overstated, and the true net cost (net the lease revenues generated from these properties) is not easy to evaluate and recognize.

Key Performance Indicators and State Compliance Matters

There are two other areas that were investigated as required by DART. Overall conclusions in these areas are as follows:

- **Key Performance Indicators.** The consulting team examined DART’s compliance with the key performance indicator (KPI) requirements of the performance audit. We found that DART complies with the State requirements for performance indicators in most cases. There are a few KPIs where the needed data are not collected or processed in a way that is consistent with the State’s definition.

State Compliance. DART is in compliance with applicable legislative requirements. All instances of non-compliance discovered in this audit are minor and have been resolved following communication with D

INTRODUCTION

Background

Dallas Area Rapid Transit (DART) is a regional transit agency that serves a 700 square mile area consisting of the following 13 cities: Addison, Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Highland Park, Irving, Plano, Richardson, Rowlett, and University Park. DART was created by voters and funded by a one-cent local sales tax on August 13, 1983. DART is authorized under Chapter 452 of the Texas Transportation Code.

Some facts about the DART organization and its operations include following (all figures from Fiscal Year 2011 (FY11) unless noted otherwise):

Combined system statistics	\$433.5 million operating budget (FY12) 3,668 budgeted employees (FY12) 111.8 million passenger trips
Fixed route bus system	612 vehicles 15 transit centers 12,500 bus stops 37.2 million passenger trips annually
Light Rail System	163 units 58 stations 77 miles system length 22.3 million passenger trips annually
Commuter Rail – Trinity Rail Express	9 locomotives 25 passenger cars (17 bi-level coaches and 8 bi-level cab cars) 10 stations 34 miles line length 2.4 million passenger trips
High Occupancy Vehicle Lanes	8 interim lanes 75 freeway miles 48 million commuter trips
General Mobility Programs (vanpools)	197 vehicles 985,000 riders
Paratransit operations	11,200 certified participants 790,00 ridership

Audit Objectives

Per Chapter 165, Subchapter J, Section 452.454, of the Texas Transportation Code, DART is required to conduct a performance audit once every four years. Such audits are required to use an outside firm “with experience in reviewing the performance of transit agencies” to perform an independent performance audit of

specific activities of the agency. These audits are intended to serve two purposes:

- (1) Provide evaluative information necessary for the performance of oversight functions by state and local officers and,
- (2) Provide information to the authority to assist in the making of changes to improve the efficiency and effectiveness of the authority operations.

Each of these audits must examine one or more of the following internal functions:

1. Administration and management of the authority;
2. Transit operations; or
3. Transit authority system maintenance.

For this round of audits, DART elected to focus on: (1) its management and administration functions; (2) statutory compliance with applicable laws (review of new legislation); and (3) a review of the key performance measures. Departments/units specifically targeted for review by this audit included the following:

- Finance
- Marketing
- Rail Program Development
- Information Technology
- Legal
- Human Resources
- Procurement
- Internal Audit
- DART Police
- Diversity and Economic Opportunity
- Mobility Management Services
- Office of Board Support
- Transportation
- Maintenance
- Commuter Rail program

These departmental reviews included identifying key findings and providing any necessary recommendations needed to address any deficiencies in the following areas:

- Functionality
- Training
- Standard operating procedures
- Cost elements

The statutory compliance elements for this review included assessing the Authority's compliance with general applicable general state laws, verifying the degree to which the data reporting methods conform to State definitions for the statistics used to calculate key performance measures, and reviewing the state mandated performance measures of the authority.

The consulting team notes that per the statutory language cited above, this project is focused on providing recommendations aimed at *improving efficiency and effectiveness*. However, we note that the DART organization and its Board must attempt to balance the organization's desire for efficiency and effectiveness against a number of additional priorities that are embodied in DART's Mission Statement, which is repeated below:

The mission of Dallas Area Rapid Transit is to build, establish and operate a safe, efficient and effective transportation system that, within the DART Service Area, provides mobility, improves the quality of life, and stimulates economic development through the implementation of the DART Service Plan as adopted by the voters on August 13, 1983, and as amended from time to time.

Accordingly, we acknowledge that the DART organization and its Board may choose not to adopt all the recommendations contained in this report for reasons related to the need to balance competing priorities, as noted in the Mission Statement. However, this does not alter the responsibility of the consulting team to identify findings and provide recommendations that in our professional judgment address the perceived intent of the Texas Transportation Code requirements.

Approach

The TransTech Management team followed a straightforward plan for performing this work, consisting of four primary tasks, as defined below:

1. Review, Audit and Report on the Authority's Administration and Management of Transit Operations;
2. Review, Audit and Report on the Authority's Statutory Compliance with Applicable Laws;
3. Review, Audit and Report on the Authority's Key Performance Measures; and
4. Prepare Final Report and Presentation to the DART Board of Directors.

These tasks were performed through a combination of onsite and offsite work, with the various interview tasks performed during rounds of in-person visits, supplemented by telephone and video calls. Email was used frequently to request and receive information as was the DART intranet and its secure FTP

server. Throughout this process, DART personnel were extremely cooperative and helped expedite this project.

Organization of Report

This report is organized around the focus areas identified in the Request for Proposal for this project, arranged in alphabetical order for ease of identification and location. We also established a three-letter abbreviation for each chapter, with all report findings or recommendations identified using the associated chapter abbreviation, with corresponding numbering for findings and associated recommendations (e.g., *Recommendation DEO-1* would correspond with *Finding DEO-1* and involve the Diversity and Economic Opportunity department.) The table below identifies the chapter and abbreviations used:

DART Department / Area	Chapter Abbreviation
Board Support & Board Governance	OBS
Diversity and Economic Opportunity	DEO
Finance	FIN
Government Relations	OGR
Human Resources	DHR
Information Technology	DIT
Internal Audit	DIA
Legal	OGC
Marketing and Communications	MAC
Operations	OPS
Planning and Development	GRD
Police	POL
Procurement	PRO
State-Mandated Performance Indicators	KPI
Statutory Requirements	STR

Twelve chapters cover the various DART departments that are the object of this review. (The “Operations” chapter reflects the input gathered from the various DART operational departments in terms of the support received from the administrative and management units.) The final two chapters (“State-Mandated Performance Indicators” and “Statutory Requirements”) cover the additional compliance review areas requested by the audit.

Each section begins on a separate page for ease of review.

BOARD SUPPORT & BOARD STAFF RELATIONS

Overview

The Director of Board Support reports to the Board of Directors chairperson. This office provides the following administrative support to the Board (1-5) and serves several *other entities* (6-7):

1. Distributes information to each Board member
2. Assists in handling Board member requests
3. Coordinates Board and Board Committee meeting materials
4. Coordinates meeting schedules for Board members
5. Maintains official documents of Board and Board Committee meetings
6. *Serves as Secretary to the Trial Board*
7. *Serves as Liaison to Administrative Law Judges*

The Office (of Board Support) – in conjunction with the Department of Information Technology – has done a good job of using modern technology to communicate with members (e.g., moving from laptops to iPads), providing pre-meeting materials, and operating Board meetings via a Board portal. In addition, the Board's electronic (solely) library access will be complete this year and contain all records from 1983 forward.

Items 1-5 above are typical board support functions for public agencies of all types and for many private sector boards. Depending on many factors, including how often the Board and Committees meet, the activity level of the Chairperson, the board's desire for in-depth pre-meeting materials, their interest in operational details, nature and extent of Board committees, and so forth, the employees required to provide board support may vary widely. It is noted that all DART board meetings also are recorded so that minutes and records may be more accurate and that Office employees are cross-trained.

Items 6 and 7 are functions that are often assigned to other organizational units in an authority or transit property such as Legal or Human Resources, experience sporadic needs for assistance, and will vary by state and/or union agreements. One of the Office's employees "provides assistance" with Trial Board grievances (from 6 – 15 per quarter, based on recent data) and Administrative Law Judge contract disputes, although the Office Director serves as Secretary to the Trial Board and the Administrative Law Judges, the latter for about one or two hearings per year.

Office personnel are DART employees in the fullest sense of the word; the compensation of the Director of the Office of Board Support is set by the Board. Due to the size, structure, and nature of the Office, some employees wonder about opportunities for upward mobility.

Finding

Finding OBS-1.

The number of FTEs in the Office of Board Support exceeds the typical level of support of most boards and commissions

Excluding the grievance and trial board responsibilities that are often domiciled elsewhere, the DART Office of Board Support consists of approximately four positions dedicated to Board administrative support.

By way of comparison, the MBTA (Boston) had three Board support staffers for five board members, but two essentially full time Board members are used as full time personal secretaries and assistants, in addition to their other duties. The Delaware River Port Authority (operates four signature toll bridges, PATCO commuter rail, and river ferries) is an agency of about the same size as DART, with a similarly-sized Board of Directors; they have an equivalent 1.5 – 2 FTE's in Board support roles. Houston Metro has two individuals, other authorities where we have consulted normally have about two, as do policy boards and commissions at state DOTs.

However, there are some extenuating circumstances that apply to the DART Board, as follows:

- Drawing from a 15-member Board (average in the U.S. is 9-10), the Chairperson determines the number of standing and ad-hoc committees; thus, depending on the proclivities of the Chair, the number may vary greatly.
- Based on an APTA database (which is admittedly incomplete), the DART Board has the most committees (nine standing and four ad-hoc).
- The Board meets as a Committee of the Whole and Board twice monthly.
- Meetings commence mid-morning and typically conclude about 7:30 PM, requiring 2-3 meal servings and attendant kitchen/catering support.

Recommendation

Recommendation OBS-1.

Evaluate the potential for reducing the number of employees in the Office of Board Support to a level more commensurate with other similar agencies.

We do not see a compelling reason to reduce staff, just to point out that the number of employees in the Office of Board Support is at the upper end of the scale compared with other U.S. transit properties. At the same time, the DART Board has additional assignments and responsibilities that are handled elsewhere or simply do not exist at other locations. In any case, the DART Board has defined responsibilities and duties for the Office of Board support at a level with which they are comfortable.

DIVERSITY AND ECONOMIC OPPORTUNITY

Overview

DART's Department of Diversity and Economic Opportunity (DEO) is responsible for the following areas:

- Managing and administering DART's Disadvantaged Business Enterprise (DBE) program. This includes monitoring contract awards (approximately 400+) to ensure objectives of the program are being adhered to throughout life of the contract.
- Ensuring DART's compliance with Title VI of Civil Rights Act of 1964.
- Monitoring and enforcing the federal and state aspects of the American with Disabilities Act (ADA). This includes providing guidance to agency personnel on matters concerning ADA Title II compliance requirements for vehicles and facilities.
- Establishing Disabled/Minority/Women Business Enterprise (D/M/WBE) participation goals on procurements of \$50,000 and over in size. (The Federal Code of Regulations (49CFR26) identifies a federal target of 10% for minority business enterprise (MBE) contracting, with the specific MBE target for a given location determined by the relative pool of local MBE contractors within the overall contractor population.)
- Negotiating with potential prime contractors to promote DART's D/M/WBE program objectives to ensure participation on DART contract awards.
- Conducting extensive community outreach efforts and training workshops to develop and expand the base of D/M/WBE vendors.

The DEO consists of the Assistant Vice President (AVP) of Economic Opportunity and nine staff, all of whom are DART employees. The AVP of Economic Opportunity reports to DART's Deputy Executive Director. DEO staff regularly meets with the AVP of Economic Opportunity to identify upcoming procurement or other opportunities related to DEO's responsibilities.

The DART Board has established a DEO goal of providing at least two D/M/WBE (disadvantaged / minority / women) training sessions a year. The attendance at the workshops held at DART headquarters average 150-200 attendees. DEO also collaborates and participates in training sessions for minority contractors held throughout the year by the 15 area chambers of commerce.

Internal customers

DEO's largest internal customer is Procurement. Accordingly, the AVP of Economic Opportunity and DEO staff regularly meet with the Procurement AVP and his staff to identify contracts where Procurement may need assistance in

promoting opportunities externally to increase D/M/WBE participation. DEO staff also occasionally attends pre-bid conference meetings.

Other major internal customers include Rail Programs (for procurement & ADA activities), Maintenance (for procurement), and Mobility Management Services (for ADA activities.)

External customers:

The primary external customers of the DEO are the area's D/M/WBE business community. To assist in communicating with these communities, the DEO maintains strategic partnerships with the major chambers that represent minorities, women and other groups and other groups with goals that include the development of economic opportunity for minorities and women.

The DEO regularly communicates procurement opportunities via email to registered D/M/WBE vendors in the DEO database and through the minority chambers' websites. DEO staff occasionally makes site visits to current or perspective vendors to both learn and explain how these vendors might be able to access more opportunities within the DART system.

DART/DEO contracts with the North Central Texas Regional Certification Agency (NCTRCA) to certify D/M/WBE entities. (Currently, almost 4,000 firms have been certified.) DART and 20 other entities serve on the NCTRCA board.

The Federal Transit Administration (FTA) is an external customer of the DEO with respect to DART's adherence to Federal Disadvantaged Business Enterprise and Small Business Enterprise Program requirements.

Performance measures:

The DEO's primary performance measure is whether DART meets its D/M/WBE targets, which currently consist of a combined participation goal of 32%. However, the agency currently is achieving 34% and recently was successful in reaching a 42% D/M/WBE participation level on a large construction project. These levels of success are indicative of DART's efforts to develop the local D/M/WBE contractor pool and encourage their participation in DART procurement opportunities. DART's D/M/WBE contracting goals are among the highest of any public agencies of which we are familiar.

Other DEO performance indicators used include the timeliness of DART's reporting of Title VI compliance efforts and other required reporting to the FTA and otherwise.

Findings

Finding DEO-1.

DEO relies on manual processes and stand-alone spreadsheets for reporting requirements.

Much of DEO's current performance reporting must be compiled manually. Software applications exist for compliance reporting that reduce duplicate data entry. Software that is intended to improve the efficiency of this process has

been approved and budgeted but actual purchase and implementation is awaiting the completion of the Purchasing System implementation, which this software is intended to complement.

Finding DEO-2.

DEO's ability to sustain or expand D/M/WBE contracting goals is likely to be challenged as DART moves from a 'system build-out' focus to more of an 'operate and maintain' phase.

High D/M/WBE participation goals tend to be more achievable on construction projects, reportedly due to a relatively larger pool of qualified D/M/WBE subcontractors than in many other procurement/contracting areas; construction projects also tend to involve large dollar volumes, which help DART efforts to achieve agency-level D/M/WBE goals. In combination, these factors tend to result in higher D/M/WBE contracting levels during periods of heavy construction, as DART has been involved in during its system build-out phase. However, as DART transitions to more of an 'operate and maintain' period of agency evolution, it is likely that maintaining or expanding its current D/M/WBE contracting rates will become increasingly difficult unless the Agency is willing to expand the resources devoted to these goals.

The anticipated impact on DART resource requirements associated with meeting or expanding D/M/WBE contracting goals within the context of an 'operate and maintain' environment include the following:

- Devoting additional personnel (both in DEO and Procurement) to maintain current D/M/WBE contracting levels, with significant additional resources needed to expand those goals;
- Increasing DART's average procurement cycle times (already a major complaint area within the organization) and requiring higher inventory levels to compensate; and
- Incurring higher product/service costs (additional subcontractor/supplier costs inevitably are transferred to the cost of goods or services supplied).

Recommendations

Recommendation DEO-1.

DART should purchase and implement a software application that would improve the efficiency of providing the performance reporting produce by the DEO.

This step would free DEO resources that could be used to further other departmental goals.

Recommendation DEO-2.

The DART Board should evaluate to what extent it is willing to increase the resources directly and indirectly devoted to achieving the agency's D/M/WBE goals.

As indicated, DART has been very successful in promoting D/M/WBE goals that are very aggressive and is rightfully proud of its record of achievement in this area. However, for the reasons stated, it is likely to be more difficult to sustain or

advance these goals as DART transitions to a less construction-oriented period without a significant increase in the resources devoted to this effort – both directly and indirectly.

To the extent that the DART Board and management may question what balance is appropriate between goals of increasing agency efficiency and effectiveness and the level of resources devoted to maintaining or expanding its D/M/WBE program goals, it should consider whether it should reduce its D/M/WBE goals to a more sustainable level.

Response DEO-2.

We agree with portions of the finding, but not others. “The national 10% goal does not authorize or require [DART] to set overall or contract goals at the 10 percent level, or any other particular level, or to take any special administrative steps if their goals are above or below 10%.”

We also do not agree with the recommendation. DART should continue to set goals based on the established and accepted factors and methods that have provided success for DART’s program and growth and development for historically underutilized businesses.

FINANCE

Overview

The Finance Department is one of five functional areas that report to the Executive Vice President of Business Solutions/Innovations. The EVP also currently serves as Senior Vice President of Finance. The incumbent has held the position as head of Finance since December 2008 and was recently promoted to the EVP position.

The Finance Department consists of five areas:

- Accounting
- Revenue
- Treasury
- Business Plan and Analysis
- Risk Management

The section of the report on each area will include a general description of the function, organization, and personnel, followed by any findings and recommendations for the unit as a whole.

Accounting

Accounting includes about 20 people who handle general accounting, financial reporting, accounts receivables and payables, and payroll. The management team in this area is experienced, and most section managers have been at DART for many years.

The exception is the Manager of Payroll, who has been at DART less than a year. She was brought in to help correct problems in this area. The Payroll section is still trying to consolidate in a single place responsibility for all calculations that effect payroll checks. Currently, payroll deduction calculations for items such as retirement plans and reimbursements are handled in other areas. This division of responsibilities makes reconciliation of payroll more difficult and means employees with questions on paychecks often have to track the issue through multiple departments.

Accounting manages DART's corporate card program. It is a credit-card type system used for employees to purchase and pay for most small items without going through the regular procurement system.

DART capitalizes costs in a couple of different ways. Costs directly related to a project (e.g., construction of a light rail line, purchase of buses) are charged to the capital budget by project and amortized over the life of the asset.

Staff efforts on the capital program are charged to capital projects based on estimates by department of the percentage of time spent on particular projects over the year. Based on NTD comparisons, DART charges a relatively high number of employees to capital, with nearly 200 employees charged to capital in FY 2010. Although the number of capital employees is high, it is consistent with

staffing at other peer agencies serving cities such as Minneapolis, Salt Lake City, and San Jose.

DART also has accounts for what it calls non-operating costs, i.e., costs which are considered neither operating nor capital. Costs in these accounts are neither amortized as capital nor charged to the operating budget. Instead, they are reported in the Quarterly report as separate accounts. DART accumulates costs for small, non-recurring capital projects, including various rehabilitation costs, in its 189 Small Capital Account. The types of costs charged to this account vary widely, but some examples include headquarters building carpet, some types of signal maintenance, shop tools, and software upgrades. Consultant costs for system planning are also charged to the 189 Small Capital Account. Items charged to this account are locally funded.

Other non-operating accounts include: Capital Planning and Development, Project Start-up, and Road Improvements/ITS. Planning staff costs for system planning (rather than staff costs for a specific project) are charged to Capital Planning and Development. Costs associated with the start-up of a project, mostly light rail lines, are booked to a non-operating account as are road improvement and ITS costs.

In general, these non-operating accounts are not included in operating costs for internal reporting but are included as operating costs for external financial and NTD reporting. Costs charged to this account are those that do not meet the generally accepted accounting principles (GAAP) definition for capital, i.e., projects that do not add value to an asset, but that DART does not consider an operating expense.

Revenue

The Revenue function is the largest area in Finance, with over 50 employees. The area controls all fare scrip, including purchasing tickets and passes, managing the inventory, handling bulk sales, stocking ticket vending machines (TVM), and maintaining the TVMs. This area also includes revenue administration, which includes ridership reporting for all modes, pulling fareboxes from buses and probing the ERFs, and National Transit Database (NTD) reporting. TVM Maintenance recently moved into this area from Maintenance.

This area is in the early stages of developing a new comprehensive fare payment system for DART; the first piece will be implemented in December whereby a customer can buy a ticket (rail or bus) with a smart phone. The new system will be focused on the elimination of as much cash and paper fare payment as possible.

Treasury

The Treasury Department consists of 17 people who handle cash management (including the count room, investments, and fuel hedging), grants, debt management, and pension investments. The group is supported by outside

financial advisors for debt, financial advisors for pensions and other benefit plans, and bond counsel.

The Treasury Department also handles the sales tax forecasting for the agency, using a number of different economists as outside experts. Because of DART's expertise in hedging, this group often gets calls from other local agencies looking for advice and assistance.

As with Payroll in Accounting, the Grants section of Treasury is working to consolidate grant applications and management within its area. In previous years, other departments would also apply for grants, making consistent grant compliance and reporting difficult.

Business Plan and Analysis

The fourth area in Finance is the Business Plan and Analysis. It handles the capital and operating budgets, DART's Quarterly Performance reports, and a one year and 20-year financial plan.

The budget process is relatively decentralized, with each department provided a target (currently, operating budget growth is capped at 90% of inflation plus new project expenses). Each department must manage to that goal. Some departments have budget analysts within their departments to help develop and track departmental budgets.

This section also tracks performance indicators, publishes the Quarterly Performance Report and other internal tracking reports, performs fare increase analyses when needed, and forecasts farebox revenue. The area includes six staff members and is led by a very experienced manager.

This area runs DART's cost allocation model. DART has a two-step cost allocation model to develop costs for the following modes: bus, light rail, commuter rail, high occupancy vehicle, paratransit, vanpool, and general mobility. Direct and indirect expenses are allocated by cost center and line item within COGNOS, (DART's budget software) to each of the seven operating modes, the Capital Planning and Development account, and the Start-Up Cost account. General and Administrative expenses are then allocated to the same modes and accounts based on the percentage of direct and indirect costs allocated to each.

Interest from non-member cities to connect to DART's system is growing. DART is concerned that allowing access and its associated ridership demand will contribute to needed capital improvements in the core of the light rail system as the system becomes capacity constrained. Therefore, DART has been working on ideas on how these non-member cities or even residents should be charged to retain equity with those cities and residents who pay DART's sales tax. Business Plan and Analysis staff has been involved in the calculation of such access fees to DART's system for other providers who wish to interconnect with the system. The only time this calculation has been made and a fee charged is for the DART-provided bus feeder service from Mesquite to DART's system.

DART also began recently to charge non-DART service area residents to park at three of its outlying rail stations. While the idea behind this parking fee is similar to that of the access fee (ensuring that non-service area residents pay their fair shares), the parking fee was not developed in the same way as the access fee.

Risk Management

The Risk Management area moved to Finance from Administration in January 2012. This function includes safety, worker's compensation, the management of other lost time benefits programs, claims management, and construction insurance.

The area includes 16 employees. The safety function employs six people, five of whom work at DART's operating facilities doing safety training. Five staff members handle liability claims arising from DART operations. Three employees in Risk Management handle all benefits programs that deal with time off of work, including workers compensation, short and long term disability and Family Medical Leave Act (FMLA) claims. The other two employees are the AVP of the department and her assistant. The AVP, with assistance from one of the workers compensation employees, handles the owner-controlled insurance program for construction contractors as well as risk assessment for procurements and DART contracts.

There is some commonality of function between Risk Management's Safety function and Program Delivery's Safety function. Currently, Risk Management's role in safety relates to operations, while Program Delivery's relates to construction.

There is also some overlap in responsibilities between Risk Management and Labor Relations (part of Human Resources) as they deal with grievances related to safety and on-the-job injuries. Some employees will, in essence, try to work grievances through both departments to see who responds more favorably.

Findings

Finding FIN-1.

The management team in Finance is very experienced, with most leaders having long tenure at DART in their areas

These senior leaders appear to be highly competent, and Finance appears to be viewed favorably by the departments that they support.

Finding FIN-2.

The Treasury and Revenue sections appear to have reasonable controls and check and balance systems in areas where cash is handled.

Finding FIN-3.

The financial data reported in various reports (e.g., Quarterly Report, Annual Financial Statement, NTD report) are not always consistent and may often be attributed to definitional differences among the reports.

The two major differences in the costs reported are due to different treatments of HOV operations costs and the 189 Small Capital Account. For example, in FY 2010, bus operating costs reported for NTD were about \$16 million higher than in the Quarterly report.

Response FIN-3

The accounting and the budget reports are on different basis. There are certain projects that are undertaken that do not meet the capitalization criteria under Generally Accepted Accounting Principles (GAAP) but that DART treats as a 'capital' project from a budgetary standpoint.

These include 1) non-operating projects such as planning studies, 2) road improvement projects, or 3) significant long-term maintenance activities that cannot be capitalized (such as repainting an operating facility). Inclusion of type 1 and 2 projects are not appropriate in operating expense. Type 3 routine, on-going expenses and inclusion of these types of expenditures in operating expense for KPI purposes would generate a 'lumpy' expense distribution from year-to-year making expense and KPI trending analysis meaningless.

Finding FIN-4.

Internal performance reporting, external financial reporting, and NTD reporting all fall under Finance but reside in three different functional areas of the department.

Internal performance reporting lies in the Business Plan and Analysis section, external financial reporting lies in Accounting, and NTD reporting is handled in Revenue. At least some of the observed data inconsistencies may be due to this split in responsibilities for what should often be the same information.

Response FIN-4

The NTD report is reviewed by our external auditors each year. They ensure that the NTD numbers reconcile back to the DART year-end financials. Also monthly reports provided to management and the DART Board include a reconciliation between budget and financial reporting numbers.

Finding FIN-5.

HOV operations costs are reported as bus (MB) costs for NTD but are treated as a separate cost for internal reporting.

The HOV operations costs relate to the physical operation of the HOV facilities such as opening and shutting access gates and move traffic cones. DART considers these costs as separate from the bus operating costs because they are largely highway (not transit) operations costs.

Finding FIN-6.

Freight rail management costs are included in commuter rail (CR) costs for NTD and internal reporting, even though most of the efforts of the function are not related to TRE operations.

The management costs involve the management of operating freight lines and abandoned freight lines owned by DART. DART maintains ownership of these lines for possible future rail or bus rapid transit service expansion.

Finding FIN-7.

DART does not have an adopted and consistent policy on how non-member cities or residents should be charged to access the DART system.

Response FIN-7

DART anticipates that it will adopt a policy in the next few years.

Finding FIN-8.

The safety function is split between Finance (Risk Management) and Growth/Regional Development (Program Delivery.)

Recommendations

Recommendation FIN-1.

Expand the cost allocation model to address non-transit and non-operations activities.

DART's cost allocation model should be expanded by adding non-transit and non-operations initiatives to allow costs to be allocated to these activities. As discussed in the Growth/Regional Development section, DART performs a number of non-transit and non-operations activities. These activities include regional planning, development of streetcar lines for other agencies, and other activities unrelated to DART's current or future operations. Some of the costs of these activities are currently charged to operating modes, while others are charged to capital.

Recognizing the costs of these activities will ensure that DART transit operations and capital accounts are assigned only costs that are related to transit operations. Specifically, the following separate activities should be added:

- Railroad ROW Management-- which would include direct costs from the 510 account, the Real Estate section within Program Delivery, and any costs incurred within the Maintenance department related to the management and maintenance of rail ROWs on which DART has no transit operations—and appropriate indirect and overhead costs; and
- Planning and Project Development for non-DART projects and regional initiatives and appropriate indirect and overhead costs.

Recommendation FIN-2.

Create more rigorous process for capitalizing staff costs to projects and Capital Planning and Development account.

Currently, each departmental manager provides an estimate of the percentage effort that is expended on capital projects. Other agencies use timesheets or other regular reporting mechanisms to capture the level of effort expended on capital projects throughout the fiscal year. Adopting a more rigorous process will provide better consistency across departments and ensure that capital accounts are not being used to cover operating costs. This process could also be used to capture costs for non-transit modes for use in the cost allocation model.

While the number of employees charged to capital is fairly high at DART, it is still within the range of capitalization rates at other properties with large capital programs. But as the capital program is completed, DART will need to make sure that operating budget does not appear to grow because there are fewer project against which selected labor costs can be charged as capital costs. While positions that are 100% capital may be eliminated as the capital program is completed, but others whose efforts are split between capital and operating activities will likely remain. DART needs to recognize that this shift of effort for some employees to the operating program will occur and be prepared to understand the impact it will have on the operating budget.

Recommendation FIN-3.

Eliminate the 189 Small Capital Account.

Items now listed in the 189 Small Capital Account should be accounted for consistently across reports—internal report, financial reports, and NTD reports. Most items in this account should be treated as operating expenses under generally accepted accounting principles and should be treated the same way for internal reporting. The account should be reviewed and items that are truly capital expenses should be shifted to the capital budget, while items that are truly operating items (generally, maintenance activities and short-lived assets) should be treated as operating costs. A few items (such as consultant expenses for system planning) may be appropriately charged to the Capital Planning and Development Account.

DART feels that eliminating this account will result in “lumpy” operating costs and key performance indicators as some non-recurring costs are including in annual operating costs. However, the total amount of expenses in 2011 in the Small Capital Account is less than 5% of operating costs, and not all of these costs would shift to operating. Some would likely shift to other non-operating accounts such as Capital Planning and Development. The impact on key performance indicators would be small.

Recommendation FIN-4.

Exclude HOV operations costs from bus (MB) costs reported to the Federal Transit Administration through its NTD reports.

The NTD system is meant to capture transit operating and capital costs, and per the NTD Reporting Manual, to report transit expenses. If an agency also performs non-transit functions, these costs should be excluded from NTD reports. By reporting HOV operations costs as a part of its bus operations costs, DART overstates the costs of its bus service. Peer reviews for DART that compare the costs of other agencies’ operations are often based on NTD costs and now reflect higher costs for DART bus service than is warranted. It is understandable that DART has been reporting HOV operations as a part of its transit costs, because the NTD guidance does not explicitly address non-transit activities such as HOV operations. Making this change should benefit DART by better reflecting the costs of providing its bus service.

Note that if Recommendations FIN-3 and FIN-4 are implemented, internally reported operating costs and operating costs reported to NTD should now match.

Recommendation FIN-5.

Exclude Railroad ROW Management costs from commuter rail (CR) operating costs reported to NTD.

The Railroad ROW Management costs are expenses incurred for managing property that is owned by DART but not used in transit operations. These costs are associated with possible future rail or bus rapid transit capital expansion projects. Since the property is not used in transit operations, it should not be reported as commuter rail operating costs internally or as part of the NTD annual report.

If the Railroad Management function is added as a separate activity to the Cost Allocation Model (Recommendation 1) and excluded from the TRE mode, then the remaining TRE operating costs reported in the internal reports will reflect the total costs of providing commuter rail service. These are the operating costs that should be reported as commuter rail operating costs in the NTD annual report. By making these changes, there will be consistency between the commuter rail operating costs reported internally and to the NTD.

Recommendation FIN-6.

Ensure consistency between performance reporting and NTD data.

This consistency could be achieved with the same organizational structure through better coordination among the various people responsible for collecting and reporting the data. Alternately, the performance reporting and NTD reporting could be consolidated under one section of Finance. A business intelligence system is currently being implemented which, in part, is intended to create one agency repository for this performance data. The system will also include a location for notes that explain why different variations on data exist, if the different versions are due to definitional or usage issues. While these data points are currently reconciled during that annual audit, the new system would eliminate or document any variations throughout the fiscal year.

Recommendation FIN-7.

Consider shifting the safety function currently in Growth/Regional Development (Program Delivery) into the Risk Management Department.

The logic of the current division of safety programs between those related to Operations and those related to Construction will diminish as the large-scale construction program at DART winds down. As discussed in the Growth/Regional Development section of this report, the Program Delivery function will likely require changes in its focus and structure as it moves from delivery of large-scale rail construction projects to smaller maintenance or rehabilitation projects related to DART's operations. At that point, the distinction between the two safety programs will likely be less pronounced and combining them into one function may be more efficient.

GOVERNMENT RELATIONS

Overview

The Office of Government Relations (OGR) is headed by a Vice President who reports to the Deputy Executive Director, one step below the President / Executive Director. Staff consists of five “specialized” employees, as follows, and two vendor firms in Washington, DC and Austin, TX:

- Vice President
- Manager of Federal Relations
- Manager of State Relations
- Manager of Local Relations
- Administrative Assistant, supporting the above four positions and supplementing local government contacts
- A vendor lobby firm in Washington, DC
- A vendor lobby firm in Austin, TX

The OGR Vice President has been at DART since 1982, serving in a variety of capacities including marketing, project management, and government relations.

Considering the workload of OGR, the above is considered an appropriate number of individuals. It compares reasonably with other TX-based authorities; for example, the North Texas Transportation Authority has three full-time equivalent employees, three vendor contractors, and a Washington, DC representative firm covering their government relations functions. DART has a considerably larger local government constituency as key stakeholders, along with more extensive involvement in state and federal initiatives. To the extent possible, each manager is cross-trained.

A primary mission of OGR is to “intercept” and handle issues before they reach the DART executives if at all possible. In fact, the OGR deals continuously with the 13 member cities, as well as the federal government on a near-daily basis. In addition to these contacts and 19 state delegates, focus is emerging on regional issues, as evidenced through counties, chambers of commerce, metropolitan planning organizations and regional transportation organizations.

There are significant challenges associated with expanding DART service regionally while remaining equitable to the existing member governments. This is and will be one of the major objectives of Government Relations in supporting DART management to help smooth the way for transit growth in the larger metropolitan region.

Findings

Finding OGR-1.

Automated (computer-based) tracking of contacts and other activities have been sporadic and not fully developed.

By the admission of the Vice President, tracking of contacts and activities is “ad-hoc.” This has been an avowed need of OGR for several years but has not been able to be a priority for the Department of Information Technology.

Approximately three years ago, OGR and IT worked on establishing a computer-based system that would serve the tracking function. While OGR felt the system was adequate, IT was not able to provide support for it. Subsequently, OGR has compiled a set of specifications that will meet IT concerns and improve OGR operations efficiency and effectiveness and is moving forward with this effort.

Recommendations

Recommendation OGR-1.

Implement a computer-based tracking system that will enable all employees of OGR to interact more efficiently and effectively, as well as provide access for DART executives to the status of various inquiries.

OGR and IT have collaborated on specifications for such a system, including the potential for using off-the-shelf software. OGR considers this matter with some urgency, and IT should be directed to assist in selecting and/or developing suitable software and supporting it.

HUMAN RESOURCES

Overview

The Department of Human Resources has 28 positions (as of June 2012) of which there are about 4-5 vacancies. With a total DART employment of 3,668 budgeted in fiscal year 2012, the ratio of HR positions to total agency positions is 131 which is slightly higher than general guidelines for HR staffing. That is, generally speaking, a ratio of 1:100-120 would result in an HR staff of about 31-37 positions. Except for the issue of turnover at the VP and AVP level, however, the HR Department is not significantly understaffed and seems to have adjusted adequately to the RIFs, attrition and retirements occurring in 2010 and 2011.

The VP for Human Resources reports to the Deputy Executive Director, who also manages Government Relations and Diversity & Economic Development. There are seven vendors and two essentially full-time consultants assisting HR benefits administration at this time. (It should be noted that no one in HR seems to have a handle on the number of active consultants; various consulting functions were noted: actuaries, pension, benefits, compensation, etc.)

The following are the primary HR-related duties and activities of DART's Department:

- Compensation
- Benefits
- Human Resources Information System (HRIS)
- Records – DART records management
- Employee & Labor Relations
- HR Generalists – “one-stop shopping” partners for operating units
- Recruiting – inside and outside
- Training and Organizational Development (“leadership” and “supervisor” training is in HR; “technical” training is in the operations group)

In addition, HR is responsible for the administration and management of other Administrative Services, to wit: the mailroom, print shop and dock. (The TransTech team discussed an organizational change for this group, i.e., moving it out of HR where it does not “fit,” but other than merging the HR print function with a small similar function - as we understand it - in Marketing & Communications or transferring the dock operation to Materials Management, no other solutions were apparent. We thus declined to create more commotion where it would not seem to be justified and left the unit alone in its current location.)

The Department serves four primary groups of customers:

- DART employees who need assistance with any of the above functions;
- Retirees regarding benefits issues or questions;
- Job applicants (recruiters); and
- Any open records request for any DART record.

HR produces a Quarterly Scorecard that is very instructive. It may be reduced to one page and provides data on more than a dozen measures, as follows:

- Quality Hire Percentage per Quarter
- Involuntary vs Voluntary Terminations
- Turnover Cost per Quarter
- Time to Hire (Days)
- Time to Post (Days)
- HR Cost per External Hire
- Internal vs. External Hires
- Affirmative Hires (Females) per Quarter
- Hires by Gender and Ethnicity per Job Category
- Hourly Unscheduled Absence Cost
- Trial Board Scorecard
- Benefit Cost per Employee
- Internal Customer (Employee) Satisfaction (in updating process currently)

Some of the trends are moving in a negative direction over the last five quarters (Q1 2011 – Q1 2012). Time to Post (10 – 17 days) and Time-to-Hire (51 – 122 days) have been increasing steadily, and Hourly Unscheduled Absence Cost has increased from \$1.03M to \$1.36M). Obviously, these data are greatly influenced by type of position being recruited. Other indicators, such as Turnover Cost per Quarter and HR Cost per External Hire are trending in a positive direction. These data provide a significant amount of information about the DART workforce on a quarterly basis.

Findings

Finding DHR-1.

A number of the primary functions in HR are not performing at a level commensurate with a major HR function in a large public agency.

The compensation area has been subject to substantial turnover and it has been difficult to establish continuity. Compensation analysis thus takes too long and slows down the hiring and promotion processes. While not unusual,

compensation expertise also must be secured from an outside vendor, which does not seem to speed up the process. Lack of budget has affected the Department's ability to retain outside services or software that would assist in compensation analyses. At the same time, experience at DART has shown that external vendors are unable or unwilling to provide compensation and benefits tasks any more expeditiously than are HR employees.

Information Technology has not been able to provide much support for the HRIS, and thus it is mostly handled within the Department of Human Resources. The system interfaces with the larger IT systems of the agency, including the payroll system. The incumbent HRIS manager is working on better managing and maintaining the accuracy and integrity of employee data.

Records retention has been somewhat haphazard, although improvements are being made under the guidance of a relatively new manager.

The HR Generalists are not focused sufficiently on strategic partnering with their operations units and employees therein, nor do they spend sufficient time "in the field" serving their needs.

Some internal recruiters do not seem to be productive and may lack sufficient customer focus.

The example issues cited above are a function of several maladies: a) lack of capabilities on some fronts to perform the assigned function(s) at a high level, b) revolving leadership, c) reductions-in-force and other terminations, and d) seemingly stuck with some processes which are old, home-grown (such as the applicant tracking system), and lack of up to date SOPs.

Recommendations

Recommendation DHR-1.

New leadership in the Department of Human Resources should focus on improving a number of processes that would move HR from an average organizational unit to one that is more exemplary.

Priority attention should be given to following matters, most of which are under the direct control of the VP, Human Resources.

- Compensation. There is only one compensation employee in the DART organization, which may be acceptable if DART is willing to retain compensation consultants on an as-needed basis and likely at a considerably higher cost. Regardless, the compensation decision must be expedited, whether it's accomplished in house or with vendors.
- HR Generalists. These individuals (4) need to focus more strategically on customer service and spend more time serving their operations constituents in the field. Services should be rendered faster and more efficiently.

- Recruiting. A renewed focus is called for in the recruiting area, where two individuals carry most of the work load. Time to Hire statistics indicate that this unit needs to increase its productivity. (There is disagreement among HR managers as to the nature and extent of the issues in the recruiting area.)
- Vacancies. HR needs to rectify an approximate 14% vacancy ratio (as of June 2012).
- Customer Satisfaction. HR should develop and deploy internal customer satisfaction surveys on a regular basis. Surveys were conducted in September 2008 and May 2009, but have not been conducted since. (It is our understanding that a proposed internal customer satisfaction survey was due to be presented to the Executive Team in mid-June 2012.) Also, external customer satisfaction surveys should be conducted on a regular basis; the latter should be coordinated with Marketing & Communications.
- Performance Measures. Maintain the Quarterly Scorecard, which is an excellent tool, and add additional measures such as Talent Bench Strength (“ready-now” internal candidates for key positions) and Quality of Hire Based on Performance.
- Employee & Labor Relations (ELR). The strength of ELR within HR and the agency needs to be re-established. This area requires a more performance based perspective in dealing with issues in conjunction with improved training of line managers on the appropriate administration of policies and procedures.
- Organizational charts. DART VPs and AVPs maintain their own organizational charts, which vary in terms of format and information provided. HR should be the repository of the official organizational charts – to include all major units and sub units - and provide them to individual units throughout the agency as they are needed. This may require extracting information from payroll, HRIS and other systems, and it would provide a measure of consistency within DART.
- Consultants and vendors. Ensure that HR has a handle on and is tracking the use (purpose, contract amounts, payments, commitments, etc.) of consultants and vendors.

INFORMATION TECHNOLOGY

Overview

The 2011-2015 DART Strategic Plan specifically establishes six Board priorities, one of which is “Use technology to integrate and advance services and systems,” and it lists two key goals and supporting strategies:

- Apply technology to provide timely, accessible and reliable services and information to customers:
 - Improve integration, analysis and reporting of data related to bus and light rail operations
 - Deliver user-friendly ease of access to self-service interactive information and services
 - Equip rail stations, major transit centers and vehicles with public address and variable digital message signs/boards.
- Leverage technology for maximum benefit to agency and stakeholders:
 - Complete a secondary data center and a business continuity plan
 - Upgrade the radio system for automatic vehicle location and dispatch
 - Implement SMART card technology for fares and ridership data collection
 - Improve the procurement system
 - Define, prioritize and deliver other technology projects as approved by the Technology Steering Committee

DART’s Chief Information Officer (CIO) is specifically tasked in the Strategic Plan to “own” this strategic priority, along with the Vice President of Finance.

The Technology Department is organized within the Business Solutions and Innovation group of Departments, along with Finance, Marketing and Procurement. Headed by the Authority’s Chief Information Officer, and reporting to the Executive Vice President / Chief Financial Officer, the Technology Department provides centralized technology management and support to the enterprise through four major divisions: Infrastructure Operations, Applications Management, Intelligent Transportation Systems Technology and Architecture and Information Management. There are 62 full time equivalent positions authorized, with 59 filled at the time of the field work for this assessment.

Findings

Finding DIT-1.

Technology strategy is somewhat outdated in light of current conditions.

The CIO personally authored the agency's first Technology Strategic Plan, which was adopted in early 2010. That plan articulated a vision and a set of principles for the governance of information technology investment at DART, addressed operational practices within the Technology Department and established priorities for the improvement of the user experience, infrastructure investment and cost management, enterprise applications and information management.

The "guiding principles" for the Technology Department are as follows:

- Align the activities and deliverables from the IT Department with and in support of the DART Strategic Plan at all times
- Leverage existing technologies to the extent practical for use Agency-wide
- Deliver technology solutions that are easy to use and improve the day to day productivity of client departments
- Eliminate as much paper as practical from the agency by replacing it with electronic media
- Deliver management information to departments, divisions and managers by transforming transactional data into business intelligence
- Deliver information to customers (riders) to improve their transit experience and exceed their service level expectations
- Manage and operate the technology infrastructure for maximum availability
- Operate the department efficiently and cost effectively by managing to budget and to operational metrics with performance targets.

Although the Technology Strategic Plan pre-dated the adoption of the current Authority-level plan, they are consistent and mutually supportive. A number of the major initiatives anticipated in the 2010 Technology Strategic Plan are either complete or well underway. At the same time, resources for information technology have been curtailed in light of current economic conditions. Additionally, newly appointed senior leaders have emerging technology priorities. Taken together, these factors - the progress made on current initiatives, constrained resources and evolving expectations, have created a need to update and refresh the plan and the CIO has this update on his personal "to-do" list for the current year.

Finding DIT-2.

Departmental reorganization is appropriate.

The Department is in the latter stages of its implementation of a new organizational structure. The reorganization creates four major operating units of the Technology Department: Infrastructure and Operations, Applications Management, Intelligent Transportation System Technology and Architecture and Information Management. It creates a more “compact” management structure within the department and reduces the CIO’s span of control from six to four direct reports.

The intent of the new organizational model is to focus resources on the most important and emerging business needs of the DART enterprise and to drive a culture of customer focus and responsiveness. Specific areas of new emphasis include:

- ***Enterprise Architecture (EA)***, including the creation of an Enterprise Architect position to drive a focus on the alignment of DART’s technology infrastructure, tools and services with the overall vision and direction of the agency as a whole. When fully mobilized, EA should help to improve standardization, reduce risk, capture economies of scale across the organization, accelerate solution deployment, and increase the return on IT investment.
- ***Business Intelligence (BI)***, involving helping the organization to gain maximum leverage and operational insight from the large amounts of data produced by the various application systems and business activities of the enterprise. The Department is currently evaluating software tools for business analytics and is establishing the initial areas of focus. Once fully operational, the BI team will help DART executives and managers to a better job of decision making based on near real-time data provided to them, extracted and linked from multiple sources, in an intuitive, graphical format. Top candidates for the first wave of deployment include operational data on ridership, on-time performance, customer satisfaction and financial performance.
- ***Program Management Office (PMO)*** which concentrates on the development and deployment of rigorous project management tools, techniques and practices to the management of DART’s technology project portfolio. Services provided include the development and implementation of project management methodologies and tools, promulgation of project management standards of practice, project performance tracking and reporting, and providing project management support and oversight to designated project managers and teams.

The reorganization has been accomplished in a “head count neutral” fashion, without an increase in overall personnel allocations. This approach has created some level of tension within the department when, coupled with the reduction in force - which eliminated 1 position

from the department's authorized headcount from FY 2010 to 2012- has incrementally reduced resources in some areas to allow the enhanced focus on the newer priorities mentioned above.

Finding DIT-3.

Information technology governance over spending priorities could be clarified.

DART has an established IT governance structure and internal governance and project management processes. However, the relationship between IT governance and financial planning and budgeting is somewhat murky.

The Technology Steering Committee (TSC) was established and its Charter approved in 2009. It is comprised of 12 senior executive managers representing the full range of DART functions and services. Membership is defined as:

- VP of Procurement
- Director of Internal Audit
- VP of Marketing
- VP of Paratransit
- EVP of Administration (title now obsolete)
- VP of Maintenance
- VP of Transportation
- EVP, Chief Financial Officer
- SVP of Rail Program Development
- VP of Planning and Development
- VP, Chief of Police
- VP, Chief Information Officer (serving as Chairperson)

TSC is tasked with the review and prioritization of all technology projects valued at \$50,000 or more and to recommend to the Board any IT project with an estimated cost of \$250,000 or more. Meetings are targeted on a quarterly basis, but have not been held as regularly during the past year.

The EVP/Chief Financial Officer also instituted a Capital Project Committee, comprised of representatives of various departments with significant capital funding requirements, including Technology. This Committee is charged with providing advice to executive management on capital investment priorities and it is presently unclear as to how the responsibilities of the Capital Project Committee intersect and/or overlap those of the Technology Steering Committee in terms of the prioritization of technology spending.

Once technology projects are vetted and approved, they become a part of the portfolio of projects managed by, or with the support of, the Technology Department. Projects of under \$50,000 but requiring 40 hours or more of IT staff time are requested through an automated workflow process and are reviewed in a bi-weekly "demand management" meeting of IT staff. Monthly project review meetings of the largest and most significant projects are held monthly and the entire IT staff meets to review progress, issues, and challenges on a scheduled quarterly basis. Each DART department has an assigned Customer Relationship

Manager within the Technology Department to provide advice and assistance in the submittal of new project requests, support tickets, etc.

Finding DIT-4.

Enterprise application technologies are strong.

DART has invested significant resources in the licensing, implementation and support of its three major enterprise applications systems. These include:

- **Lawson Software** for the administrative / back office support for finance, human resources and payroll, with procurement and contract management in implementation.
- **Trapeze** for support of the major operational activities for route planning, operator scheduling, route performance management, passenger trip planning, paratransit, ridesharing and related operational functions.
- **SPEAR** for fleet and facilities maintenance, materials management and work order processes.

These are all well-established commercial-off-the-shelf applications suites within their respective functionality sets and are supported through both in-house staff and vendor supplied maintenance and support arrangements.

Other specialized applications, most of which are commercially procured, support other DART activities such as budgeting (Cognos), Geographic Information Systems (ESRI), records/document management (FileNET), construction project management (Primavera), Police scheduling and time management (Telestaff) and ad-hoc reporting (Crystal / Ripplestone Server). Again, these are all well established and recognized products in their respective spaces.

Finding DIT-5.

Most major projects are moving forward.

Over the course of this study, several important technology projects have shown important progress. Among these are:

- Migration from the Novell Groupwise email, calendaring and collaboration suite to the cloud-based Google Mail solution is underway with full deployment expected in August of 2012.
- Implementation of Voice Over Internet Protocol (VOIP) technology has progressed through a feasibility assessment to the identification of leading candidate vendors, all of which are available through the Texas Department of Information Resources contract for expedited procurement. A final decision is expected in July of this year. Implementation will reduce telephony and facilitates the integration of multiple communications modalities including voice, email, video conferencing, etc.
- Implementation of Microsoft Active Directory for improved network administration and security.

- Initiation of the planned migration of “thick” desktop computers (with applications running on individual units) to “thin client” or network-based technology, thus reducing the cost of hardware for desktop users, standardization of desktop productivity tools, simplification of support and security, extended hardware service life and other benefits.
- Selection of a standard for mobile computing platforms including tablet computers and smart phones. (Policy update / development for the mobile computing environment is still ongoing.)

Finding DIT-6.

DART’s technology infrastructure is large, complex and evolving.

DART technology supports 2,200 desktop and laptop computers and hosts all of its systems on DART-owned servers. A secondary data center in Plano provides for backup and disaster recovery capabilities. All DART facilities have installed local area networks and major DART facilities are connected in a wide area network. There are 250 servers, 200 of which are virtualized, offering a total of 57 terabytes of storage in a storage area network.

DART is also significantly invested in technology to support intelligent transportation systems and passenger information and safety services. Onboard systems on both rail and bus vehicles include radio, WiFi, GPS, automatic vehicle location, fare collection, security cameras and passenger information display boards. Other technologies employed in transit operations include traffic signal prioritization systems, rail track circuit detection and monitoring and various vehicle control systems for trains.

Finding DIT-7.

User satisfaction is generally high.

DART’s desktop support group is responsible for the configuration, repair, maintenance and support of 2,400 desktop, laptop and tablet computers. The staff also build all of the Agency’s desktop computers and support the technology requirements for Board and internal staff meetings. With a staff of a Supervisor, five Desktop Technicians (2 in the field, 2 serving headquarters, 1 for laptops/tablets) and two Printer Technicians, the team is typically able to respond to most service tickets on a same or next business day basis. Trouble tickets are submitted through an online workflow application. Each service call is automatically followed with an automated customer satisfaction survey, which are reported to produce a 22% return rate for printer problems and 37% return for desktop issues. Satisfaction levels are high, with 97% of survey respondents reporting that they are satisfied with the support they received.

Finding DIT-8.

Project management discipline is not strong in several areas.

The PMO exists to provide project management support to the organization. The staff of the PMO has developed and made available project management training, utilizes an online project management software tool (Clarizen) that is available to all project teams, and has developed an excellent set of Excel-based

project management tools. Included within that toolset are templates and forms for:

- Project Business Case
- Project Charter
- Stakeholder Analysis
- Communications Matrix
- Team Roster
- Scope Statement
- Risk Log
- Responsibility Matrix
- Milestone Schedule
- Detailed Schedule
- Gantt Chart
- Issue Log
- Action Item List
- Project Change Request
- Project Change Log
- Status Report
- Lessons Learned

These templates are best-practices based and intuitive. However, using the PMO staff and toolset for projects in departments other than IT is not currently mandated by policy or practice. While all projects internal to the IT department are managed under the PMO structure, the Department appears reluctant to impose itself on other departments, seeing itself, rather, as a consulting organization that is ready and willing to help, but not heavy handed and controlling.

DART is currently in the midst of a large-scale implementation of the Lawson contract management and procurement modules. This project was awarded to Lawson and a third-party implementation firm in 2010, with a projected go-live date of October of 2011. That go-live was delayed until December of 2011, then February of 2012, to an as-yet unannounced date. In addition to the multiple schedule delays, several project change orders have been required to either expend contingency funds or reprogram the implementation contractors work to keep the total expenditure within budget.

There is a general consensus within IT that the procurement project was under planned, under-scoped, and under-funded. RFP requirements were insufficiently

precise, leading the vendor to underestimate the complexity of the assignment. User resistance to process change was high. Furthermore, the staff assigned to lead and participate in the project may have lacked sufficient experience with large-scale system implementation and IT project management, and the Technology Department did not have a particularly strong role in the initial planning and the early stages of implementation. Limited to no cultural change management effort was planned or performed.

Finding DIT-9

Technology staffing is constrained.

At the same time that DART has focused on technology as one of its key strategic levers, authorized staffing for the Technology Department has declined significantly over the past two budget years. Authorized strength for the Department in FY2010 was 73 positions, contrasted with 62 authorized staff in the current year, representing a 15% decline. This contrasts with an overall net reduction in authorized staffing for the agency as a whole of approximately 6% over the same period.

While annual spending on information technology at DART is comparable to industry benchmarks published by the Gartner Group (*IT Metrics: IT Spending and Staffing Report, 2011*, The Gartner Group, January 2011), staffing is less so.

For example, with respect to IT spending:

- Gartner shows projected 2011 IT spending as a percent of operating expense at **3.0%** for state and local governments and **3.2%** for the transportation industry. Considering only the current operating budget for the Technology Department (\$12.068 million) as a percent of the total FY2012 DART operating budget (\$433.million) the Agency is dedicating **2.9%** of its operating costs to information technology, not considering technology related expenditures in other DART departments.
- In terms of total IT spending per employee, Gartner estimated 2011 expenditures for state and local governments at **\$7,543** and for transportation industry employers at **\$7,247**. Taking an estimated \$28.5 million operating and capital budget for DART IT expenditures in FY 2012 and an authorized DART headcount of 3,668 employees, DART will spend in the range of **\$7,770** per employee this year, slightly more than the published 2011 benchmarks. (NOTE: The 2012 spending estimate includes \$12 million in operating funds budgeted and \$16.5 million in planned IT capital spending included in the published DART 2012 Business Plan.)
- Total estimated IT spending (operating and capital) for 2012 equates to approximately **423%** of total annual revenues (not including proceeds from debt sales). Gartner reports **3.1%** for 2010 transportation industry IT spending in 2010 (no 2011 figures or State/Local government industry data was reported on this metric.)

In terms of IT staffing, technology FTEs as a percent of total employees was reported by Gartner as **3.5%** of the total workforce in state and local government in FY 2010 and **2.2%** for the same period in the transportation industry. In contrast, DART's IT staffing of 62 authorized FTE represents **1.6%** of the total workforce. Additionally, through a review of the January 2012 DART position control report, estimate that as many as 16 additional FTE are assigned to technology related functions in other DART departments, driving the technology staffing percentage to **2.2%** of total, at the low end of the comparable benchmark range. If we pick the mid-point of that range, 2.85%, indicated total DART technology staffing would total 104.5 FTE, or 26.5 more FTE than are presently available within DART as a whole when considering both Technology Department staffing and apparent IT related personnel in other operating units.

We also applied another Gartner model which projects a likely range of IT staffing needs based on the "labor intensity" of the organization's technology environment. (*The Five Pillars of IS Organizational Effectiveness*, S. Mingay, J. Furlonger, F. Magee and E. Andren, The Gartner Group Strategic Analysis Report, November 1998) Using the Gartner intensity model, we evaluated DART's IT labor requirements as falling at the low end of the "highly intensive" category. According to the model, organizations with highly labor intensive requirements need IT staffing in the range of 5 - 10% of the supported user base.

Using the number of desktop computers and laptops supported (2,200) as the measure of the size of the user base, an estimated staffing requirement of 110 FTE results, suggesting that DART could be as many as 32 FTEs below the optimum staffing requirement, enterprise wide.

Although both the Gartner staffing model and recent benchmark staffing metrics suggest that DART is significantly under-resourced in the technology area, other evidence indicates that the current staffing levels are workable in light of today's resource constrained environment. Customer satisfaction levels reportedly are high, thin client and cloud-based email projects are taking hold, major projects are progressing steadily and new initiatives in the areas of business intelligence, enterprise architecture and program management have been established. The primary impacts of constrained staffing levels appear to be related to project completion schedules and support response times.

Recommendations

Recommendation DIT-1.

The update of the Technology Strategic Plan should be a priority in light of current and future needs.

The process of refreshing the Technology Strategic Plan should include direct engagement with the user community, through the IT Steering Committee and other mechanisms such as surveys and focus groups. This engagement is needed to ensure the effective alignment of business priorities with technology investment. While the Director has identified the strategy refresh as an important priority, other commitments and resource constraints have delayed its

completion. DART should evaluate alternative approaches to resourcing the strategic plan update, including the possible engagement of consultants or contractors to free up the Director's time to focus on future strategic technology needs of the Authority.

Recommendation DIT-2.

Strengthen the role of the DART Technology Department in the oversight of technology projects.

DART management should establish, by policy that every enterprise class technology project in the Agency should be subject to the processes and methodologies of the DART PMO. A Technology Project Manager should be assigned, along with a business/functional leader, to direct each such project using the PMO toolset.

Recommendation DIT-3.

DART should develop and deploy an integrated methodology and approach to cultural change management within its PMO toolset.

Each enterprise IT project should have a planned and structured cultural change management program embedded in the project plan and dedicated change management resources assigned to the project team. Not to be confused with "change control" – the management of modifications to project scope and contractual provisions – cultural change management addresses the so-called "soft side" of the transition to new processes and technologies. It is focused on supporting people through the change process by addressing their need to understand the reasons for the process or technology change, understand how the change will affect them in their jobs and, ultimately, to accept and commit to the adoption of the new systems and procedures. Basic tools and templates for incorporating a cultural change management program – including stakeholder / readiness analysis, communication planning and execution and user training – are included in DART's PMO toolset. Moving forward, DART should consider development or adoption of a standardized change management methodology such as the Prosci ADKAR (Awareness, Desire, Knowledge, Ability, Reinforcement) or John P. Kotter's 8 Step Change Model, to build out its change management approach in more detail.

Recommendation DIT-4.

Finalize the evaluation and selection of the business intelligence toolset and complete a pilot / proof of concept deployment in selected high-value areas.

The Technology Department staff is in the process of completing this selection and the deployment will be underway this fiscal year.

Recommendation DIT-5.

DART should clarify the interaction between the capital planning and budgeting process and the technology governance process.

Capital budgeting should be informed by the technology investment priorities and specific project needs as determined by the Technology Steering Committee as contemplated in the DART Strategic Plan.

Recommendation DIT-6.

As funding permits, restore DART technology staffing to pre-RIF levels of 73 FTEs as a minimum.

Areas of emphasis should include network management and support, program management office (especially change management competencies), business intelligence, and ITS technology. Depending upon future capital spending on significant IT initiatives, additional resources will likely be necessary, either on DART staff or provided through contractors and consultants.

INTERNAL AUDIT

Overview

The Internal Audit staff consists of a director, two managers and five auditors – a total of eight employees. The audit staff of five has been reduced from about 8-9 positions over the last few years. Each manager has general responsibility for an area: (1) Contract/Construction Audits and (2) Operational Audits, although there is a sharing of responsibility from time to time.

The Director of Internal Audit – along with the DART President/Executive Director, General Counsel and the Director of Board Support – reports directly to the Board, more specifically, to the Audit Committee of the Board on a monthly basis. However, the entire Board of 15 members is privy to specific audit results on a need-to-know basis. The Board sets the salary of the Director of Internal Audit as well as the salaries of each audit employee.

All auditors are certified (CPA or CIA) except for one, and they each have strong qualifications and experience. The director and two managers have in excess of five years each at DART and many more years' experience in other companies / agencies.

In addition to the 'standard' audit responsibilities noted above, the department is involved in a relatively minor amount of investigative work, oversight of the development of a new DART procurement system, and oversight of the assessment process for proposed new rail lines, for example. In addition, the department bears ultimate responsibility for DART's external (financial) auditors, although the vast majority of the work is with and for the Office of Finance. Approximately two Information Systems audits are outsourced each year to firms that specialize in this business.

Findings

Finding DIA-1.

The audit work program and results are notable

Internal Audit produces an annual work plan that is approved by the Audit Committee of the Board. In part, it is based on a rigorous risk assessment that produces candidates for audit projects. In summary fashion, the status of the Fiscal Year 2011 Audit Plan for the three type audits is as follows (as of January 2012, i.e., four months into the fiscal year).

Type Audit	Report Issued	Complete - Memo	On-going	Deferred	In Process
Operational	11	3	7	1	-
Info Tech	1	-	-	-	1
Contract	10	-	-	-	4

Together, the 2011 audit plan consists of 38 audits, of which the majority were completed early in the audit year. Based on TransTech's experience, this workload is generally appropriate for the staff involved.

It may also be noted that DART has a strong (in numbers and experience) Internal Audit staff compared to some other authorities. In one case for a similarly-sized agency, the Internal Audit staff consists of one individual, and that incumbent has not actually conducted a single audit in 4-5 years due to consistent reassignment to other analytical chores. Considering the complexity and size of the systems and geographic extent of DART, our judgment is that the staffing, quality of work, and nature and extent of work is appropriate.

Finding DIA-2.

Staff compression amongst the audit staff positions limit upward mobility.

Within the five audit staff, one is an Internal Auditor II, one is a III, and two are IV's. These positions are endorsed by Human Resources as typical and preferred, and they are accepted by executive management and the Board. There thus is no promotion potential for these five incumbents; they are "stuck" at their current level until a higher position opens up or they are forced to leave the Department of Internal Audit in order to seek a promotion.

While this situation exists in other units within DART and may be the desired hierarchy according to Human Resources, it is not entirely consistent throughout the organization. For example, Legal would seem to enjoy a significant amount of position flexibility.

Recommendations

Recommendation DIA-1.

There is no recommendation that corresponds to Finding DIA-1.

As long as the workload includes a significant amount of contract expansion, as opposed to mostly system maintenance, the staff size and capacity would seem to be appropriate.

Recommendation DIA-2.

Provide increased flexibility in the staffing levels within the Department of Internal Audit to allow for promotions from within the organization.

While the structure may not be arch-typical according to Human Resources theory, ways and means should be found to retain exemplary professionals throughout DART, to include the Department of Internal Audit. This is particularly the case where organizational units may be treated differently from one another.

If more promotion flexibility were provided to Internal Audit, care may need to be taken to avoid "grade creep," i.e., creating a flat organization where all or most positions are equivalent. At the same time, until a span of control issue is reached, flat structures are more the norm in the private sector and need not necessarily be troublesome in a agency such as DART. While adding to management challenges, it probably would enable Internal Audit staff to remain at DART for a career or at least for longer periods. (Note, however, that turnover in Internal Audit is not the problem that it is for some other DART functions such as – ironically – Procurement and Human Resources.)

LEGAL

Overview

The Office of General Counsel (OGC) is responsible for providing legal advice and representation to the DART Board (Board), to top management and other DART departments/units as needed. The DART General Counsel leads the OGC and directly reports to the Board rather than executive management. The identified basis for this reporting arrangement is section 452.101 of the Texas Transportation Code (DART's enabling legislation), which authorizes the "executive committee" to "appoint auditors and attorneys and prescribe their duties, compensation, and tenure" (among other things). This was interpreted as meaning that the OGC should report to the Board. While this reporting arrangement is atypical, it is not unheard of and the DART OGC indicates that this as a common practice for public entities in the greater Dallas area. However, as described later, this organization structure impacts how the OGC interacts with the DART organization and Board in a number of subtle but significant ways.

Any DART purchasing decisions or other transactions with a value of \$250,000 or more require Board approval, with the General Counsel providing legal input and advice as appropriate. The previous General Counsel recommended that the Board revise this threshold to \$1,000,000 to reduce volume of contracts requiring legal review. All inter-local requirements involving DART also require Board review with the General Counsel serving as a resource.

The General Counsel also serves on the DART "Claims Committee," which has authority of up to \$100,000 to settle claims against DART.

All OGC employees currently report directly to the General Counsel. This structure requires the General Counsel to personally tend to all personnel and work assignment issues. The General Counsel position has recently been filled, due to recent retirement of its long-time incumbent.

The OGC has 21 authorized positions and currently does not have any contract employees. Eleven members of the OGC staff are lawyers, with the balance consisting of staff specialists in various areas.

The eleven staff attorneys perform the following duties:

- Three litigation specialists (e.g., bus wrecks, slip-and-fall accidents, contract claims, etc.)
- Two real estate and Board policy/intergovernmental relations specialists
- Two employment lawyers that handle grievance processes, advise Human Resources, consult on disciplinary actions, etc.
- Two lawyers to review all DART procurements with a total value of \$50,000 or more
- One attorney handles all Freedom of Information Act requests

- General Counsel

The OGC uses in-house staff for approximately 95% of all legal work and 98% of contractual reviews. Outside counsel is used to assist in very specialized areas of the law for which expertise does not exist in the OGC. OGC identifies a department-wide average rate of \$60 per hour for all legal services provided, a figure described as being as very cost competitive for legal services in the greater Dallas area.

The OGC does not use any department-wide performance measures. The work of each lawyer and staff member is evaluated based on the person's individual areas of responsibility.

Findings

Finding OGC-1.

The OGC organizational structure should be reorganized.

As indicated, the General Counsel directly manages all OGC employees, effectively a 20-to-1 reporting relationship rather than a more typical 10 (or 12)-to-1. This places the General Counsel in a position where administrative and managerial duties occupy much of the position's available time and focus. Given the primary role of this person is to serve as the chief legal counsel of DART, this seems a questionable use of resources as this person's primary expertise is assumed to be in practicing some facet(s) of law. Accordingly, some reorganization of the OGC structure seems appropriate.

Finding OGC-2.

Having the OGC report to the DART Board reduces organizational efficiency and effectiveness.

In any organization, the group or individual to which a person or function reports is significant. With regard to the OGC reporting to the DART Board rather than top management, we perceive this impact to be similarly important as it determines the OGC's primary responsibility, which is currently to the Board. While we respect and appreciate that the OGC actively works with DART management, by virtue of its organizational placement, it remains somewhat separate from the other DART operational and support units, which complicates the relationship between OGC and these units. While no interviews communicated any examples of specific instances where DART units or personnel were reluctant to seek legal advice from OGC, the reality of this relationship inevitability contributes to the perception that OGC's core function is not one of promoting DART's organizational efficiency and effectiveness.

The dominant organizational placement for the General Counsel function is to report to the organization's top management. This is true both in the private sector as well as within transit and transportation agencies of which the consulting team are familiar. In fact, both Houston's METRO and San Antonio's VIA have their respective general council position reporting to agency top management. However, we note that METRO and VIA are organized under a

different section of the Texas Transportation Code than DART, specifically section 451 instead of section 452,

The prevalence of having the general council report to top management rather than the Board suggests that some business consensus exists as to the relative merit of this arrangement. In fact, it is relatively initiative that by having the general council report to top management, their role would be one of actively supporting Agency efforts to improve organizational efficiency and effectiveness, rather than serving as an extension of the Board. In combination, these factors argue that business best practice associates some strategic benefit to the General Council report to agency top management. However, we note that the DART Office of General Council contends that the statutory basis of the existing reporting relationship (section 452.101 of the Texas Transportation Code) is sufficiently clear as to require a revision to Texas Code to change this relationship.

Finding OGC-3.

DART's legal framework for performing the procurement function needs updating.

DART's procurement statutes/regulations were developed around the time of the organization's inception, in or around 1986. Consistent with the governmental policy thinking of that era, these rules largely are constrictive in nature and focused on ensuring the Agency does not violate any applicable rules or regulations rather than on helping the organization effectively and efficiently accomplish its mission. Consistent with this view, the Office of the General Counsel routinely reviews purchases with a value of \$50,000 or above, a step that increases the time needed to accomplish many purchases.

During the last decade or so, governmental procurement policies have adapted to reflect the public's desire for great efficiency in public entities and incorporate advances in technology. Organizations such as the National Institute of Governmental Purchasing (NIGP) and others have embraced these changes and incorporated such thinking in its procurement guidance documents and training. In general, the intended effect of these efforts is to provide sufficient guidance to appropriately trained procurement personnel as to avoid the need for the involvement of attorney review except in specific instances of "grey areas," where additional legal guidance is needed.

Recommendations

Recommendation OGC-1.

DART should reorganize the organizational structure of the OGC to reduce the number direct reports managed by the General Counsel.

Given that DART has now filled the General Counsel position, it is logical that this person have the largest input into how this unit could most effectively be reorganized.

Response OGC-1.

Legal agrees that the current reporting structure is sub-optimal and needs to be revised. Currently, a different organizational structure is being considered, but Legal is not prepared at this point to adopt any organizational structure, including those suggested in the independent performance audit.

Recommendation OGC-2.

The DART General Counsel should report to top management rather than the Board.

Such a change is anticipated to provide DART management with greater confidence in including the OGC and the General Counsel in discussions on improving organizational efficiency and effectiveness. As indicated previously, we note that the Office of General Counsel indicates that such a change will require a revision to the Texas Transportation Code. While we acknowledge that making such a change is beyond what DART can implement internally, we feel that the agency would be advantaged by such a revision.

Response OGC-2.

Legal opposes this proposal. The draft recommendation demonstrates no support from DART personnel, fails to recognize the potential detrimental impact and is apparently based upon private sector management practices without recognition of local government practices.

Recommendation OGC-3.

DART should update its regulations related to procurement to reflect current “best practice” in governmental purchasing

As detailed on our review of the DART Procurement function, public sector procurement is a mature area where a number of organizations exist that have established generally accepted best practice guidelines for performing public procurements. As such, DART needs to revise its procurement rules/regulations to be consistent with such guidance, with the anticipated result of streamlining procurement activities and reducing procurement cycle time and the resources devoted to this activity. While we encourage the participation of OGS in the process to revise DART procurement regulations, we perceive that OGS’s long-term involvement in DART procurement activities should be when Procurement requests the support of OGC (to get clarification on legal ‘grey areas’) or when Board approval is required.

Response OGC-3.

The revision of the procurement regulations should be driven by the business concerns of the agency. Legal should have input into the revision process in order to manage and minimize procurement related legal risks. The legal department is willing to assist in any revisions to the procurement regulations undertaken by the Procurement Department.

MARKETING AND COMMUNICATIONS

Overview

DART's Marketing and Communications division consists of approximately 110 employees. It is led by DART's Vice President/Chief Marketing Officer, who reports to the Executive Vice President/CFO. Major units within the Marketing and Communications division include the following:

- External Affairs
- Media Relations
- Creative Services
- Marketing and Account Services

The External Affairs department consists of 80 employees, with Call Center operations representing the largest unit within the entire Marketing and Communications division - 66 personnel (11 supervisors and 55 hourly employees). Other units within the External Affairs department include Community/Education Outreach (1 supervisor, 4 employees) and Community Affairs (1 supervisor, 5 employees). Support personnel fill the remaining positions.

The DART Call Center operates 7-days per week and assists customers with information on how to ride the DART system, respond to complaints, handle lost and found, etc. The Community/Education Outreach unit primarily focuses on schools – colleges to grade schools – and includes working with both students and teachers. The Community Affairs unit engages the area's large Spanish-speaking population, works with 'transit dependant' riders and handles all DART meetings, including system expansion events.

The Media Relations group consists of 11 employees, which includes the department's leader, the Director of Media Relations. This unit develops and manages most of DART's 'official' communications - from crisis to special events, including DART's Internet website, the *DARTnet* intranet site and the Agency's use of social media. Other duties include handling DART's speech-writing needs and requests for speakers to represent DART at various functions.

Creative Services has 13 full-time employees with additional part-time employee support. This group is lead by the Senior Manager of Creative Services. This unit is responsible for creating most original content for most agency-wide media, including coordinating the overall visual impression of DART's vehicles. These design responsibilities include signage and communication materials for bus stops including timetables and transfer information, rail stations, facilities/buildings, rail alignments and HOV lane operations.

Marketing and Account Services is a 6-person unit that is led by the Manager for Marketing and Account Services. This unit has primarily responsible for

promoting DART, which includes making actual media purchases of around \$1.4 million annually. These purchases primarily are made by using Nielsen Media Research data to identify various media audiences and markets targeted for ridership by DART. This group also creates and uses customer surveys annually to gauge rider satisfaction. Like the Community Affairs unit, this group also is actively involved in DART's public relation and communications activities.

Internal customers

The Marketing and Communications division effectively serves as DART's sales function, with its efforts targeted toward reaching the end customer and encouraging greater use of DART as a transportation option. As such, the Marketing and Communications division is primarily externally focused. However, all Marketing and Communications units interact with other DART divisions and groups to varying degrees.

As described above, the Media Relations and Creative Service units have significant internal customer responsibilities. For Creative Services, these services include supporting and coordinating with other Marketing and Communications units as well as with DART operations units. For Media relations, this involves coordinating with also every DART unit to ensure relevant and current information is available on the *DARTnet* as well coordinating with DART executive management as to what kinds of information is shared via the DART website and via other communications with the media.

External customers

As indicated, the primary external customers of Marketing and Communications are current and prospective DART riders. To help reach those customers, DART partners with a number of external organizations including various media providers, printers and other vendors to prepare and generate the various communications and advertising materials used.

Performance measures

The primary performance measure used by the Marketing and Communications division is DART ridership. (Increased ridership is assumed to reflect the success of DART's marketing efforts.) Annual customer surveys are also used to help understand what decision factors encourage riders to use DART. These surveys also help inform DART of what aspects of its service are working well versus areas that need improvement. Information from these surveys is shared throughout the organization for purposes of both positive reinforcement and correction.

For Call Center operations, average call volume and average call length is tracked for each operator as a means of encouraging efficiency and effectiveness. Top performers are rewarded by being placed on the 'Dream Team,' which works with the Call Center Information Group to help identify ways for the unit to improve. Customer satisfaction with the information provided by the Call Center currently is tracked in terms of records of customer complaints.

The Marketing and Communications division is in the process of implementing a project and employee time tracking software application (Clarizen). This is anticipated to enhance project cost control and encourage greater employee productivity.

Findings

Finding MAC-1.

Call Center operations could benefit from additional and/or better technology.

The Call Center operation is highly transactional in nature, with hundreds of calls processed hourly. In such an environment, even minor improvements in process efficiency and informational accuracy can provide major paybacks in terms of overall call response timeliness, correlated staffing needs, and overall customer satisfaction.

Currently, the Call Center is working with the Technologies division to explore systems applications or enhancements that can improve both call handling efficiency and the accuracy of information provided to customers. Options being explored include the following:

- Enhanced customer call routing through use of technologies such as voice-activated decision trees that can route callers to someone that is more likely to have the information needed to help them.
- Examining how maintenance and operations information such as detours or accidents can be more quickly and consistently communicated to Call Center personnel and incorporated into information shared with customers.

Other technologies being explored include better manpower planning tools for call center staff scheduling and the ability to offer customers an opportunity to rate their satisfaction with the information provided by completing an automated survey at call completion.

Finding MAC-2.

Call Center operations may be a candidate for home-based work and/or outsourcing.

Many private sector organizations that perform some form of call center operation have found that technology provides a means to accomplish this function without having people based at a central location. This is particularly true when technology can make this a seamless experience to the caller and the nature of the work being performed allows easy monitoring of work flows and job performance. In such cases, the employee/call center operator often can work from home or some other satellite location. This is often a 'win/win' for employee and employer as commuting time and travel/parking costs are reduced while productivity often increases. This also reduces office space needs at the call center location, which in DART's case is in a highly urbanized area.

The offsite call center approach also can be used to outsource this work altogether, again using technology as the enabling mechanism. Regardless of whether the objective is to enable having employees work from home or enable a potential outsourcing of the entire call center operation, technology provides additional options to help meet erratic call demand peaks, perhaps at lower costs..

Finding MAC-3.

Area transit riders could benefit from having a regional-based call center.

While DART tends to be the largest and dominant transit-based entity in the greater Dallas area, it is not the only such entity. Accordingly, transit riders seeking information of how to navigate to or from locations not directly served by DART may need to make multiple calls to determine how to accomplish such a trip. Accepted best practice in such cases is to have a 'one-stop shop' from such information, with a central provider able to respond to all such informational needs.

Finding MAC-4.

Increased survey and research efforts are needed.

Marketing and Communications personnel indicate that DART's advertising efforts and other marketing strategies could benefit from having more information, gathered through additional surveys or other research efforts, ideally coordinated through some person with the central responsibility for coordinating these efforts (e.g., an in-house research manager). Potential study areas include gathering better information on "who are DART riders" to include market segmentation studies. Other areas identified as potentially benefiting from additional research include using fare collection information – e.g., annual passes versus single trips – to examine customer habits and explore what factors motivate these buying decisions. However, due to budgetary constraints, more frequent or different survey efforts are perceived as being unaffordable.

In some areas, local colleges and universities represent a potential resource for conducting marketing research at minimum cost, often as part of a graduate school assignment, thesis subject or even part of an undergraduate class project. Within the greater Dallas area, the large number of such institutions available that might be interested in conducting such research as part of a hands-on application of classroom marketing principles.

Finding MAC-5.

Some duplication of effort exists between the External Affairs and Marketing and Accounts Services units.

As described above, the Community Affairs unit and the Marketing and Accounts Services unit tend to share overlapping responsibilities when it comes to handling public relations events such as major service expansions (such as the recent opening of the Orange Line). It is unclear whether such occasions occur with sufficient frequency as this represents a significant problem or only occurs during events that essentially reflect an 'all hands on-deck' effort for all DART personnel.

Recommendations

Recommendation MAC-1.

DART Call Center and Technology units should continue to explore options for improving the efficiency and effectiveness of the operation.

Recommendation MAC-2.

As DART is able to improve the technologies used to handle caller information requests and respond to those requests, it should evaluate whether having Call Center employees work from home or at satellite facilities might improve efficiency, productivity and /or otherwise improve the service provided by the Call Center, potentially at reduced cost.

As part of a long-term strategy, DART should evaluate whether Call Center operations could be performed at similar or better levels of customer satisfaction and lower costs through outsourcing.

Recommendation MAC-3.

DART should approach other transit and transportation providers in the region to explore having a regional call center for the area that is able to provide customers a single source of such information throughout the region.

Recommendation MAC-4.

DART should consider partnering with local universities to assist in customer survey efforts.

The DART Community/Education Outreach unit already works with area schools and universities as part of its mission. The potential to piggyback on these outreach efforts into some form of no/low cost survey efforts suggests that DART explore this option for improving the information available about current and potential customers.

Recommendation MAC-5.

DART should determine whether the public relations and communications activities roles and responsibilities of the Community Affairs unit and the Marketing and Accounts Services unit are sufficiently differentiated as to avoid duplicative efforts.

To the extent these units overlap, we encourage DART to consolidate responsibility for these activities within a single group.

OPERATIONS

This section contains a review of the administrative and management staff vie-a-via the DART operational units, including Maintenance, Mobility Management, and Transportation. Commuter Rail is contained with the Planning and Development section, along with Rail Program Development. These mostly operational units were covered in the last management audit, and our interests here are principally the quality of support provided to the operations units by various administrative and management units. As such, the findings and recommendations of this section were considered and incorporated (as deemed appropriate) within the other sections of this report.

Overview

The senior staffs of the Maintenance Department, Bus Transportation, and Light Rail Service reflect an unusually high level of comfort, confidence, and satisfaction with the direction and support provided by the management and administrative staffs. This is highly unusual in the transit industry, where conflicts between headquarters and operations are more the rule than the exception.

Even whenever any specific support issue was raised in the interviews by the operating officials, they often ended the discussion with some conciliatory comment such as “but we are working it out together” or “we have a committee working on this issue” or “at least they are listening to us on this.”

The working relationships between operations staffs and headquarters officials at DART are typically categorized as collaborative, collegial, and cooperative. The senior operations managers often told of incidents in which issues with the headquarters staff have been worked out together amicably. The prevailing sense is that when operations has concerns with decisions being made by the senior headquarters staff the operating managers always have a voice at the table and are given their chance to make their case.

The level of confidence in the executive staff is reflected in the lack of concern about the anticipated impact of the two most recent high-level appointees who were about to take office as these interviews were conducted. This confidence that these appointments will be a positive step arises in part from the respect that the operations managers have for three other recent high-level appointees: the Chief Financial Officer, the Chief Information Officer, and the head of planning.

There are a number of “routine” issues being worked on at the interdepartmental staff level to resolve ongoing concerns. These are discussed in the following sections dealing with each administrative and management support function. For example, with regard to DART Police, the only issue raised in the interviews is the poor relations which have existed between bus transportation and the DART Police.

As another example, while the rail division management notes that their relationship with Rail System Development is generally sound and productive, two light rail issues have been noted. First, unanticipated changes in the scheduled openings of extensions to the light rail system resulted in reductions in the ability of the rail system managers to

prepare effectively for revenue service. Second, changes in the rail system component specifications were made without the agreement of the light rail system management.

While these decisions were made for other valid reasons, the decisions do not have the cooperative and collaborative hallmark of most actions of the senior managers, as further explained below.

Findings

General Management

The current senior operations management team has been in place for several years, and were recruited by the prior President. There was a significant amount of mutual respect between the prior President and the senior operations staff. If anything, this respect has increased under the current President.

The impending arrival of the two new senior staff members was awaited with confidence by the vice presidents of maintenance and transportation. This confidence was based in part by two factors.

First, three senior staff members recently appointed by the President – the Chief Financial Officer, the Chief Information Officer, and the Planning Director – have become well-accepted by the senior operations officers. The expectation is that the two pending appointments will be similarly well-accepted.

Second, the operations executives assert that their views and concerns are dealt with fairly and even-handedly by headquarters personnel. The operations executives have a generally positive view of the normal process of balancing the financial, economic, and policy considerations of the organization with the day-to-day demands of operating service. They report that they have a place at the table when major decisions affecting their responsibilities are made, and that their views are sought, respected, and dealt with fairly.

Police

An issue among the bus operations management staff is the challenging relationship between transportation managers and operators and the Police department.

The operations staff reports that newer members of the expanded Police department sometimes have not absorbed the DART culture, and that the nature of their duties leads to their sometimes having to act more as adversaries than team mates and supporters of the operators.

This is compounded by the fact that Police are called upon from time to time to serve warrants and arrest DART employees in connection with external events such as domestic disputes and other criminal or civil proceedings. These arrests sometimes occur in the workplace, with the resultant resentment of the workforce towards the officers.

There are and should be circumstances in which the DART police are in fact 'policing' DART personnel. However, the predominant view of the transportation staff is that the police attitudes are not consistent with the DART culture of collaboration and

cooperation that they find so admirable and productive in their working relationships with virtually all other departments. This discontent has a tendency to be reinforced by the role of the police in dealing with accidents and incidents on board buses.

Upcoming Video System

DART's new buses will be equipped with two video-based systems, the security surveillance system and an event recorder system, called Smart Drive. The security system will be managed by DART Police for passenger and employee security purposes. The Smart Drive system will be managed by Transportation and will be focused on driver training, accident investigation and classification, and operational performance improvements. There will be opportunity for each Department to request review of video information from the other system as needed. Real time video camera information from cameras at facilities is available within the Train Control Center as an additional resource to Transportation staff in monitoring and managing transit operations.

Some operations personnel view this new police role as one of introducing the Police into the in-service oversight of the on-street operations, which is typically a critical part of the responsibilities of the transportation supervisors. As such, this development has the potential for introducing another challenge to the Police/operations relationship.

Video monitoring has been well accepted elsewhere by transit union officials because the tapes often provide impartial evidence that the operator's behavior was appropriate. Installing two video systems will require attention to clarifying roles and responsibilities. For example, if Police had responsibility for monitoring both videos, it would reduce the transportation supervision's resources, control, and responsibilities, and open the door to police actions that may or not benefit the service quality. It also could call into question the process of responding to passenger and service related incidents, delays, accidents, and driver emergency calls, usually handled by transportation supervisors.

Clarity will also be needed with regards to potential ambiguity in handling emergencies as the transportation operations listen to the radios and watch the AVL system, while the police monitor the video screens.

This is a sticking point that is in the process of being resolved by senior management, particularly at this stage in the relations between the police and transportation staffs as the video systems come on line.

There is a joint transportation committee in place that has begun working on the overall relationship. Resolving this issue should be on the agenda of that committee.

The new senior staff person who oversees police should make the resolution of the conflict between transportation and police a top priority.

Human Resources

The Human Resources staff gets generally good reviews from the operations management team. HR gets good marks for recent increases of attention to professional development for middle managers, and there is an expectation that there will be further improvements in this area in the future.

The general consensus is that the HR staff is taking too long to get things done, but is otherwise cooperative and supportive. Some say the delays are because the Human resource staff is overworked, and some say it is because they are working with a flawed process.

Part of what takes so long is the pre-hiring recruitment process. HR apparently does not maintain an inventory of applicants whose background records have been checked and are qualified to be hired when work becomes available.

The specific number of bus operators and train operators that are needed change quarterly. This means that to attain the optimal labor efficiency it would be desirable if drivers could be enrolled and trained in 90 days. Under the current system, this cannot happen.

This issue will become even more important as DART goes about hiring the new operators for the SMART bus program. The SMART bus drivers will be paid less than the current drivers, and the transition will be chancy because it is unclear how many of the current driver staff will transition to the SMART operations (although if they do they will keep their current rate of pay and benefits.)

In addition, the light rail vehicle expansion usually draws from the bus driver ranks, and as the extensions are completed this will further complicate keeping the large and small bus operator staffs at an efficient level.

When the service is reoriented to the SMART fleet and reduced to support the rail extensions, there may be a reduction in overall bus assignments. This will lessen the overall driver workforce size and drivers will tend to “downsize” to small bus operations but still get their current wage rate.

Others will transition to the rail system, mitigating their apprehension about being able to get enough train operators in time to get up and running under the accelerated schedules for new extension openings.

The meet and confer process – DART’s version of collective bargaining – does not generate needed changes in work rules that would improve productivity. The focus is more on the wages and benefits, which can be easily conformed to agency-wide financial targets. These targets tend to reduce the opportunity to “buy” work rule changes – a consideration common in the industry due to the lack of understanding of the cost of work rules and the unpreparedness to make exceptions to wage rate increases to trade for work rule concessions.

Budget and Finance

There appears to be a high level of acceptance – if somewhat begrudging – of the need to achieve cost controls in light of the overall economic conditions. The usually contentious relationship between operations and finance is not present at DART. There is a generally positive relationship that presents itself in part with an apparent readiness to accept limitations on expenses and a willingness to increase attention to the details of costs controls.

Recent turnover in the payroll staff created some difficulties in the always problematic driver paychecks, but this flurry is diminishing and the performance improving.

Procurement

Procurement is generally well accepted in its current performance level, and the impending move of materials management and the new Procurement system (the *Lawson* initiative) are seen both as good ideas that will help performance.

There are several major procurement projects underway that are working well – including the conversions of the bus fleet and support facilities to compressed natural gas (CNG), the small bus procurement, and the installation of the new materials management system.

The staff is comfortable with the working relationships and support from procurement on these projects in particular, and with the overall work of the procurement staff as a whole. Nevertheless, the number of vehicles out of service due to lack of parts is extremely volatile, resulting in threats to the ability to make service.

The procurement staff and the maintenance staffs have worked well together during the serious challenges they have faced dealing with the obsolescence of some of the light rail vehicle components, support the requirements of the old bus fleet and the large non-revenue fleet, the acquisition of the new SMART bus fleet, and the transition of the entire bus fleet from diesel to natural gas.

Three procurement and inventory management issues were identified.

1. DART does not maintain multiple vendors for its maintenance materials. There is only one vendor for each part or component. The sources are selected on a competitive basis. This leaves DART more vulnerable to the vendors than if they qualified more than one vendor for categories of parts and supplies. Most transit agencies maintain multiple basic ordering agreements that provide much more flexibility and give the agency more leverage in selecting vendors for individual purchases.
2. About one-third of all vehicle and facility maintenance activities are “scheduled” and are predictable in concert with the vehicle inspection cycles. Another group of requirements arise from “campaigns” and other planned maintenance activities. The remainder – probably over half - are not predictable, and result in frequent unexpected parts requirements with rapid delivery necessary to keep a vehicle or piece of equipment in working order.

The speed of the acquisition of these unpredictable out of stock materials is compromised by an internal requirement that individual purchase orders initiated by maintenance must be approved by procurement before they are forwarded to the appropriate vendor. Maintenance works 24 hours a day, seven days a week. Procurement does not. This can mean that a vehicle could be out of service unnecessarily for two or three days while the order waits to be placed, and an additional day or two until the parts are delivered.
3. The light rail vehicles parts are not part of a large national inventory, as bus parts are, are increasingly difficult to buy, and many are not stocked by vendors in this country. Many of the suppliers are off shore companies.

Planning

The bus service change process and the current planning program transitioning to the SMART bus program receive good marks from the transportation staff. The on-going working relationships among scheduling, service planning, and transportation are viewed as professional, cooperative, and productive.

The professional relationships between the departments are long-standing and positive, and are still prospering after the recent appointment of the new planning director who is credited with having advanced the standing of the planning department and building effectively on the sound pre-existing foundation.

Current challenges include the transition to the SMART Bus system, rail extensions, and adaptation to the new CAD/AVL systems information systems.

Information Technology

Operations management reports a strong and productive relationship with the IT manager and staff.

A Transportation Needs Assessment was completed two years ago but its implementation is not progressing due to financial constraints.

A high degree of support exists from IT in the maintenance and management of the critical communications systems, and in the maintenance and collection of data critical to the evaluation of the maintenance management performance.

Internal Operations Management and Administration

Initiatives from the operations management and the high quality of support from the central staff have resulted in a remarkably progressive and effective set of management tools among the operations functions.

The bus transportation department has recently completed the development of Vision 2015, a five year management plan for the department and Vision 2015 Preliminary Strategies.

The bus and rail maintenance department has developed a set of management information tools that are unusually useful and well used. These include:

- The Monthly Maintenance Management Review
- The Maintenance Training Program
- Key Maintenance Assignments, a 38 page list of assignments to regular and occasional duties
- Standard Campaign Bulletins
- Standard Practice Bulletins.

The managers have kept pace with their normal day-to-day duties while still managing through a series of demanding special projects, including:

- The extensions of the light rail system

- The changes in the bus routes to serve the rail systems
- The conversion of a significant portion of the bus service to the SMART Bus program
- The conversion of the entire fleet to CNG coaches
- Maintenance preparation for the SMART buses and the conversion to CNG
- Preparation for the new CAD/AVL system
- Preparation for the new video camera monitoring system
- Changes in several senior management staff members at headquarters.

Recommendations

DART Police

Senior management should review the current challenges between the DART police and operating personnel to assure that there is a sound balance between the role of the police as DART team members and the role of the police as officers of the law.

The management team should review the current plan for the use of the video monitoring programs being implemented by the police department and assure that the transportation department's responsibilities for supervision of service, accident and incident investigation, and the performance of operators in revenue service is not compromised. At the same time, a balanced solution must allow for the Police to meet their mission objectives.

Human Resources

The operations management staff and the human resources department staff should identify and remedy the current causes of the amount of time involved in recruiting and hiring operating personnel.

The transportation and human resources departments should examine the establishment of a prequalified list of drier applicants who are qualified and available for hire as operators as a means of reducing the time required to hire a new operator.

The meet and confer strategies and process should give increased attention to revising operating work rules that reduce productivity in the driver and maintenance workforce. The natural and common determination is to achieve a stated percentage increase in wages. Work rule changes often require a premium in wage increases. The esoteric nature of some work rules, and the fact that work rule changes do not always manifest themselves in short term cost trade-offs tends to reduce the inclination of bargaining teams to "buy" such changes that they do not always understand. This tendency needs to be overcome if efficiencies in operator performance are to be achieved.

Procurement

DART procurement and material management staffs should work together to remedy the process which requires a procurement sign off on routing purchases for vehicle

parts that retains the integrity of the procurement process but prevents the loss of availability of revenue vehicles.

DART should look into the feasibility of developing a vendor base and warehouse management system which reduces the value of DART-owned inventory and reduces cash flow for major inventory filling procurements.

Transit systems have a tendency to maintain what might be called “just in case” inventories, whereas the automotive manufacturing industry and other industries operate under a “just in time” process under which the turn rate of parts is much higher, the value of on-hand inventory is much lower, and the sunk cost of maintaining inventory approaches zero.

Response – Police.

Transportation and DART Police leadership have worked over the past 3-4 years to enhance the communication and coordination between these two teams. So there is certainly cognizance of a need to improve the level of communication/coordination, but the indication that there are “poor relations” between bus transportation and the DART Police is inaccurate and does not represent the views of Transportation Department leadership.

Response - Upcoming Video System.

DART's new buses will be equipped with two video based systems, the security surveillance system and an event recorder system, called Smart Drive. The security system will be managed by DART Police for passenger and employee security purposes. The Smart Drive system will be managed by Transportation and will focus on driver training, accident investigation and classification, and operational performance improvements.

PLANNING AND DEVELOPMENT

Overview

In DART's most recent reorganization, the following functional areas were merged into one department called Growth/Regional Development (GRD) and led by the Executive Vice President (EVP). The areas include:

- Capital Planning
- Service Planning
- Commuter Rail
- Program Delivery
- Quality and Safety
- Integration and Project Controls
- Economic Development
- Innovative Services

The section of the report on each area will include a general description of the function, organization, and personnel, followed by any findings and recommendations for the unit as a whole.

Capital Planning

Capital Planning is in charge of planning for all rail programs, including commuter rail, light rail, and street car. These projects could include ones that would ultimately be built and operated by DART or by other regional partners (such as the Cotton Belt Commuter Rail project and intercity high speed rail). Planning for capital infrastructure other than rail—such as park and ride lots and transit centers-- falls under Service Planning. Once a project is planned, management of the project through design, engineering, and construction shifts to Program Delivery.

The Capital Planning area has ten staff members, including two travel demand modelers. It is led by a Vice President (VP), who is a long-time DART employee with extensive planning experience. The section is supported by the General Planning Consultant team, currently led by URS Corporation. The GPC team is currently working on 36 separate task orders for Capital Planning. As the DART light rail program starts to wind down, Capital Planning VP sees the focus of his area shifting to joint projects with TxDOT, NCTCOG, and others. His intention is for DART to remain the regional planning leaders in the region, even if the projects are ultimately built or operated by others. Capital Planning manages the GPC contract, but the contract is available to all areas of DART and is used by Service Planning, Mobility Management, and others.

Service Planning

While called Service Planning on the organizational chart, this area is broader than traditional transit service planning. Functions include:

- Service planning for all DART services except rail, which includes bus, vanpools, site-specific shuttles, and non-traditional services such as general public demand response and flex routes
- Ridership data collection and analysis through APC and GIS data
- Fixed-route scheduling, including bus and light rail
- Capital planning for non-rail facilities
- Placement and management of bus stops and related amenities (approximately 13,000 bus stops)
- HOV/HOT Lane operations

The area is led by the Vice President of Planning and Development. The HOV operations area employs 66 people, with the remaining areas covered by 44 additional employees.

DART is currently trying to decide how HOV and HOT lanes fit in with DART's vision and mission. These functions could potentially be moved to TxDOT in the future or into other areas of DART (such as operations). DART currently operates seven HOV lanes, including some outside the service area. NCTCOG pays DART the fully allocated cost (including depreciation) to operate the miles of HOV lanes outside the service area. The HOV operations staff also provides motorist assistance, even on main lanes.

Commuter Rail

The Commuter Rail group manages the operation of the Trinity Railway Express (TRE), a commuter rail line operated in partnership with the Fort Worth Transportation Authority (the "T"), and manages the 250 miles of freight rail lines owned by DART. Some of the 250 miles is used by TRE (34 miles), others for light rail, and the remainder is held for potential future transit development. The group also support the Denton County Transportation Authority (DCTA) in its commuter rail operations through an operating agreement.

The group is led by a vice president, who has been in the commuter rail area for 4 ½ years and with DART for 21 years. There are 12 total employees in this area, four of which are paid for 50% by the "T" as a part of the joint operations of TRE. Similarly, the "T" employs three additional staff members who are also paid for 50% by DART. Four additional employees work on the freight railroad management and the remaining two are management.

Costs to manage the freight railroad lines and some sections of abandoned rail right-of-way are charged to a separate account (Cost Center 510) but are included in commuter rail (TRE) costs as reported by DART internally and for the National Transit Database. In FY 2011, this account included \$928,000 of expenses or about 5% of the \$19.3 million charged to Cost Center 526 (TRE). The lessees maintain active right-of-ways, while DART maintains abandoned lines. Much of the management of the active lines is in managing the contracts and related revenues for their use.

The operating contractor for TRE also operates DCTA's commuter rail line under the same contract. These costs and other support functions provided by DART to

DCTA (e.g., TVM maintenance) are paid for by DCTA. The sharing of costs such as dispatching, TVM serving, and contractor management between DART and DCTA creates additional economies of scale for both providers. This service for DCTA is managed in the Commuter Rail department and the costs are accumulated in a separate cost center.

Program Delivery

Program Delivery manages the design, engineering, and construction of all DART rail projects. In addition to approximately 20 employees, this area has considerable support from the General Engineering Consultant (GEC) group led by LAN. The level of involvement from the GEC is starting to decrease as the rail projects are built, with most of the GEC efforts completed by the end of 2014. In addition, as a part of a recent reduction in force at DART, 10 project managers in this area are now being fully capitalized to the projects on which they are working with the understanding that their jobs will be eliminated when their projects are complete.

There are three functional groups in this area: Design and Construction, Streetcar, and Real Estate. In addition, the group is supported by a project advisor who looks for risk in contracts and handles claims. The incumbent is an attorney by training but does not serve in that capacity at DART.

The Design and Construction group is the largest, with eight permanent employees plus 10 project managers who are charged to DART construction budgets and about 30 full-time professionals provided by the GEC. This group works in teams for each project, with staff on each team from Design and Construction, Systems Integration, Project Control, and Light Rail Vehicles, with one manager for the entire project from design through engineering and construction. In addition, the Procurement Department dedicates certain staff members to Program Delivery to ensure knowledge and continuity for the projects. The project team approach seems to be working well, with some challenges in the integration of System Engineering into the team. This area is very specialized, making integration more difficult.

This area is also starting to take on some smaller projects for the Maintenance Department. The AVP in charge of the area feels that their focus will likely shift to more but smaller maintenance type of projects as the light rail system is completed.

The Streetcar area is small, with only one professional staff member who uses consulting support as needed. He is working on the McKinney Street Trolley extension and a streetcar system to Oak Cliff. Both projects are owned by other entities, with DART as a funding partner and a provider of rail development expertise. This staff member previously reported to Capital Planning but moved into Program Delivery as the two projects proceeded past the planning phase.

The Real Estate group of five people manages all DART property and right-of-way, except for DART-owned rail right-of-ways with active freight operations and some transit operating properties. As mentioned above, the freight lines are

managed from the Commuter Rail department. Abandoned freight rail lines--some have trails on them and others are simply vacant—are managed in this area. Other transit properties are managed and maintained in the Maintenance Department.

Quality and Safety

The Quality and Safety area consists of six staff members supported by a Document Control consultant team. This function primarily supports the Program Delivery section.

Integration and Project Controls

Another Program Delivery support function, Integration and Project Controls has six staff members as well as support from various consulting teams. It has about eight staff members in addition to technical specialists from Project Control, Light Rail Vehicle, and Systems Integration consultants. This function also supports the Program Delivery section, providing technical personnel for each project team and ensuring environmental compliance and project controls for the entire program. According to EVP McKay, the project control function could be shared with Maintenance—who also manages a number of projects—and talks are underway to see if there is the possibility to share this function.

Economic Development

This function consists of only one staff member working closely with the EVP. He focuses primarily on promoting transit oriented developments near DART stations. In this capacity, he works closely with member cities and developers. This function used to lie in Capital Planning was recently moved directly under the EVP.

Innovative Services

This section is new and currently has no employees assigned to it. EVP McKay is personally handling any assignments relevant to this function. The EVP envisions this functional area focusing on the development and oversight of services outside of DART's taxing area as well as supporting alternative service delivery options within the taxing area. Services by DART to agencies provided outside of the taxing district could range from the delivery of traditional transit services to assistance in areas of DART expertise such as grant funding and rail operations. Examples of innovative service options within the taxing district that could be developed in this area include different types of contracted service and public/private partnerships. With current budget constraints and the impending build-out of DART's current capital program, the EVP sees projects in this area increasing in volume and importance over the next few years.

One service provided outside the service area right now is bus service provided to the City of Mesquite. Costs for this service are booked to DART and then transferred to a local government corporation.

Findings

Finding GRD-1.

DART's Growth/Regional Development leadership team is experienced and competent, providing a critical part of the agency with the expertise and depth it needs to implement the extensive capital and related operating program under way at DART.

The group is well-managed, well respected internally, and delivers its products (planning and engineering, predominantly) in a competent and timely manner. On the flip side, the high seniority and low turnover in this area limits the inflow of new ideas and skills brought with new employees and creates a succession planning issue for the future.

Finding GRD-2.

The current organizational structure includes two operating functions—HOV/HOT Lane Operations and Commuter Rail operations-- into what is otherwise a planning and development function.

While these functions are well managed where they are, their missions align better with the other operational areas of DART than with planning.

Finding GRD-3.

Management of DART-owned real estate is split in to three functional areas—Commuter Rail, Program Delivery (Real Estate section), and the Maintenance Department—creating the potential for overlap or confusion of responsibilities.

Finding GRD-4.

Costs associated with the management of freight operations are reported as a part of commuter rail (TRE) costs, overstating the costs of operating commuter rail.

While these costs may be small as a percentage of commuter rail costs (about 5%), their co-mingling with commuter rail operations does not allow the true costs and revenues associated with the freight rail management functions to easily recognized by senior management or the Board.

Finding GRD-5.

The Capital Planning and Program Delivery sections are staffed for DART's extensive capital program and may be too large for post-2015 DART.

The light rail system will be complete by 2015, with significant efforts for future extension not expected for five to 10 years. While senior staff recognizes that these areas will likely shrink and has started to address the issue, formal planning does not yet appear to be underway on either how staff reductions will be made or how the staff can be effectively redeployed in other areas.

Finding GRD-6.

Innovative Services will likely be an important area for DART in the future, but it currently lacks the staff it needs to develop its function.

Staff members working on similar initiatives are currently scattered across various sections of Growth/Regional Development, with this area specifically staffed only by the EVP.

Finding GRD-7.

The current span of control for the EVP of GRD is broad, considering the politically sensitive and time sensitive nature of the efforts in this department.

Recommendations

Recommendation GRD-1.

Move Commuter Rail Operations to Customer Care

Just as light rail lines move out of GRD once operational, so should commuter rail. While DART only operates one commuter rail line now (in partnership with the T), it may have more lines in the future. This mode should be treated like all others at DART and be delivered by those specializing in operations and customer service.

Response GRD-1.

TRE operations are governed by FRA while DART's other operational areas are governed by SSO. FRA and SSO are two very distinctive and different governing structures. TRE operations are kept separate because of the potential that Railroad Retirement may be seen as applicable to the entire DART system which would have a severe financial impact to DART. Further, much of the Regional Growth Leadership by DART is currently spurred by the TRE regional operations.

Recommendation GRD-2.

Move HOV Operations out of Service planning to either TxDOT (optimally) or DART's Customer Care Department.

HOV/HOT lane operations are likely a better match for TxDOT than for DART; however, political and funding considerations may not allow the transfer of this function. If the function remains with DART, it should be moved to Customer Care. The employees that operate this service work from the some of the same operating facilities as the Customer Care employees, and their mission is more closely aligned with Service Delivery than Service Planning.

Response GRD-2

TxDOT has requested HOV operational responsibility and a transition structure has been agreed by DART and TxDOT. The transition structure has been documented in the form of an MOU. The MOU has most of the transfer of control to TxDOT beginning October 1, 2013 and development of an ILA to be approved by TxDOT Commission and DART Board early next year.

Recommendation GRD-3.

Consolidate the real estate management functions under Growth /Regional Development.

The three different real estate management groups likely evolved over time, with the evolution reflected in the kind of real estate managed by each group. To decrease overlap and increase efficiency, the function should be consolidated and placed in a separate group under the EVP of Growth/Regional Development. With commuter rail under Customer Care, consolidating the function under commuter rail (where the first of the three current groups resides) would not be a good fit. Since all of the real estate is not rail development related, it would not fit under Program Delivery (where the second of the three groups resides). And finally, real estate management functions currently under maintenance are very narrow in scope compared to the other two functions. A combined group would not fit well with the rest of the maintenance functions and skills. The Maintenance Department would continue to maintain DART properties—just not provide the real estate management functions such as granting easement, leases, and similar arrangements.

Recommendation GRD-4.

Report the costs and revenues associated with freight railroad corridor management as a separate mode.

Similar to DART's expenditures on general mobility and HOV/HOT lane management, the management of freight rail operations on DART property is not a traditional transit mode. By rolling this into commuter rail, the operating costs of commuter rail are overstated and the true net cost (net the lease revenues generated from these properties) is not easy to evaluate and recognize. The costs of this function are already accumulated in a separate account (Cost Center 510). Adding this service as a separate account in the Cost Allocation Model (see recommendation in Finance Department) will allow indirect and general and administrative costs to be allocated to this function as well. In addition, some of the efforts in the Real Estate section of Program Delivery, specifically management of abandoned right-of-ways and related trails, are not currently captured in the Cost Center 510. These costs should be captured with freight railroad management costs to represent the total cost of managing and maintaining non-transit properties.

Recommendation GRD-5.

Create a mission statement and a related staffing/organization plan for the GRD Department for FY 2014 and beyond.

While all light rail lines will not be complete until 2014, the planning, engineering, and construction efforts will start to decrease significantly by FY 2014. DART needs a plan on how staffing levels will either be reduced or productively redeployed before the slow-down begins. One significant risk to not preparing for this change would be that employee costs that were formerly capitalized will shift to the operating budget, putting pressure on already tight operating funds.

One idea that should be investigated as a part of this process is whether the Program Delivery section can take over some of the projects currently managed by the Maintenance Department, allowing for potential cost savings in Maintenance. There appears to be some overlap in the project delivery and control functions between the two groups and once the light rail system is

complete, the Program Delivery area will likely have both the time and expertise to shift its project management skills to project such as facility rehabilitation and state of good repair programs.

Recommendation GRD-6.

Define the mission and functions of the Innovative Services section and staff at appropriate levels.

This recommendation could be implemented as a part of Recommendation 5. Some staff members that were focused on completion of the light rail system may be appropriately refocused on regional and other non-traditional efforts. If the efforts of this group on projects that may not be owned by DART or on non-transit functions, care should be taken that the Cost Allocation Model and internal and NTD reports reflect that these costs are not a part of DART modal operations. As a part of this process, DART should consider combining the Economic Development section of GRD into Innovative Services. The functions currently handled in this section seem to tie closely with the types of non-traditional efforts that would lie in Innovative Services. Additionally, combining the functions would help reduce the span of control of the EVP to a more manageable level.

POLICE

Overview

The DART Police Department is a full-service transit police organization, responsible for the maintenance of good order, the enforcement of laws and ordinances and the investigation of crimes committed on DART property. The Police Chief is a Vice President-level executive in the DART organization, reporting to the Executive Vice President for Customer Care and Service Delivery. Other departments in this group include Maintenance, Mobility Management and Transportation.

The stated mission of the DART Police Department is:

“ ... to maintain a safe and peaceful environment for DART customers and employees and to ensure the security of property.”

The Department states that it seeks to accomplish its mission by doing the following:

- Provide equitable and responsive police services to DART customers and employees.
- Provide quality services through courtesy, guidance and assistance in dealing with DART customers and employees.
- Enforce applicable laws consistent with the Constitution, Code of Criminal Procedure, Penal Code, Transportation Code and DART Police policies and procedures.
- Develop and maintain cooperative relationships with other law enforcement agencies in general and DART member cities in particular.
- Research, develop and design security and crime prevention programs to reduce the opportunity for crime and disruptive behavior on the bus and rail transportation systems.
- Be held accountable to high ethical standards to foster trust and confidence in the DART Police and the DART transportation system.
- Continue building a professional and progressive organization through training and development of DART Police personnel.

The service area covered by DART police includes approximately 700 square miles and 13 municipalities located within six North Texas counties. The Department's authorized staffing for FY 2012 totals 341 positions, of which 308 were filled as of the February, 2012 position control report. This authorized staff complement is down 8%, from 373 positions in FY 2011. The current position count includes 245 sworn police officers, as follows:

- 1 Police Chief
- 2 Police Captains
- 5 Police Lieutenants
- 29 Police Sergeants
- 12 Police Corporals
- 196 Police Officers

Additionally the Department has 48 Fare Enforcement Officers and supervisors and 13 Police Telecommunicators and supervisors to operate the police dispatch center.

Major functions of the DART Police Department include:

- **Rail Operations**, including both Police Officers and Fare Enforcement Officers organized into 10 separate sectors.
- **Patrol Operations**, supporting bus and paratransit routes, transit and transfer centers, park and ride lots and DART facilities and organized into seven distinct geographic patrol zones, each with three subdivisions or beats.
- **Criminal Investigations**, responsible for the investigation of offenses (often in concert with other police jurisdictions), crime scene investigation, intelligence and the operation of mobile surveillance systems.
- **Emergency Preparedness**, incorporating emergency and disaster planning and exercises, police telecommunications / dispatch and camera monitoring, building and facility security through contracted services.
- **Human Resources**, including recruitment, hiring and training.
- **General Administration**, which also includes such activities as records management, professional standards / internal affairs, procurement and supply management.

The Department also operates several specialized units and projects, primarily grant funded, for such functions as Counter-Terrorism, canine explosives detection, surveillance system, security training and others.

Findings

Finding POL-1.

Community Oriented Policing Philosophy.

The DART Police Department has established a community oriented policing philosophy is the basis for its approach to law enforcement and is effectively implementing that philosophy through a variety of methods and means.

- The published policing philosophy is: “DART Police practice the community oriented policing concept by being service oriented and emphasizing courtesy, assistance and conflict resolution. DART Police officers attend public meetings and speak at area schools to educate the community about DART and safety in and around trains and buses.”
- Police Department leadership holds a monthly “Impact Meeting” to review crime statistics and to evaluate the effectiveness of the department’s tactics and, as necessary and appropriate, make adjustments.
- Fare evasion violations have been “decriminalized” to a degree. Officers will write these as a trespassing complaint rather than a theft of service complaint so as to avoid a criminal history for the offender. Failure to pay the resulting fine would result in an escalation of the charges.
- The department actively participates in the annual National Night Out activities throughout the DART service area. This event draws together citizens, law enforcement agencies, community groups, businesses and local officials to promote collaborative crime prevention activities.
- The Operation Lifesaver team works with and through community groups to promote driver and pedestrian awareness of the dangers around railroad tracks and at railroad crossing.
- Operators are trained in “crises intervention” techniques to help them deal with potentially dangerous situations on DART vehicles.
- Police managers, supervisors and officers are actively engaged with the owners of businesses operating in proximity to rail stations and transit centers to understand their security issues and to devise appropriate policing strategies in response to those concerns.
- All enforcement activities are coordinated with the law enforcement officials within the multiple jurisdictions within which DART operates, with DART police supporting or leading investigations as directed by the local officials.
- DART Police partners closely with the City of Dallas and the Dallas Independent School District on juvenile and truancy issues.

Finding POL-2.

Board Staffing Mandate is Straining Department Resources.

In 2007, based on projected system growth, the consulting firm of Booze Allen and Hamilton developed a staffing model for the police department. The Chief reported that the Board adopted a five year staffing plan that called for the addition of approximately 30 officers per year, through 2012. However, due to the

economic turndown and the consequent revenue declines, this program was suspended in 2010. And, while the annual budgets in recent year indicate the need for a comprehensive police deployment analysis, fiscal realities have made the funding of new police staffing impractical.

Another goal included in at least the three most recent DART budgets, has been to maintain at least an 82.5% “sense of security” rating on periodic passenger surveys. This specific rating fell from 88% to 82% between 2009 and 2010 and other passenger responses to security related items saw similar declines..

On February 20, 2012, as a response to a pair of high-profile killings at DART rail stations, the DART Board of Directors mandated that a uniformed officer be present aboard all DART trains at all times. This mandate is intended to increase the visibility of a uniformed presence on the rail system. No additional positions were authorized to implement the mandate. As a result, the Department’s leadership has worked to shift and reallocate available personnel. These tactics include:

- Shifting officers away from patrol duty to rail duty
- Establishment of a relief squad to cover lunches sick time, etc.
- Authorizing overtime as necessary to meet minimum staffing requirements.

Police administrators are working to find a balance between system wide security requirements and the acknowledged need for improved police visibility on DART trains. They are concerned that the “robbing” of bus route security in favor of rail security risks increasing response times and decreasing bus operator and bus passenger safety. Furthermore, the Board policy does not effectively differentiate, in terms of the uniformed visibility requirement, between sworn / armed peace officers and non-sworn / unarmed fare enforcement officers.

Finding POL-3.

Leveraging Technology for Improved Public Safety.

DART has made, and continues to make, significant investments in technology to boost system-wide security and improve service quality. Fifty-five light rail stations now have surveillance cameras installed and operating. In the FY 2012 budget capital budget, an additional \$5 million was approved to purchase cameras for 5 bus routes, 15 light rail vehicles and 10 DART stations. An additional \$1 million dollar grant from the Department of Homeland Security is funding the installation of surveillance facilities on the Blue Line. The Agency also has funded in-car cameras for police vehicles, operates remote surveillance towers that can be repositioned to cover known trouble spots. The agency envisions as many as 7,000 security cameras ultimately installed throughout the system, supported by “smart video” software systems that can detect potentially criminal or disruptive behavior, alert monitors who, in turn, can dispatch law enforcement personnel as warranted..

Additionally, in April of 2012, a new text messaging system went live. This system will allow DART patrons to report criminal conduct or suspicious behavior to the DART Police dispatch center via text messaging rather than the more conspicuous method of making a phone call. While the system cannot yet accept images or videos, this additional method of reporting emergency conditions is a step forward.

These technological advances are expected to allow DART Police to more efficiently and effectively leverage its limited police resources.

Finding POL-4.

Internal Tensions Between Police and Operations are Evident.

Members of the TransTech team were told by multiple sources that considerable tension and friction exists between the Police Department and departments in the operations area, such as Maintenance and Transportation. Some staff and supervisors in maintenance and operations feel that DART Police interactions with their employees are excessively heavy-handed and inappropriate. They feel that as fellow employees of DART they are due more courtesy and respect than they sometimes receive. From the Police Department's perspective, the expectation that a DART employee be afforded some special status, or receive preferential treatment by virtue of their common employment alone, is unreasonable and, potentially, a risk to the agency. This tension has been a persistent and festering issue and there is no focused effort towards its resolution currently evident. The new organizational structure places all three of the principal departments under the direct supervision of a common senior executive leader, creating a platform for directly addressing and resolving it.

Recommendations

Recommendation POL-1.

No action necessary in response to Finding POL-1

Recommendation POL-2.

Perform an independent analysis of the benefits, costs and risks of the DART Board's staffing mandate on the Police Department

The analysis should seek to address the potential risks identified by Police administration including the deterioration of response times to incidents on buses and / or at transit centers, increased overtime costs, and the actual impact on both enforcement and community based prevention and outreach activity in all aspects of the Police Department's operations. Consider relaxation of the staffing mandate if the independent analysis suggests the required resources could be more effectively applied in other roles. Similarly, the Police Department should revisit and update the Booze Allen police deployment model in light of both the Board's staffing mandate and the future expansion of services.

Recommendation POL-3.

Continue the funding and deployment of video surveillance technologies, supported by robust video analytics and monitoring capabilities

The expansion of the Police Department's technology tools and the allocation of required resources should be closely coordinated with and through the Information Technology Department and in conformance with the Authority's technology strategic plan, technology standards and program management disciplines.

Response POL-3.

We have protocols for handling situations in which DART employees are taken into custody. Those protocols focus on (1) notifications to the affected Vice President prior to any police action being taken, (2) privacy of the employee involved and, (3) referral to use of the DART administrative process in lieu of police action, when appropriate.

DART's new buses will be equipped with two video based systems, security surveillance system and an event recorder system called "smart drive." The security surveillance system will be managed by DART Police for passenger and employee security purposes. The Smart Drive system will be managed by Transportation with a focus on driver training, accident investigation and classification and operator performance improvements.

Recommendation POL-4.

Work to directly confront, address and resolve the persistent tensions between and among the Police, Transportation and Maintenance departments.

While the leadership and staff of each of these units must maintain appropriate decorum and respect for the roles and responsibilities of the other, a fundamental principal of the relationship should be that no DART employee, nor any supervisor or manager on an employee's behalf, should expect leniency or favorable treatment by the DART Police Department by sole virtue of their shared employment. DART employees must be afforded the same courtesy and professionalism in any law enforcement or compliance related interaction as would any other citizen. No less and no more.

Response POL-4.

The Chief of Police and VP of Transportation have worked to improve communication and coordination to resolve past issues between the department's personnel. DART Police and Transportation leadership over the past 4 years established communication and training focus groups between the two departments to enhance communication, coordination and training with emphasis on developing joint standard operating procedures, work rules and improved daily interactions of police and operations personnel.

PROCUREMENT

Overview

The Procurement division consists of approximately 43 people, of which at least eight are contractors. These contractors are being used to supplement Procurement employees currently assigned to a major purchasing system technology initiative, referred to within DART as the “procurement transformation project” (basically, a Lawson software implementation).

The Procurement division is led by a Vice President, who reports to the DART Executive Vice President/CFO. This division is organized into the following four major groups as noted below:

1. Procurements other than construction that require bids (20 people, of which two are consultants,) led by an Assistant Vice President (AVP)
2. Construction procurements, including architectural and engineering services (16 people, of which 6 are consultants, led by an interim AVP)
3. Small purchasing, handling procurements of \$50,000 or less
4. Procurement administration, a three-person group that is lead by a supervisor.

The balance of the Procurement division staff consists of two contract analysts and support personnel.

The DART procurement process starts with an electronic purchase request. However, Procurement reports that approximately 25-30% of all electronic purchase requests (EPRs) it receives have some form of deficiency (e.g., scope, budget, evaluation criteria, etc.). Before the EPR can be fulfilled, all such problems must be addressed, a process that usually requires someone from Purchasing to communicate with the requesting party and/or return the EPR for revision.

For procurements valued at \$50,000 or higher, the procurement process includes identifying Disadvantaged Business Enterprise (DBE) contracting goals as well as a review by the Office of General Counsel (OGC). DBE goals are established by DART’s Diversity and Economic Opportunity (DEO) division. Depending on the specific items or services being purchased, Procurement may restructure the statement of work to better support achieving these DBE goals.

The OGC’s review of procurements seeks to ensure Agency compliance with procurement statues/regulations. These regulations were established in or around 1986. OGC review is required for any procurements requiring Board approval, which generally for procurements exceed \$250,000 in value. However, OGC also review procurements at lower values whenever written determinations are needed.

Complicated and/or complex procurements routinely take from six-months to one year (or longer) to complete.

In January 2011, the Procurement group released an updated, user-oriented procurement manual that is intended to provide detailed information to users on the differing requirements of the various procurement types. This 103-page manual includes links to various resource documents and information available on the DART Intranet (*DARTnet*).

Internal customers

The Procurement division supports every unit within DART, including the operational units, other DART support units, executive management and the Board. Procurement looks to DART's customer service goals and adjusts its operations as needed to support these standards.

External customers:

The Procurement division considers the supplier community to be its secondary customers/stakeholders

Performance measures:

The Procurement division has a robust set of performance measures, presented in 'dashboard'- style reports, to assist in identifying the status of all procurements while highlighting procurements that are behind schedule at any phase in the process. Procurement performance measures used include measuring process time by stage, cost savings, workload and dollars spent per contract specialist among others. Procurement annually surveys both internal and external customers for performance satisfaction.

Due to the limitations of its current software, Procurement currently does not track vendor delivery performance. However, once the Lawson implementation is completed, this will be addressed. Additional goals for this implementation is the ability to use predictive performance measures to better manage work loads

Currently, Procurement does not identify whether the user provided an actionable purchasing request when they submitted such requests for processing. Any delays associated with addressing deficiencies are currently identified as delays occurring within Procurement.

Findings

Finding PRO-1.

DART's procurement system initiative absorbs considerable DART resources yet remains incomplete.

Within DART, the procurement transformation project is broadly viewed as the enabling technology to improve the timeliness and efficiency of the DART procurement process. However, these high user expectations increase the risk of user disappointment should breakthrough levels of improvement not be forthcoming.

Multiple delays on project implementation have reduced user confidence in this initiative and in the ability of the Procurement Department to deliver on the promise of this project. In the interim, this project adsorbs a significant amount

of DART resources, both within the Procurement Department and Information Resources.

Finding PRO-2.

DART should hold users responsible for developing an actionable procurement request.

Based on our brief review of the revised DART Procurement Manual, this document seems comprehensive and contains sufficient detail as to provide DART employees the information needed to successfully understand and navigate the procurement process. However, agency-wide training on this document has been less robust than desirable, due mostly to the resources devoted to the ongoing procurement transformation project.

Finding PRO-3.

DART's legal framework for performing the procurement function needs updating.

Consistent with the governmental policy thinking of the 1980's, DART's procurement regulatory framework is largely constrictive in nature and focused on ensuring the Agency does not violate any applicable rules or regulations rather than on helping the organization effectively and efficiently accomplish its mission. During the last decade or so, governmental procurement policies have adapted to reflect the public's desire for great efficiency in public entities and incorporate advances in technology. Organizations such as the National Institute of Governmental Purchasing (NIGP), the National Contract Management Association (NCMA) and the American Bar Association (ABA) 2000 Model Procurement Code for State and Local Governments are common sources for procurement regulations and have embraced these changes and incorporated such thinking in its procurement guidance documents and training. In general, the intended effect of these efforts is to provide sufficient guidance to appropriately trained procurement personnel as to avoid the need for the involvement of attorney review except in specific instances of "grey areas," where additional legal guidance is needed.

Finding PRO-4.

DART's aggressive MBE/WBE goals complicate and slow procurements.

The Federal Code of Regulations (49CFR26) identifies a federal target of 10% for minority business enterprise (MBE) contracting, with the specific MBE target for a given location determined by the relative pool of local MBE contractors within the overall contractor population. As described in our review of the Economic Opportunity group, DART has done a commendable job of helping develop the local contractor pool and encourage their participation in DART procurement opportunities as evidenced by DART's contracting targets of 25% MBE and 5% WBE. This is among the highest of any public agencies of which we are familiar. Factors that contribute to this success include the following:

- Devotion of a significant level of organizational resources to this effort, in both the Economic Opportunity group (described separately) as well

as the Procurement department. However, such activities tend to both lengthen and complicate the procurement process.

- High MBE/WBE participation goals tend to be more achievable on construction projects, reportedly due to a relatively larger pool of qualified MBE/WBE subcontractors than in many other procurement/contracting areas; construction projects also tend to involve large dollar volumes, which help DART efforts to achieve agency-level MBE/WBE goals. In combination, these factors tend to result in increased MBE/WBE contracting levels during periods of heavy construction, as DART has been involved in during its system build-out phase.

As DART transitions to more of an operate and maintain focus, DART's MBE/WBE contracting levels are likely to become more difficult to achieve, increase procurement transactions cycle time and have a negative cost impact on the organization (both in terms of employee resources and potentially on product/service costs).

Recommendations

Recommendation PRO-1.

DART should continue its efforts to complete this project as expeditiously as practical

However, it is important that that DART meet any future system "go live" announcement dates to promote user confidence in this initiative.

Recommendation PRO-2.

End users (and/or their departments) should be responsible for any time delay associated with addressing deficiencies to purchase requests, while the Purchasing department should assume that responsibility only when it has a fully actionable procurement item

As quickly as practical, the Procurement department should expand its user training efforts on how to successfully navigate the DART procurement process and create actionable purchase request upon initial submission.

Recommendation PRO-3.

DART should update its regulations related to procurement to reflect current "best practice" in governmental purchasing

In practice, this means the following:

- DART legal rules/regulations related to procurement should be revised to be consistent with NIGP, NCWA and ABA procurement guidance and standards;
- DART procurement personnel should receive the appropriate training and seek certification of their expertise, and

- The General Council should serve as a resource to the Procurement Function rather than routinely reviewing DART procurements and used only when additional legal guidance is desired.

These changes should significantly reduce the time required to procure many DART goods and services.

Response PRO-3.

NIGP is not the only source for guidance on rules and regulations. Other relevant organizations include National Contract Management Association (NCMA). The American Bar Association (ABA) 2000 Model Procurement Code for State and Local Governments is the most common source of rules and regulations for local government and has been adopted by several local governments in our region.

Recommendation PRO-4.

The DART Board should evaluate the relative cost/benefit trade-off between procurement efficiency and effectiveness versus the time/cost/resources devoted toward achieving its MBE/WBE goals.

To the extent that the DART Board and management desire to increase Agency efficiency and effectiveness, it should consider reducing its MBE/DBE goals and corresponding devotion of resources to achieving those goals to a level more consistent with DART's transition to a "operate and maintain" phase.

STATE-MANDATED PERFORMANCE INDICATORS

Overview

This section examines DART's compliance with the key performance indicator (KPI) requirements of the performance audit. The statute requires each quadrennial audit to include an examination of the following performance indicators:

- Subsidy per passenger
- Operating cost per revenue mile
- Operating cost per revenue hour
- Fare recovery rate
- Passengers per revenue hour
- Number of accidents per 100,000 miles
- Number of miles between mechanical service calls
- Sales and use tax receipts per passenger

Based on the State definitions of the terms, DART provided TransTech Management with the base data for fiscal years 2008 through 2011 (see Table 1). Most of the data were compiled by DART for use in its quarterly reports of DART key performance indicators. Other items were drawn from DART internal records.

**Table 1:
Base Data and Performance Indicators**

	2008	2009	2010	2011	Source
BUS					
<i>Base Data</i>					
Annual Operating Cost	\$216,675,024	\$213,932,275	\$229,055,812	\$220,628,647	DART Quarterly Reports
Annual Passenger Trips	45,019,216	42,639,010	37,594,689	36,811,888	DART Quarterly Reports Less On-Call Service
Annual Revenue Miles	27,350,856	26,711,323	26,492,183	24,885,646	DART Quarterly Reports 2009 Values Estimated
Annual Vehicle Miles	32,026,242	31,425,086	31,107,716	29,029,813	DART Quarterly Reports
Annual Revenue Hours	2,028,437	2,021,031	2,009,486	2,050,350	National Transit Database
Annual Accidents	559	534	471	597	DART Risk Management
Annual Mechanical Service Calls	4,858	4,228	4,755	5,749	DART Quarterly Reports
Annual Operating Revenue	\$41,016,619	\$38,117,821	\$35,314,925	\$30,022,359	DART Quarterly Reports
Annual Fare Revenue	\$30,912,818	\$27,487,909	\$30,668,336	\$25,737,638	DART Quarterly Reports
<i>Performance Indicators</i>					
Subsidy per Passenger	\$3.90	\$4.12	\$5.15	\$5.18	Calculated
Operating Cost per Revenue Mile	\$7.92	\$8.01	\$8.65	\$8.87	Calculated
Operating Cost per Revenue Hour	\$106.82	\$105.85	\$113.99	\$107.61	Calculated
Fare Recovery Rate	14.3%	12.8%	13.4%	11.7%	Calculated
Passengers per Revenue Hour	22.2	21.1	18.7	18.0	Calculated
On-Time Performance	92.0%	93.4%	92.1%	92.4%	DART Quarterly Reports
Number of Accidents per 100,000 Vehicle Miles	1.75	1.70	1.51	2.06	Calculated
Number of Vehicle Miles between Mechanical Service Calls	6,592	7,433	6,542	5,050	Calculated
LIGHT RAIL					
<i>Base Data</i>					
Annual Operating Cost	\$73,396,136	\$78,790,524	\$91,201,086	\$118,458,256	DART Quarterly Reports
Annual Passenger Trips	19,437,603	18,965,249	17,799,186	22,302,390	DART Quarterly Reports
Annual Passenger Car Revenue Miles	5,346,949	5,354,578	5,335,813	6,905,168	DART Quarterly Reports

	2008	2009	2010	2011	Source
Annual Passenger Car Vehicle Miles	5,565,105	5,366,126	5,363,430	7,289,025	DART Quarterly Reports
Annual Train Revenue Hours	123,536	126,081	163,376	187,483	National Transit Database
Annual Accidents	6	14	8	36	DART Risk Management
Annual Mechanical Service Calls	180	270	272	368	DART Quarterly Reports
Annual Operating Revenue	\$14,831,191	\$13,450,716	\$16,252,159	\$24,103,065	
Annual Fare Revenue	\$13,342,613	\$12,116,343	\$14,978,710	\$22,769,997	DART Quarterly Reports
<i>Performance Indicators</i>					
Subsidy per Passenger	\$3.01	\$3.45	\$4.21	\$4.23	Calculated
Operating Cost per Passenger Car Revenue Mile	\$13.73	\$14.71	\$17.09	\$17.16	Calculated
Operating Cost per Train Revenue Hour	\$594.13	\$624.92	\$558.23	\$631.83	Calculated
Fare Recovery Rate	18.2%	15.4%	16.4%	19.2%	Calculated
Passengers per Train Revenue Hour	157.3	150.4	108.9	119.0	Calculated
On-Time Performance	96.6%	95.0%	95.8%	95.2%	DART Quarterly Reports
Number of Accidents per 100,000 Passenger Car Vehicle Miles	0.11	0.26	0.15	0.49	Calculated
Number of Vehicle Miles between Mechanical Service Calls	30,917	19,875	19,718	19,807	Calculated
BUS AND LIGHT RAIL					
<i>Base Data</i>					
Annual Operating Cost	\$290,071,161	\$292,722,799	\$320,256,898	\$339,086,902	DART Quarterly Reports
Annual Passenger Trips	64,456,819	61,604,259	55,393,875	59,114,278	DART Quarterly Reports Less On-Call Service
Annual Revenue Miles	32,697,805	32,065,901	31,827,996	31,790,814	DART Quarterly Reports
Annual Vehicle Miles	37,591,347	36,791,212	36,471,146	36,318,838	DART Quarterly Reports
Annual Revenue Hours	2,151,973	2,147,112	2,172,862	2,237,833	National Transit Database
Annual Accidents	565	548	479	633	DART Risk Management
Annual Mechanical Service Calls	5,038	4,498	5,027	6,117	DART Quarterly Reports
Annual Operating Revenue	\$55,847,809	\$51,568,537	\$51,567,084	\$54,125,424	DART Quarterly Reports
Annual Fare Revenue	\$44,255,431	\$39,604,252	\$45,647,046	\$48,507,636	DART Quarterly Reports
<i>Performance Indicators</i>					
Operating Cost per Passenger	\$4.50	\$4.75	\$5.78	\$5.74	
Subsidy per Passenger	\$3.63	\$3.91	\$4.85	\$4.82	Calculated
Operating Cost per Revenue Mile	\$8.87	\$9.13	\$10.06	\$10.67	Calculated
Operating Cost per Revenue Hour	\$134.79	\$136.33	\$147.39	\$151.52	Calculated
Fare Recovery Rate	15.3%	13.5%	14.3%	14.3%	Calculated
Passengers per Revenue Hour	30.0	28.7	25.5	26.4	Calculated
Number of Accidents per 100,000 Vehicle Miles	1.50	1.49	1.31	1.74	Calculated
Number of Vehicle Miles between Mechanical Service Calls	7,462	8,179	7,255	5,937	Calculated
Miles between Service Call/Accident	6,709	7,291	6,624	5,381	
COMMUTER RAIL (TRE)					
<i>Base Data</i>					
Annual Operating Cost	\$22,062,626	\$23,160,833	\$24,256,863	\$24,035,592	DART Quarterly Reports
Annual Passenger Trips	2,746,992	2,789,030	2,469,215	2,425,335	DART Quarterly Reports
Annual Passenger Car Revenue Miles	1,565,010	1,292,607	1,239,709	1,142,577	National Transit Database
Annual Passenger Car Vehicle Miles	1,816,944	1,451,563	1,438,099	1,347,672	National Transit Database DART definition used in 2008
Annual Train Revenue Hours	18,534	18,173	17,658	16,949	TRE
Annual Accidents	4	2	4	7	FRA Reports
Annual Mechanical Service Calls	8	8	12	6	TRE Office
Annual Operating Revenue	\$4,668,871	\$4,246,602	\$8,979,699	\$10,611,064	DART Quarterly Reports
Annual Fare Revenue	\$3,108,098	\$2,910,279	\$8,026,572	\$10,291,475	National Transit Database
<i>Performance Indicators</i>					
Subsidy per Passenger	\$6.33	\$6.78	\$6.19	\$5.54	Calculated
Operating Cost per Passenger Car Revenue Mile	\$14.10	\$17.92	\$19.57	\$21.04	Calculated
Operating Cost per Train Revenue Hour	\$1,190.39	\$1,274.46	\$1,373.70	\$1,418.11	Calculated
Fare Recovery Rate	14.1%	12.6%	33.1%	42.8%	Calculated
Passengers per Train Revenue Hour	148.2	153.5	139.8	143.1	Calculated
On-Time Performance	97.8%	98.6%	98.1%	97.1%	DART Quarterly Reports
Number of Accidents per 100,000 Passenger Car Vehicle Miles	0.22	0.14	0.28	0.52	Calculated
Number of Vehicle Miles between Mechanical Service Calls	227,118	181,445	119,842	224,612	Calculated
PARATRANSIT					
<i>Base Data</i>					
Annual Operating Cost	\$33,276,443	\$33,679,545	\$35,456,461	\$36,404,444	DART Quarterly Reports
Annual Passenger Trips	737,027	750,763	772,675	790,350	National Transit Database
Annual Revenue Miles	8,109,876	7,818,699	8,458,570	8,638,492	National Transit Database
Annual Vehicle Miles	10,759,256	11,271,213	11,478,772	11,687,304	National Transit Database
Annual Revenue Hours	441,543	455,030	513,131	521,623	National Transit Database
Annual Accidents	179	110	43	25	Paratransit Department

	2008	2009	2010	2011	Source
Annual Mechanical Service Calls	456	534	485	598	National Transit Database
Annual Operating Revenue	\$1,812,966	\$1,976,131	\$2,302,591	\$2,321,874	DART Quarterly Reports
Annual Fare Revenue	\$1,812,966	\$1,976,131	\$2,302,591	\$2,321,874	DART Quarterly Reports
<i>Performance Indicators</i>					
Subsidy per Passenger	\$42.69	\$42.23	\$42.91	\$43.12	Calculated
Operating Cost per Revenue Mile	\$4.10	\$4.31	\$4.19	\$4.21	Calculated
Operating Cost per Revenue Hour	\$75.36	\$74.02	\$69.10	\$69.79	Calculated
Fare Recovery Rate	5.4%	5.9%	6.5%	6.4%	Calculated
Passengers per Revenue Hour	1.7	1.6	1.5	1.5	Calculated
On-Time Performance					Not Required
Number of Accidents per 100,000 Vehicle Miles	1.66	0.98	0.37	0.21	Calculated
Number of Vehicle Miles between Mechanical Service Calls	23,595	21,107	23,668	19,544	Calculated
SYSTEMWIDE					
<i>Base Data</i>					
Annual Operating Cost	\$345,410,229	\$349,563,177	\$379,970,222	\$399,526,939	Calculated
Annual Passenger Trips	67,940,838	65,144,052	58,635,765	62,329,963	Calculated
Annual Revenue Miles	42,372,691	41,177,207	41,526,275	41,571,883	Calculated
Annual Vehicle Miles	50,167,547	49,513,988	49,388,017	49,353,814	Calculated
Annual Revenue Hours	2,612,050	2,620,315	2,703,651	2,776,405	Calculated
Annual Accidents	748	660	526	665	Calculated
Annual Mechanical Service Calls	5,502	5,040	5,524	6,721	Calculated
Annual Operating Revenue	\$62,329,647	\$57,791,269	\$62,849,373	\$67,058,362	Calculated
Annual Fare Revenue	\$49,176,495	\$44,490,662	\$55,976,208	\$61,120,985	Calculated
Sales and Use Tax Receipts	\$416,147,831	\$377,596,792	\$375,470,797	\$402,403,999	DART Quarterly Reports
<i>Performance Indicators</i>					
Subsidy per Passenger	\$4.36	\$4.68	\$5.53	\$5.43	Calculated
Operating Cost per Revenue Mile	\$8.15	\$8.49	\$9.15	\$9.61	Calculated
Operating Cost per Revenue Hour	\$132.24	\$133.41	\$140.54	\$143.90	Calculated
Fare Recovery Rate	14.2%	12.7%	14.7%	15.3%	Calculated
Passengers per Revenue Hour	26.0	24.9	21.7	22.4	Calculated
On-Time Performance					Different modal definitions do not permit consistent system aggregation
Number of Accidents per 100,000 Vehicle Miles	1.49	1.33	1.07	1.35	Calculated
Number of Vehicle Miles between Mechanical Service Calls	9,118	9,824	8,941	7,343	Calculated
Sales and Use Tax Receipts per Passenger	\$6.13	\$5.80	\$6.40	\$6.46	Calculated

The State requires only that the performance indicators be examined for one year and for the entire system. The TransTech Management scope of work, however, calls for the analysis of a four-year trend of each of the eight specified performance measures for each mode and for the system-wide results.

TransTech Management calculated seven performance indicators from the raw data. DART provided the calculated results for the eighth performance indicator, on-time performance. TransTech Management reviewed the definitions used by DART for the raw data and the calculations for consistency with the definitions in Section 452.454 of the Texas Transportation Code.

Conclusions

TransTech Management finds that DART complies with the State requirements for performance indicators in most cases. There are a few areas where the needed data are not collected or processed in a way that is consistent with the State's definition. These cases are detailed below.

DART does not routinely calculate or report all of the State performance indicators. However, it collects the data needed to calculate the performance indicators. Furthermore, many of the performance indicators in the DART quarterly reports are the same as those required by the State.

In the past two audits (Transportation Resource Associates (2005) and McCollom Management Consulting (2009)), it was recommended that DART assign an existing employee the responsibility for compilation, review, and presentation of State KPI's. DART has not implemented this suggestion.

Findings

The following findings and recommendations are related to the performance indicators required for the State audit. Other suggestions on related issues are presented in the "Compliance Findings" section.

Finding KPI-1.

DART does not comply with the on-time performance indicators for bus and light rail service because it does not compile the collected data according to the State definition.

DART defines on-time for a bus trip as one that leaves no more than 1 minute early and up to 5 minutes late. For a light rail trip, DART defines on-time as one that leaves no more than 1 minute early and up to 4 minutes late. The State defines on-time trips as departures no earlier than the scheduled time and no more than five minutes past the scheduled departure time. The on-time performance data reported in Table 2.1 is based on DART's definitions.

Finding KPI-2.

DART does not comply with the definition of passenger car revenue miles for commuter rail service.

In its quarterly reports, DART defines passenger car miles to include the car revenue miles to include the sum of revenue miles traveled by both passenger cars and locomotives. The State defines passenger car miles to include the car revenue miles to include the sum of revenue miles traveled only by passenger cars. DART does follow the State definition when it files its annual National Transit Database (NTD) report. The car revenue miles data reported in Table 2.1 is based on DART's NTD annual reports.

Finding KPI-3.

DART did not comply with the definition of passenger fare revenues for commuter rail service.

In its quarterly reports, DART defined passenger fare revenues only to include fare revenues collected by DART and did not include the fare revenues collected by the Fort Worth Transportation Authority (The T). The State defines passenger fare revenues to include the those collected by both agencies. DART does follow the State definition when it files its annual National Transit Database (NTD) report. Beginning in 2012, DART now uses the State definition in its quarterly reports. The fare revenues data reported in Table 2.1 is based on DART's NTD annual reports.

Finding KPI-4.

DART did not have a specific documentation for the procedures for properly collecting and processing the State performance indicator data.

Compliance Findings

The following four tables summarize our findings regarding compliance for each mode of service operated by DART: bus, light rail, commuter rail, and paratransit (includes ADA services and on-call service for general public). These tables are organized as follows:

- The left column lists the State performance indicators.
- The next column shows whether DART collects the base data needed to calculate each indicator.
- The third column shows whether the data are then compiled and the indicator calculated consistent with the State's definition of the performance indicator.
- The final column is for comments, including a reference to the recommendations made in the prior section.

**Table 1: Bus
Performance Indicator Data and Sources**

Performance Indicator	Base data exists to calculate indicator	Data compiled consistent with State definition	Source used in calculation	Notes
Subsidy per passenger	Yes	Yes	DART Quarterly Reports	Passengers in quarterly report adjusted to remove on-on-call passengers
Operating cost per revenue mile	Yes	Yes	DART Quarterly Reports	Estimated values for revenue miles in 2009
Operating cost per revenue hour	Yes	Yes	DART Quarterly Reports National Transit Database	
Sales and use tax receipts per passenger	Yes	Yes	DART Quarterly Reports	Not calculated by mode; system wide only required by State
Fare recovery rate	Yes	Yes	DART Quarterly Reports	
Passengers per revenue hour	Yes	Yes	DART Quarterly Reports National Transit Database	
On-time performance	Yes	No	DART Quarterly Reports	See Recommendation 1
Number of accidents per 100,000 miles	Yes	Yes	DART Quarterly Reports DART Risk Management	
Number of vehicle miles between mechanical service calls	Yes	Yes	DART Quarterly Reports	

**Table 2: Light Rail
Performance Indicator Data and Sources**

Performance Indicator	Base data exist to calculate indicator	Data compiled consistent with State definition	Source used in calculation	Notes
Subsidy per passenger	Yes	Yes	DART Quarterly Reports	
Operating cost per car revenue mile	Yes	Yes	DART Quarterly Reports	
Operating cost per train revenue hour	Yes	Yes	DART Quarterly Reports National Transit Database	
Sales and use tax receipts per passenger	Yes	Yes	DART Quarterly Reports	Not calculated by mode; system wide only required by State
Fare recovery rate	Yes	Yes	DART Quarterly Reports	
Passengers per train revenue hour	Yes	Yes	DART Quarterly Reports National Transit Database	
On-time performance	Yes	No	DART Quarterly Reports	See Recommendation 1
Number of accidents per 100,000 passenger car miles	Yes	Yes	DART Quarterly Reports DART Risk Management	
Number of vehicle miles between mechanical service calls	Yes	Yes	DART Quarterly Reports	

**Table 3: Commuter Rail
Performance Indicator Data and Sources**

Performance Indicator	Base data exist to calculate indicator	Data compiled consistent with State definition	Source used in calculation	Notes
Subsidy per passenger	Yes	Yes	DART Quarterly Reports	
Operating cost per car revenue mile	Yes	Yes	National Transit Database	See Recommendation 2
Operating cost per train revenue hour	Yes	Yes	DART Quarterly Reports TRE Records	
Sales and use tax receipts per passenger	Yes	Yes	DART Quarterly Reports	Not calculated by mode; system wide only required by State
Fare recovery rate	Yes	Yes	DART Quarterly Reports National Transit Database	See Recommendation 3
Passengers per train	Yes	Yes	DART Quarterly	

revenue hour			Reports TRE Records	
On-time performance	Yes	Yes	DART Quarterly Reports	
Number of accidents Per 100,000 passenger car miles	Yes	Yes	DART Quarterly Reports FRA Reports	
Number of vehicle miles between mechanical service calls	No	No	DART Quarterly Reports	

**Table 4: Paratransit
Performance Indicator Data and Sources**

Performance Indicator	Base data exist to calculate indicator	Data compiled consistent with State definition	Source used in calculation	Notes
Subsidy per passenger	Yes	Yes	DART Quarterly Reports National Transit Database	
Operating cost per revenue mile	Yes	Yes	DART Quarterly Reports National Transit Database	
Operating cost per revenue hour	Yes	Yes	DART Quarterly Reports National Transit Database	
Sales and use tax receipts per passenger	Yes	Yes	DART Quarterly Reports	Not calculated by mode; system wide only required by State
Fare recovery rate	Yes	Yes	DART Quarterly Report	
Passengers per revenue hour	Yes	Yes	National Transit Database	
On-time performance	Not Required			
Number of accidents Per 100,000 miles	Yes	Yes	DART Quarterly Reports Paratransit Department	
Number of miles between mechanical road calls	Yes	Yes	DART Quarterly Reports Paratransit Department	

In addition to the State-mandated review of the performance indicators for the most recent year covered by this review (FY 2011), TransTech Management reviewed the performance indicators for a four-year period (FY 2008-FY 2011) to identify any trends that may suggest the need for either further analysis or corrective action.

There were two significant changes that affected the trend analysis of the performance indicators over the four-year period. The first is the change in the way passenger fares are allocated by transit mode. Prior to 2010, DART used

the same average fare to allocate fare revenues to bus, light rail paratransit, and commuter rail. When fares were increased in 2009, DART recognized that there are significant differences in the average fares by mode. Beginning in 2010, DART started using estimated average fares by mode. This change dramatically impacted the fare revenues for commuter rail and had minor impact on the fare revenues of the other three modes.

The second major change was inauguration of the second rail line in 2011. This increased light rail ridership and decreased bus ridership as some former bus users became light rail riders.

The trend analysis shows that DART operations and performance were stable as these significant changes were made. Overall, DART's operating costs per revenue mile increased at an average annual rate of 5.6 percent. However, passengers per revenue hour declined at an average annual rate of 4.8 percent. This passenger decrease is probably due to the downturn in the national economy and the need for DART to ensure that passenger fares cover a reasonable portion of operating costs. Other findings follow in the next section.

Other Findings

DART provides an on-call (demand-response) service to the public in various suburban zones. In DART internal reporting, this service is included as a part of fixed-route service, while it is reported as a part of the demand-response mode for NTD (which is correct for NTD reporting).

Other Opportunities for Improvement

DART should consider treating the on-call service consistently. Either a note should be added to the Quarterly Operating and Financial Performance Report that explains that this service is included in fixed-route service or the statistics for the service should be moved to the paratransit section.

Recommendations

Recommendation KPI-1.

TransTech Management recommends that DART routinely compile the bus and light rail on-time performance data consistent with the State's definition of on-time

DART Response

DART's definition for bus and light rail on-time performance is very close to the state definition. DART's definition ensures that a vehicle does not arrive earlier than one minute and have to sit and wait until an appropriate time for departure. DART feels that the on-time window it uses allows all buses and trains on DART routes to maintain appropriate spacing and timeliness.

Recommendation KPI-2.

TransTech Management recommends that DART routinely compile the commuter rail passenger car miles consistent with the State's definition of passenger car miles and use these values in its quarterly report

DART Response

DART's definition for commuter rail passenger car miles is used in the quarterly report because this is how the contract is structured with its private operator. DART pays a fixed rate per car revenue mile and these miles includes those travelled by locomotives.

Recommendation KPI-3.

TransTech Management recommends that DART routinely compile the passenger fare revenues consistent with the State's definition of passenger car miles and use these values in its quarterly report

DART Response

Beginning in 2012, DART now uses the State definition in its quarterly reports.

Recommendation KPI-4.

TransTech Management agrees with the prior audit recommendations and encourages DART to formalize procedures and responsibilities for State performance indicator compilation and calculation.

STATUTORY REQUIREMENTS

Overview

Section 452.454(c) of the Texas Transportation Code requires each quadrennial audit to verify DART's compliance with applicable State law. DART is required to comply with a range of requirements from the following:

- Texas Transportation Code
- Texas Government Code
- Texas Local Government Code
- Texas Property Code

TransTech Management, Inc. performed the review that is summarized in the compliance matrices for the seven categories listed below:

- Authority – creation of DART, tax authority, agreements with other governments
- Board Matters – board creation, composition, rules, and authority
- Contracts – small and disadvantaged business participation, competitive bidding
- Finance and Administration – bonds, annual budget, administration
- Open Meetings and Public Information – posting requirements for public meetings and response to Open Records requests
- Performance Audits – requirements for State-mandated performance audits
- Real Estate – land purchase, sale, and eminent domain issues

Individual code citations including the actual text of the code are listed in the matrices. Each matrix response includes a description of how DART complies with the legal requirement and the DART policy, if applicable, created to ensure compliance and a notation of compliance or non-applicability. All relevant statutes were reviewed for changes made in the last four years and DART policies were then reviewed to ensure all revisions necessitated by statutory changes had been made. Policies, procedures and by-laws which had been used to document compliance in the previous audit were reviewed for revisions and revisions found were checked for consistency with compliance. Regulated actions of the past four years, i.e. board meetings, board resolutions, open records, etc., were also reviewed for compliance.

Authority Compliance Matrix			
	Action	Legal Reference	Compliance Results
1.	<p>RESULTS OF ELECTION; ORDER.</p> <p>(a) In each unit of election in which a majority of the votes received in the unit favor the proposition, the authority is confirmed and continues inclusive of each of those units, except that the authority ceases in every unit of election in a subregion if the authority is not confirmed:</p> <ul style="list-style-type: none"> (1) in the principal municipality of the subregion; or (2) in contiguous units of election in the subregion in which the population when aggregated in all those units exceeds 300,000. <p>(b) The interim executive committee may exclude from the authority and proposed tax a unit of election because the unit is not contiguous to the existing authority and would create a fiscal hardship on the authority. The committee shall notify the appropriate governing body in writing that the unit is excluded under this subsection.</p> <p>(c) If the authority continues, the interim executive committee shall record the results in its minutes and adopt an order:</p> <ul style="list-style-type: none"> (1) declaring that the creation of the authority is confirmed; (2) describing the territory of the authority; (3) stating the date of the election; (4) containing the proposition; (5) showing the number of votes cast for or against the proposition in each unit of election; and (6) showing the number of votes by which the proposition was approved in each unit of election in which the proposition was approved. <p>(d) The order must be accompanied with a map of the authority that shows the boundaries of the authority.</p> <p>(e) A certified copy of the order and map shall be filed with:</p> <ul style="list-style-type: none"> (1) the Texas Department of Transportation; and (2) the comptroller. <p>(f) If the authority does not continue, the interim executive committee shall enter an order declaring that the result of votes cast at the election is that the authority ceases in its entirety. The order shall be filed with the Texas Department of Transportation and the comptroller, and the authority is dissolved.</p>	<p>Texas Transportation Code</p> <p>Section 452.717.</p>	<p>In Compliance.</p> <p>All records maintained in the Office of Board Support</p>

Authority Compliance Matrix			
	Action	Legal Reference	Compliance Results
2.	<p>CONDUCT OF ELECTION: SEPARATE TABULATIONS.</p> <p>(a) A confirmation election shall be conducted so that the votes are separately tabulated and canvassed in each participating unit of election in the authority.</p> <p>(b) The executive committee shall canvass the returns and declare the results of the election separately with respect to each unit of election.</p> <p>(c) The governing body of a contiguous municipality shall canvass the returns of the confirmation election ordered by the municipality to create an authority and declare the results of the election.</p>	Section 452.716.	<p>In Compliance.</p> <p>Records maintained in Office of Board Support</p>
3	<p>INTERLOCAL CONTRACT</p> <p>(d) An interlocal contract must:</p> <p>(1) be authorized by the governing body of each party to the contract unless a party to the contract is a municipally owned electric utility, in which event the governing body may establish procedures for entering into interlocal contracts that do not exceed \$100,000 without requiring the approval of the governing body;</p> <p>(2) state the purpose, terms, rights, and duties of the contracting parties; and</p> <p>(3) specify that each party paying for the performance of governmental functions or services must make those payments from current revenues available to the paying party.</p>	<p>Texas Government Code</p> <p>Section 791.011(d)</p>	<p>In Compliance.</p> <p>Staff and Legal draft such contracts. Legal reviews such contracts for compliance.</p> <p>Original executed contracts are maintained by the "owner" department and the Legal Department maintains copies as required.</p>
4,	<p>(e) An interlocal contractual payment must be in an amount that fairly compensates the performing party for the services or functions performed under the contract.</p>	Section 791.011(e)	<p>In Compliance.</p> <p>All appropriate parties from both entities entering into the interlocal agreement review, determine, and agree on level of compensation warranted for service or product.</p>
5.	<p>EMERGENCY ASSISTANCE.</p> <p>(a) A local government may provide emergency assistance to another local government, whether or not the local governments have previously agreed or contracted to provide that kind of assistance, if:</p> <p>(1) in the opinion of the presiding officer of the governing body of the local government desiring emergency assistance, a state of civil emergency exists in the local government that requires assistance from another local government and the presiding officer requests the assistance; and</p> <p>(2) before the emergency assistance is provided,</p>	Section 791.027(a)	<p>In Compliance.</p> <p>DART has a practice of providing sufficient vehicles to evacuate an emergency area.</p> <p>See TD-SOP-009. revised January 27, 2004, City of Dallas Master Emergency Operations Plan.</p>

Authority Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>the governing body of the local government that is to provide the assistance authorizes that local government to provide the assistance by resolution or other official action.</p> <p>(b) This section does not apply to emergency assistance provided by law enforcement officers under Chapter 362, Local Government Code.</p>		
6.	<p>b) A revenue bond indenture may limit a power of the authority provided by Section 452.052, 452.054, 452.055(a), (b), or (c), 452.056(a) or (b), 452.057, 452.058, 452.059, 452.060, 452.061(a), (b), (d), or 452.062, as long as the bonds issued under the indenture are outstanding.</p>	<p>Texas Transportation Code Section 452.353(b)</p>	<p>In Compliance.</p>
7.	<p>OPERATION OF PUBLIC TRANSPORTATION SYSTEM.</p> <p>(a) An authority may:</p> <p>(1) acquire, construct, develop, plan, own, operate, and maintain a public transportation system in the territory of the authority, including the territory of a political subdivision;</p> <p>(2) contract with a municipality, county, or other political subdivision for the authority to provide public transportation services outside the authority; and</p> <p>(3) lease all or a part of the public transportation system to, or contract for the operation of all or a part of the public transportation system by, an operator.</p> <p>(b) An authority, as the authority determines advisable, shall determine routes.</p> <p>(c) The executive committee may submit a referendum for the approval of a power granted by Subsection (a) or (b).</p> <p>(d) A private operator who contracts with an authority under this chapter is not a public entity for purposes of any law of this state except that an independent contractor of the authority that, on or after June 14, 1989, performs a function of the authority or an entity described by Section 452.0561 that is created to provide transportation services is liable for damages only to the extent that the authority or entity would be liable if the authority or entity itself were performing the function and only for a cause of action that accrues on or after that date.</p>	<p>Texas Transportation Code Section 452.056.</p> <p>Amended by 81st Leg. , 2009</p>	<p>In Compliance.</p> <p>Board acts to authorize specific action as required.</p> <p>Office of Board Support maintains records of Board actions.</p>
8.	<p>(e) An authority consisting of one subregion governed by a subregional board created under Subchapter O shall, at least once every five years, evaluate each distinct transportation service the authority provides that generates revenue, including light rail, bus, van, taxicab, and other public transportation services, and determine whether the authority should solicit competitive, sealed bids from other entities to provide these transportation</p>	<p>Section 452.056(e).</p>	<p>In Compliance.</p> <p>The Finance Department conducts a privatization study for each of the modes according to requirements.</p>

Authority Compliance Matrix			
	Action	Legal Reference	Compliance Results
	services.		Reports are maintained in the Finance Department.
9.	<p>ADDED TERRITORY: EFFECTIVE DATE OF TAXES.</p> <p>(a) A sales and use tax imposed by an authority under Subchapter I, other than a tax imposed by an authority created by a contiguous municipality and except as provided by Section 452.403, takes effect in territory added to the authority under this subchapter on the first day of the first calendar quarter that begins after the date the comptroller receives:</p> <p>(1) a certified copy of an order adding the territory or of an order canvassing the returns and declaring the result of the election; and</p> <p>(2) a map of the authority showing clearly the territory added.</p> <p>(b) The presiding officer of the executive committee shall send the order and map required under Subsection (a) to the comptroller by certified or registered mail.</p> <p>(c) The order must include the effective date of the tax.</p> <p>(d) The comptroller may delay implementation of the sales and use tax in the added territory for one calendar quarter by notifying the presiding officer of the executive committee before the 11th day after the date on which the comptroller receives the order and map under this section that the comptroller requires more time. If implementation is delayed, the tax takes effect on the first day of the second calendar quarter that begins after the date on which the comptroller receives the order and map. This subsection does not apply to an authority created by a contiguous municipality.</p> <p>(e) On the date of annexation of territory to a subregional authority created by a contiguous municipality, a tax imposed by the authority takes effect in the added territory.</p>	<p>Section 452.607</p> <p>Texas Transportation Code</p>	<p>In Compliance.</p> <p>Office of Board Support maintains official records of Board Actions and Elections</p>
10.	<p>SALES AND USE TAX.</p> <p>(a) The executive committee may impose for an authority a sales and use tax at the rate of:</p> <p>(1) one-quarter of one percent;</p> <p>(2) one-half of one percent;</p> <p>(3) three-quarters of one percent; or</p> <p>(4) one percent.</p> <p>(b) The imposition of an authority's sales and use tax must be approved at an election under this chapter and may not be imposed in a unit of election that has not confirmed the authority.</p> <p>(c) Chapter 322, Tax Code, applies to an authority's sales and use tax.</p>	<p>Section 452.401.</p>	<p>In Compliance.</p> <p>Office of Board Support maintains official records of Board Actions and Elections</p>

Authority Compliance Matrix			
	Action	Legal Reference	Compliance Results
11.	<p>ELECTIONS.</p> <p>(a) In an election ordered by the executive committee:</p> <p>(1) the executive committee shall give notice of the election by publication in a newspaper of general circulation in the authority at least once each week for three consecutive weeks, with the first publication occurring at least 21 days before the date of election; and</p> <p>(2) a resolution ordering the election and the election notice must show, in addition to the requirements of the Election Code, the hours of the election and polling places in election precincts.</p> <p>(b) Subsection (a) does not apply to an election under Section 452.715.</p> <p>(c) A copy of the notice of each election held under this chapter shall be furnished to the Texas Transportation Commission and the comptroller.</p>	Section 452.066.	<p>In Compliance.</p> <p>Office of Board Support maintains official records of Board actions and Elections.</p>

Board Matters Compliance Matrix			
	Action	Legal Reference	Compliance Results
1.	<p>SERVICE ON BOARD; VACANCIES.</p> <p>(a) A member of a subregional board serves at the pleasure of the appointing governing body.</p> <p>(b) Each September each appointment must be reaffirmed.</p> <p>(c) A vacancy on a subregional board is filled in the same manner as the original appointment.</p> <p>TERMS OF BOARD MEMBERS.</p> <p>(a) Each member of the subregional board serves a staggered term of two years. Eight of the terms begin on July 1 of odd-numbered years, and seven terms begin on July 1 of even-numbered years.</p> <p>(b) The term of a member does not end because of a reapportionment under Section 452.577, and the board shall have a plan for filling vacancies after a reapportionment to ensure that each municipality maintains the representation to which it is entitled.</p> <p>(c) The governing body of a principal municipality may not limit the number of terms that members of the board may serve.</p>	<p>Texas Transportation Code</p> <p>Section 452.542.(a)-(c)</p> <p>Section 452.578.</p>	<p>In Compliance.</p> <p>Reaffirmation of board members is the responsibility of the appointing body, not DART.</p> <p>In Compliance. Board Support maintains these records.</p>

Board Matters Compliance Matrix			
	Action	Legal Reference	Compliance Results
2.	<p>COMPENSATION; EXPENSES. Each member of a subregional board is entitled to: (1) reimbursement for necessary and reasonable expenses incurred in the discharge of duties; and (2) \$50 for each meeting of the executive committee or subregional board attended.</p>	Section 452.547	<p>In Compliance.</p> <p>Article III, Section 17 of Bylaws</p> <p>Office of Board Support handles expense reimbursements, Finance Dept. makes payments</p>
3.	<p>BOARD OFFICERS. (a) A subregional board shall elect from its membership a presiding officer, assistant presiding officer, and secretary. (b) The board may appoint, as necessary, members or nonmembers as assistant secretaries. (c) The secretary or assistant secretary shall: (1) keep permanent records of each proceeding and transaction of the board; and (2) perform other duties assigned by the board.</p>	Section 452.543.	<p>In Compliance.</p> <p>Article IV of Bylaws. In addition, Rules of Procedure, Rule I Office of Board Support maintains records of officer elections.</p>
4.	<p>BOARD MEETINGS. (a) A subregional board, by resolution, shall: (1) set the time, place, and day of regular meetings; and (2) adopt rules and bylaws as necessary to conduct meetings. (b) A special meeting must be called by written notice of the presiding officer or assistant presiding officer.</p>	Section 452.546.	<p>In Compliance.</p> <p>Bylaws Article III, Section 7</p>
5.	<p>ADVISORY COMMITTEES IN CERTAIN AUTHORITIES. (a) A subregional board created under Subchapter O that governs an authority consisting of one subregion may appoint one or more committees for any purpose for which a vote of the board is not required. (b) A committee may consist of members of the subregional board and members of the general public, but the number of public members on a committee may not exceed the number of members of the subregional board on the committee.</p>	<p>Texas Transportation Code</p> <p>Section 452.112.</p>	<p>In Compliance.</p> <p>Bylaws Article IV Section 2</p> <p>Bylaws Article V</p>
6.	<p>RESPONSIBILITY FOR CONTROL OF AUTHORITY. Except as provided by Section 452.104, the executive committee is responsible for the management, operation, and control of an authority and its property.</p>	Section 452.053.	<p>In Compliance.</p> <p>The subregional Board, acts as the Board of Directors Executive Committee to manage the authority.</p>

Board Matters Compliance Matrix			
	Action	Legal Reference	Compliance Results
	condensed statement of the substance of the rule and must advise that a copy of the complete text of the rule is filed in the principal office of the authority where the text may be read by any person. (d) A rule becomes effective 10 days after the date of the second publication of the notice under this section.		
9.	PROHIBITION OF CONSUMPTION OF ALCOHOLIC BEVERAGE. (a) A board by resolution may prohibit the consumption of an alcoholic beverage on property an authority possesses or controls. The resolution must describe with particularity each place where consumption of an alcoholic beverage is prohibited.	Section 452.1055(a)	In Compliance. DART adheres to the State statutes on prohibition of consumption of alcoholic beverages. DART Police address any such issue to ensure the riders' safety and comfort.
10	PROCUREMENT RULES. (a) The executive committee may adopt and enforce procurement procedures, guidelines, and rules: (1) defining the terms in and implementing Sections 452.107 and 452.108(a) and (b); or (2) covering: (A) the appointment of contracting officers; (B) the solicitation for and award of contracts, including the electronic transmission of bids and proposals and the use of the reverse auction procedure, as defined by Section 2155.062, Government Code; (C) the resolution of protests and contract disputes; (D) foreign currency transactions and conversions and foreign exchange rate risk management; or (E) other aspects of the procurement process for domestic and international contracts (b) Sections 452.107 and 452.108(a) and (b) and the procedures, guidelines, or rules adopted under this section confer no rights on an actual or potential bidder, offeror, contractor, or other person except as expressly stated in the procedures, guidelines, or rules. (c) A procurement procedure, guideline, or rule covering the electronic transmission of bids and proposals must provide: (1) for the identification, security, and confidentiality of an electronic bid or proposal; (2) that an electronic bid or proposal is not required to be sealed; and (3) that an electronic bid or proposal remains effectively unopened until the appropriate time	Section 452.106	In Compliance. The Board of Directors implemented 452.106 by approving DART Procurement Regulations. Procurement Department maintains and manages guidelines. Office of Board Support maintains Resolutions passed adopting and/or modifying Rules.
11	PEACE OFFICERS. (a) The executive committee may establish a security force and provide for the employment of security	Texas Transportation Code	In Compliance. On September 19,

Board Matters Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>personnel.</p> <p>(b) The executive committee may commission an employee of a security force established under Subsection (a) as a peace officer.</p> <p>(c) A peace officer commissioned under Subsection (b), except as provided by Subsection (e), has all the rights, privileges, obligations, and duties of any other peace officer in this state while on the property under the control of the authority or in the actual course and scope of the officer's employment.</p> <p>(d) A person commissioned under Subsection (b) must give an oath and make bond for the faithful performance of the officer's duties as the executive committee may require. The bond shall be filed with the executive committee and made payable to the authority. The bond must be approved by the executive committee.</p> <p>(e) A law enforcement power granted under this section is subordinate to the law enforcement power of a municipality in which the power is attempted to be exercised</p>	Section 452.110	1989, the Board passed Resolution #890126 approving the establishment of the Transit Public Safety Department and the Transit Police.
12	<p>DEFINITIONS.</p> <p>In this chapter:</p> <p>(1) "Local public official" means a member of the governing body or another officer, whether elected, appointed, paid, or unpaid, of any district (including a school district), county, municipality, precinct, central appraisal district, transit authority or district, or other local governmental entity who exercises responsibilities beyond those that are advisory in nature.</p> <p>(2) "Business entity" means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law.</p>	<p>Texas Local Government Code</p> <p>Section 171.001</p>	<p>The Board's Code of Ethical Conduct references and requires compliance with Ch. 171.</p> <p>See Board Policy V.01 and Rules of Procedure (amended 2009) – Rule 5.</p> <p>See also 452.544</p> <p>Also, apply to 13 & 14 (below).</p>
13	<p>PROHIBITED ACTS; PENALTY.</p> <p>(a) A local public official commits an offense if the official knowingly:</p> <p>(1) violates Section 171.004;</p> <p>(2) acts as surety for a business entity that has work, business, or a contract with the governmental entity; or</p> <p>(3) acts as surety on any official bond required of an officer of the governmental entity.</p>	Section 171.003(a)	In Compliance (#12 comment pertains to #13.)

Board Matters Compliance Matrix			
	Action	Legal Reference	Compliance Results
14	<p>AFFIDAVIT AND ABSTENTION FROM VOTING REQUIRED.</p> <p>(a) If a local public official has a substantial interest in a business entity or in real property, the official shall file, before a vote or decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter if:</p> <p>(1) in the case of a substantial interest in a business entity the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or</p> <p>(2) in the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.</p> <p>(b) The affidavit must be filed with the official record keeper of the governmental entity.</p> <p>(c) If a local public official is required to file and does file an affidavit under Subsection (a), the official is not required to abstain from further participation in the matter requiring the affidavit if a majority of the members of the governmental entity of which the official is a member is composed of persons who are likewise required to file and who do file affidavits of similar interests on the same official action.</p>	<p>Texas Local Government Code</p> <p>Section 171.004</p>	<p>In Compliance. (#12 comment pertains to #14.)</p> <p>Office of Board Support maintains affidavits</p>
15	<p>BUDGET RECOMMENDATIONS.</p> <p>The executive committee shall:</p> <p>(1) receive recommendations for the annual budget from each subregional board;</p> <p>(2) obtain approval from each subregional board of the final annual budget as it pertains to that board's subregion; and</p> <p>(3) make the proposed annual budget available to the governing bodies of each municipality in the authority at least 30 days before the date of the adoption of the final annual budget.</p> <p>DUTIES.</p> <p>A subregional board shall:</p> <p>(1) develop, recommend, and approve the annual budget for its subregion; and</p> <p>(2) if the subregion is a part of a regional authority, make recommendations to the executive committee for:</p> <p>(A) the overall budget; and</p> <p>(B) the operation of services provided by the authority.</p>	<p>Texas Transportation Code</p> <p>Section 452.113(3)</p> <p>Section 452.545</p>	<p>In Compliance.</p> <p>Sections (1) & (2) are not applicable to DART. Sec 452.545 applies.</p> <p>DART currently places the budget on the DART website and sends the governing bodies the link. DART also sends hard copies.</p>
16	<p>PUBLIC HEARING ON FARE AND SERVICE CHANGES IN CERTAIN AUTHORITIES.</p> <p>(a) An authority consisting of one subregion governed by a subregional board created under Subchapter O</p>	<p>Section 452.115(a)</p>	<p>In Compliance.</p> <p>Planning coordinates with Marketing and</p>

Board Matters Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>must hold a public hearing on:</p> <ul style="list-style-type: none"> (1) any fare change; (2) a service change involving: <ul style="list-style-type: none"> (A) 25 percent or more of the number of transit route miles of a transit route; or (B) 25 percent or more of the number of transit revenue vehicle miles of a transit route, computed daily, for the day of the week for which the change is made; or (3) the establishment of a new transit route. <p>(b) When the number of changes of a type described by Subsection (a)(2) in a fiscal year would equal the percentage applicable in that subsection, the public hearing must be held before the change that would equal or exceed the percentage.</p>	Texas Transportation Code	<p>Communications for preparation of Public Hearings.</p> <p>Office of Board Support maintains Resolutions calling hearings.</p> <p>Notices are posted as per the statute.</p>
17	<p>PUBLIC HEARING ON EXPERIMENTAL SERVICE CHANGE.</p> <p>A hearing on an experimental service change as described by Section 452.116 to remain in effect for more than 180 days may be held before or during the experimental service change period and satisfies the requirement for a public hearing if the hearing notice required by Section 452.118 states that the experiment may become permanent at the end of the period. If a hearing is not held before or during the experimental service change period, the service that existed before the change must be reinstated at the end of 180 days and a public hearing held in accordance with Section 452.118 before the experimental service may be continued.</p>	Section 452.117.	Same as above
18	<p>NOTICE OF HEARING ON FARE OR SERVICE CHANGE IN CERTAIN AUTHORITIES.</p> <p>(a) The subregional board shall call a public hearing required by Section 452.115 and:</p> <ul style="list-style-type: none"> (1) publish at least 30 days before the date of the hearing notice of the hearing at least once in a newspaper of general circulation in the territory of the authority; and (2) post notice in each transit vehicle in service on any transit route affected by the proposed change for at least two weeks within 30 days before the date of the hearing. <p>(b) The notice must contain:</p> <ul style="list-style-type: none"> (1) a description of each proposed fare or service change, as appropriate; (2) the time and place of the hearing; and (3) if the hearing is required under Section 452.115(b), a description of the latest proposed change and the previous changes. <p>(c) The requirement of Section 452.115 for a public hearing is satisfied at a public hearing required by</p>	Section 452.118.	Same as above

Board Matters Compliance Matrix			
	Action	Legal Reference	Compliance Results
	federal law if: (1) the notice requirements of this section are met; and (2) the proposed fare or service change is addressed at the meeting.		

Contracts Compliance Matrix			
	Action	Legal Reference	Compliance Results
1.	<p>MINORITY AND WOMEN-OWNED BUSINESS PROGRAM IN CERTAIN AUTHORITIES.</p> <p>(a) An authority consisting of one subregion governed by a subregional board created under Subchapter O may establish a program reasonably designed to increase the participation of minority and women-owned business enterprises in contracts awarded by the authority. If the program is established, the board shall provide a program outlining acceptable assistance to be given minority and women-owned business enterprises in the area served by the authority to achieve the purposes of the program.</p> <p>(b) An overall minority and women-owned business enterprise contract percentage goal may be established as a part of the program only after reasonable consultation with affected organizations and a qualified independent source and after public comment. In establishing a goal, the authority shall consider the various types of construction contracts the authority expects to award and the effect of market conditions on the feasibility of attaining the goals.</p> <p>(c) The authority shall periodically review the effectiveness of the program and the reasonableness of the program goals.</p> <p>(d) This section does not affect Sections 452.106, 452.107, and 452.108(a) and (b), but prospective bidders may be required to meet uniform standards designed to assure a reasonable degree of participation by minority and women-owned business enterprises in the performance of any contract.</p> <p>(e) In this section:</p> <p>(1) "Minority" includes blacks, Hispanics, Asian Americans, American Indians, and Alaska natives.</p> <p>(2) "Minority business enterprise" means a small business concern at least 51 percent of which is owned and controlled in management and daily operations by members of one or more minorities.</p> <p>(3) "Women-owned business enterprise" means a small business concern at least 51 percent of which is owned and controlled in management and daily</p>	<p>Texas Transportation Code</p> <p>Section 452.201.</p>	<p>In Compliance.</p> <p>The DART Board has established an MWBE program.</p> <p>The MWBE program manual is maintained in DART's DEO office. The program manual sets forth the program's purpose, the type of assistance to be given, the manner to be utilized to achieve the purpose, and the method for setting goals.</p> <p>The program is reviewed by the DART Board at least once annually. The results of the program are a part of the annual review.</p>

Contracts Compliance Matrix			
	Action	Legal Reference	Compliance Results
	operations by one or more women.		
2.	<p>TRANSPORTATION FOR JOBS PROGRAM PARTICIPANTS.</p> <p>(a) An authority shall contract with the Texas Department of Human Services to provide, in accordance with federal law, transportation services to a person who:</p> <ul style="list-style-type: none"> (1) resides in the area served by the authority; (2) is receiving financial assistance under Chapter 31, Human Resources Code; and (3) is registered in the jobs opportunities and basic skills training program under Part F, Subchapter IV, Social Security Act (42 U.S.C. Section 682). <p>(b) The contract must include provisions to ensure that:</p> <ul style="list-style-type: none"> (1) the authority is required to provide transportation services only to a location: <ul style="list-style-type: none"> (A) to which the person travels in connection with participation in the jobs opportunities and basic skills training program and (B) that the authority serves under the authority's authorized rate structure and existing services; (2) the authority provides directly to the Texas Department of Human Services trip vouchers for distribution by the department to a person who is eligible under this section to receive transportation services; (3) the Texas Department of Human Services reimburses the authority for allowable costs, at the applicable federal matching rate; and (4) the Texas Department of Human Services may return undistributed trip vouchers to the authority. <p>(c) An authority shall certify the amount of public funds spent by the authority under this section for the purpose of obtaining federal funds under the jobs opportunities and basic skills training program.</p>	<p>Section 452.202(a)</p> <p>Section 452.202(b)</p> <p>Texas Transportation Code</p> <p>Section 452.202(c)</p>	<p>In Compliance.</p> <p>DART has in place a program to provide vouchers at reduced rates for individuals receiving financial assistance from the Texas Department of Human Services who need transportation services to access skills training and job opportunities. This program is provided for in Administration Policy/Procedure FIN-11, March 3, 2003.</p>
3.	<p>PURCHASES: COMPETITIVE BIDDING.</p> <p>(a) Except as provided by Subsection (c), an authority may not award a contract for construction, services, or property, other than real property, except through the solicitation of competitive sealed bids or proposals, including the reverse auction procedure, ensuring full and open competition.</p> <p>(b) The authority shall describe in a solicitation each factor to be used to evaluate a bid or proposal and give the factor's relative importance.</p> <p>(c) The executive committee may authorize the negotiation of a contract without competitive sealed bids or proposals if:</p> <ul style="list-style-type: none"> (1) the aggregate amount involved in the contract is \$50,000 or less; 	<p>Section 452.107.</p> <p>Section 452.107(c)(1) Amended by 82nd Leg. , 2011</p>	<p>In Compliance.</p> <p>DART Procurement Regulations (Rev. 11/11) (DPR) § 3-201(2), et seq.</p>

Contracts Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>(2) the contract is for construction for which no more than one bid or proposal is received;</p> <p>(3) the contract is for services or property for which there is only one source or for which it is otherwise impracticable to obtain competition;</p> <p>(4) the contract is to respond to an emergency for which the public exigency does not permit the delay incident to the competitive process;</p> <p>(5) the contract is for personal or professional services or services for which competitive bidding is precluded by law; or</p> <p>(6) the contract, without regard to form and which may include bonds, notes, loan agreements, or other obligations, is for the purpose of borrowing money or is a part of a transaction relating to the borrowing of money, including:</p> <p>(A) a credit support agreement, such as a line or letter of credit or other debt guaranty;</p> <p>(B) a bond, note, debt sale or purchase, trustee, paying agent, remarketing agent, indexing agent, or similar agreement;</p> <p>(C) an agreement with a securities dealer or investment adviser, broker, or underwriter; and</p> <p>(D) any other contract or agreement considered by the executive committee to be appropriate or necessary in support of the authority's financing activities.</p>		
4.	<p>SELECTION OF PROVIDER; FEES.</p> <p>(a) A governmental entity may not select a provider of professional services or a group or association of providers or award a contract for the services on the basis of competitive bids submitted for the contract or for the services, but shall make the selection and award:</p> <p>(1) on the basis of demonstrated competence and qualifications to perform the services; and</p> <p>(2) for a fair and reasonable price.</p> <p>(b) The professional fees under the contract may not exceed any maximum provided by law.</p>	<p>Texas Government Code</p> <p>Section 2254.003(a)</p>	<p>In Compliance.</p> <p>DPR § 3-207.02, Application of Statutory Professional Services provisions.</p>
5	<p>CONTRACT FOR PROFESSIONAL SERVICES OF ARCHITECT, ENGINEER, OR SURVEYOR.</p> <p>(a) In procuring architectural, engineering, or land surveying services, a governmental entity shall:</p> <p>(1) first select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications; and</p> <p>(2) then attempt to negotiate with that provider a contract at a fair and reasonable price.</p>	<p>Section 2254.004(a)</p>	<p>In Compliance.</p> <p>DPR §§ 3-207.02, and 5-510(1) & (2) under Negotiation and Award of Contract.</p>
6	<p>(b) If a satisfactory contract cannot be negotiated with the most highly qualified provider of architectural, engineering, or land surveying services, the entity shall:</p> <p>(1) formally end negotiations with that provider;</p> <p>(2) select the next most highly qualified provider;</p>	<p>Section 2254.004(b)</p> <p>Section</p>	<p>In Compliance.</p> <p>DPR § 5-510(3) under Negotiation and</p>

Contracts Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>and (3) attempt to negotiate a contract with that provider at a fair and reasonable price. (c) The entity shall continue the process described in Subsection (b) to select and negotiate with providers until a contract is entered into.</p>	2254.004(c)	Award of Contract.
7.	<p>COLLECTIVE BARGAINING BY PUBLIC EMPLOYEES PROHIBITED. (a) An official of the state or of a political subdivision of the state may not enter into a collective bargaining contract with a labor organization regarding wages, hours, or conditions of employment of public employees. (b) A contract entered into in violation of Subsection (a) is void.</p>	<p>Section 617.002(a) Section 617.002(b)</p>	In Compliance.
8.	<p>PERFORMANCE AND PAYMENT BONDS REQUIRED. (a) A governmental entity that makes a public work contract with a prime contractor shall require the contractor, before beginning the work, to execute to the governmental entity: (1) a performance bond if the contract is in excess of \$100,000; and (2) a payment bond if : (A) the contract is in excess of \$25,000, and the governmental entity is not a municipality or a joint board created under Subchapter D, Chapter 22, Transportation Code. (b) The performance bond is: (1) solely for the protection of the state or governmental entity awarding the public work contract; (2) in the amount of the contract; and (3) conditioned on the faithful performance of the work in accordance with the plans, specifications, and contract documents. (c) The payment bond is: (1) solely for the protection and use of payment bond beneficiaries who have a direct contractual relationship with the prime contractor or a subcontractor to supply public work labor or material; and (2) in the amount of the contract. (d) A bond required by this section must be executed by a corporate surety in accordance with Section 1, Chapter 87, Acts of the 56th Legislature, Regular Session, 1959 (Article 7.19-1, Vernon's Texas Insurance Code). LIABILITY OF GOVERNMENTAL ENTITY. (a) If a governmental entity fails to obtain from a prime contractor a payment bond as required by Section 2253.021:</p>	<p>Section 2253.021(a) Section 2253.021(a) Amended 81st Leg., 2009 Texas Government Code Section 2253.021(b) Section 2253.021(c) Section 2253.021(d) Section 2253.027</p>	<p>In Compliance. DPR § 5-302, Performance Bonds, and § 5-303, Payment Bonds.</p>

Contracts Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>(1) the entity is subject to the same liability that a surety would have if the surety had issued a payment bond and if the entity had obtained the bond; and</p> <p>(2) a payment bond beneficiary is entitled to a lien on money due to the prime contractor in the same manner and to the same extent as if the public work contract were subject to Subchapter J, Chapter 53, Property Code.</p> <p>(b) To recover in a suit under Subsection (a), the only notice a payment bond beneficiary is required to provide to the governmental entity is a notice provided in the same manner as described by Subchapter C. The notice must be provided as if the governmental entity were a surety.</p>		

Finance and Administration Compliance Matrix			
	Action	Legal Reference	Compliance Results
1	<p>POWER TO ISSUE BONDS.</p> <p>(a) An authority may issue bonds at any time and for any amounts it considers necessary or appropriate for:</p> <ul style="list-style-type: none"> (1) the acquisition, construction, repair, equipping, improvement, or extension of its public transportation system; or (2) creating or funding self-insurance or retirement or pension fund reserves. <p>(b) A bond any portion of which is secured by a pledge of sales and use tax revenues and that has a maturity longer than five years from the date of issuance may not be issued by an authority until an election has been held and the proposition proposing the issue has been approved by a majority of the votes received on the issue in accordance with either Section 452.362 or 452.363.</p> <p>(c) A subregional authority created by a contiguous municipality may not issue a document of indebtedness, including a bond, unless the document is approved by the governing body of the contiguous city.</p> <p>(d) Subsection (b) does not apply to:</p> <ul style="list-style-type: none"> (1) refunding bonds; (2) bonds described by Subsection (a)(2); or (3) commercial paper notes having maturities of 270 days or less that are authorized to be issued and reissued from time to time under a commercial paper program in a maximum principal amount that the chief financial officer certifies, based on reasonable estimates of pledged sales and use tax revenue, can be repaid in full within five years after the date of authorization of the commercial paper program, taking into consideration any other bonds or notes having a prior or parity lien on the pledged revenue, regardless of the final date of the commercial paper program. <p>(e) A commercial paper program described by Subsection (d)(3) may not be continued beyond five years unless, before issuing any note with a maturity exceeding five years from the date of the initial authorization of the program or five years from the date of any new certification, the chief financial officer provides a new certification that the maximum principal amount of the program, based on reasonable estimates of pledged sales and use tax revenue, can be repaid in full within five years after the date of the most recent new certification, taking into consideration any other bonds or notes having a prior or parity lien on the pledged revenue.</p>	<p>Texas Transportation Code</p> <p>Section 452.352.</p>	<p>In Compliance.</p> <p>The Election Proceedings authorizing the issuance of long-term bonds are on file in the official records of DART.</p> <p>The Board passed a Master Debt Resolution on September 23,2001, which can be found on DART's website</p>

Finance and Administration Compliance Matrix			
	Action	Legal Reference	Compliance Results
2	<p>FARES AND OTHER CHARGES. (a) An authority shall impose reasonable and nondiscriminatory fares, tolls, charges, rents, and other compensation for the use of the public transportation system sufficient to produce revenue, together with tax revenue and grants received by the authority, in an amount adequate to:</p> <ul style="list-style-type: none"> (1) pay all the expenses necessary to operate and maintain the public transportation system (2) pay when due the principal of and interest on, and sinking fund and reserve fund payments agreed to be made with respect to, all bonds that are issued by the authority and payable in whole or part from the revenue; 	<p>Texas Transportation Code</p> <p>Section 452.061(a), (a1), (a2)</p>	<p>In Compliance.</p> <p>DART's Master Debt Resolution provides for this provision.</p>
3	<p>FARES AND OTHER CHARGES. (b) It is intended by this chapter that the compensation imposed under Subsection (a) and taxes imposed by the authority not exceed the amounts necessary to produce revenue sufficient to meet the obligations of the authority under this chapter</p>	<p>Section 452.061 (b).</p>	<p>In Compliance.</p>

Finance and Administration Compliance Matrix			
	Action	Legal Reference	Compliance Results
4	<p>MAXIMUM TAX RATE IN AUTHORITY AREA.</p> <p>(a) An authority may not adopt a sales and use tax rate, including a rate increase, that when combined with the rates of all sales and use taxes imposed by other political subdivisions of the state having territory in the authority exceeds two percent in any location in the authority.</p> <p>(b) An election by an authority to adopt a sales and use tax or increase the rate of the authority's sales and use tax has no effect if:</p> <p>(1) the voters of the authority approve the authority's sales and use tax rate or rate increase at an election held on the same day on which a municipality or county having territory within the authority adopts a sales and use tax or an additional sales and use tax; and</p> <p>(2) the combined rates of all sales and use taxes imposed by the authority and other political subdivisions of this state would exceed two percent in any location in the authority.</p> <p>(c) If an authority consisting of one subregion governed by a subregional board created under Subchapter O adds territory that is a municipality, any additional sales and use tax under Chapter 321, Tax Code, imposed by that municipality is repealed as provided by Section 321.1025, Tax Code. The effective date of the repeal and for the imposition of the tax authorized to be collected under Section 452.401 in the added territory is the date that, under Section 321.102(b), Tax Code, the repeal of the additional sales and use tax is effective in the territory</p>	Section 452.403.	In Compliance.
5	<p>SALE.</p> <p>An authority's bonds may be sold at a public or private sale as determined by the executive committee to be the more advantageous.</p>	Section 452.354.	In Compliance.
6	<p>APPROVAL; REGISTRATION.</p> <p>(a) An authority's bonds and the records relating to their issuance shall be submitted to the attorney general for examination before the bonds may be delivered.</p>	Section 452.355(a).	In Compliance. See Supplemental Debt Resolutions 2, 3, 4, 5, 6 and 7 on DART's website.
7	<p>REFUNDING BONDS.</p> <p>An authority may issue refunding bonds for the purposes and in the manner authorized by general law, including Chapter 1207, Government Code.</p>	Texas Transportation Code Section 452.359.	In Compliance.
8.	<p>INITIAL SALES TAX: EFFECTIVE DATE.</p> <p>The adoption of or the increase or decrease in the rate of an authority's sales and use tax takes effect on the first day of the second calendar quarter beginning after the date that the comptroller receives a copy of the order required to be sent under Section 452.717.</p>	Section 452.404.	In Compliance.

Finance and Administration Compliance Matrix			
	Action	Legal Reference	Compliance Results
9	RATE DECREASE: SALES AND USE TAX. (a) The executive committee by order may direct the comptroller to collect the authority's sales and use tax at a rate that is lower than the rate approved by the voters at the confirmation election. (b) The executive committee must file a certified copy of the order with the comptroller.	Section 452.405.	To date, DART has had no occasion to use this section. If it were needed DART would comply with the statute.
10	DIFFERENT SUBREGIONAL SALES AND USE TAX RATES. (a) The executive committee by order may direct the comptroller to collect the authority's sales and use tax at different rates in different subregions of the authority, but a rate may not be higher than the maximum rate approved by the voters.	Section 452.406.	Does not apply. Texas Attorney General Opinion No. GA-0653
11	DEPOSITORY; DEPOSIT OF FUNDS. (a) The executive committee shall designate one or more banks as depositories for authority funds. (b) All funds of an authority that are not otherwise invested shall be deposited in one or more of the authority's depository banks unless otherwise required by an order or resolution authorizing the issuance of an authority bond or note or other contractual undertaking. (c) Funds in a depository, to the extent that those funds are not insured by the Federal Deposit Insurance Corporation, shall be secured in the manner provided by law for the security of county funds	Section 452.103.	In Compliance. See reaffirmation of DART's Investment Policy, Resolution #070134
12	[The Executive Committee may] designate by resolution an authorized representative of the authority to supervise the substitution of securities pledged to secure authority funds.	Section 452.101 (7)	In Compliance. See reaffirmation of DART's Investment Policy, Resolution #070134.
13	BUDGET IN AUTHORITY CREATED BY CONTIGUOUS MUNICIPALITY. (a) The executive committee of an authority created by a contiguous municipality shall, not later than the 60th day before the beginning of the authority's fiscal year, deliver to the governing body of the contiguous municipality a proposed budget for the authority's fiscal year. (b) The budget for the authority is not effective until the budget is approved by the governing body of the contiguous municipality. An approved budget is the budget for the authority for the fiscal year, and each change in the budget must be approved by the governing body of the contiguous municipality.	Section 452.114.	Does not apply.
14	FINANCIAL AUDITS. (a) The executive committee of an authority shall have an annual audit of the affairs of the authority prepared by an independent certified public accountant or a firm of independent certified public accountants. (b) The audit is open to public inspection. REVIEW OF AUDIT: CERTAIN AUTHORITIES. (a) The subregional board of an authority consisting of	Texas Transportation Code Section 452.451.	In Compliance. All audits were

Finance and Administration Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>one subregion governed by a subregional board created under Subchapter O shall deliver a copy of each audit prepared under Section 452.451 to the state auditor.</p> <p>(b) The state auditor may elect to file any comments about the audit with the legislative audit committee and the subregional board, subject to a risk assessment performed by the state auditor and to the legislative audit committee's approval of including the preparation of the comments in the audit plan under Section 321.013, Government Code.</p> <p>(c) The state auditor may:</p> <ol style="list-style-type: none"> (1) examine any work papers from the audit; or (2) audit the financial transactions of the authority if the state auditor determines an audit is necessary. 	<p>Section 452.452(a)</p> <p>(b)</p> <p>(c)</p>	<p>performed.</p> <p>Copies of the audits are located on DART.org website under the investor information</p> <p>In Compliance.</p> <p>The annual Audit is submitted to SAO.</p>
15	<p>AUTHORITY TO ISSUE. An issuer may issue refunding bonds under this chapter to refund all or any part of the issuer's outstanding bonds, notes, or other general or special obligations.</p> <p>ELECTION. (a) Refunding bonds may be issued without an election in connection with the issuance of the refunding bonds or the creation of an encumbrance in connection with the refunding bonds, except as provided by Subsection (b). (b) If the constitution of this state requires an election to permit a procedure, action, or matter pertaining to refunding bonds, an election to authorize the procedure, action, or matter shall be held substantially in accordance, to the extent appropriate, with Chapter 1251.</p> <p>COMBINATION ISSUANCE. Under the terms and with the security set forth in the proceedings that authorize the issuance of the refunding bonds, a governmental entity may issue refunding bonds:</p> <ol style="list-style-type: none"> (1) in combination with new bonds; (2) with provision for the subsequent issuance of additional parity bonds or subordinate lien bonds; or (3) both in combination with new bonds and with provision for the subsequent issuance of additional bonds. <p>SOURCES AVAILABLE FOR PAYMENT. Except as provided by Section 1207.0621, a refunding bond may be secured by and made payable from taxes, revenue, or both, another source, or a combination of sources to the extent the issuer is otherwise authorized to secure or pay any type of bond by or from that source or those sources.</p> <p>MATURITY. A refunding bond issued under this chapter must mature</p>	<p>Texas Government Code</p> <p>Sections 1207.002 1207.003</p> <p>1207.004</p> <p>1207.005</p> <p>1207.006</p> <p>Texas Government Code</p>	<p>In compliance.</p> <p>DART's Master Debt Resolution provides for this provision.</p>

Finance and Administration Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>not later than 40 years after its date.</p> <p>METHODS AND TERMS OF SALE.</p> <p>(a) Refunding bonds issued to make a deposit under this subchapter or Subchapter C shall be sold for cash in a principal amount necessary to provide all or part of the money required to:</p> <p>(1) pay the principal of the obligations to be refunded and the interest to accrue on those obligations to their maturity; or</p> <p>(2) redeem the obligations to be refunded, before maturity, on the date or dates the obligations are subject to redemption, including the principal, interest to accrue on the obligations to their redemption date or dates, and any required redemption premium.</p> <p>(b) The refunding bonds:</p> <p>(1) shall be sold under the terms and procedures for the sale as determined by the governing body of the issuer; and</p> <p>(2) may be sold at public or private sale.</p> <p>REGISTRATION BEFORE DEPOSIT; REGISTRATION WITHOUT CANCELLATION OF OBLIGATIONS TO BE REFUNDED.</p> <p>(a) The comptroller may register refunding bonds as provided by Chapter 1202 before a deposit required by this subchapter or Subchapter C is made.</p> <p>(b) If the issuer has complied with each applicable requirement of this chapter, the comptroller shall register refunding bonds issued to make a deposit under this subchapter without the surrender, exchange, or cancellation of the obligations to be refunded.</p> <p>USE OF SALE PROCEEDS TO MAKE DEPOSIT; RIGHTS NOT DEPENDENT ON CANCELLATION OF OBLIGATIONS TO BE REFUNDED.</p> <p>(a) An issuer may sell and deliver refunding bonds that have been registered with the comptroller so as to permit the issuer, in a timely manner determined by the issuer, to use proceeds from the sale to make all or any part of a deposit under this chapter.</p> <p>(b) An issuer that has complied with this chapter may issue, register, sell, or deliver a refunding bond in lieu of the obligation to be refunded regardless of whether:</p> <p>(1) the holder of the obligation to be refunded has surrendered or presented the obligation for payment and cancellation; or</p> <p>(2) the obligation to be refunded has been canceled.</p>	<p>Sections 1207.024</p> <p>1207.025</p> <p>1207.026</p>	
16	<p>AUTHORITY TO DEPOSIT WITH COMPTROLLER.</p> <p>(a) An issuer is entitled to deposit with the comptroller an amount of money equal to the sum of:</p> <p>(1) the principal amount of the bonds, notes, or other obligations to be refunded;</p> <p>(2) the interest that will accrue on those bonds,</p>	<p>Texas Government Code</p> <p>Section 1207.021</p>	Does not apply.

Finance and Administration Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>notes, or other obligations computed to the due date or redemption date; and</p> <p>(3) any required redemption premium.</p> <p>(b) At the time a deposit is made under Subsection (a), the issuer shall deliver to the comptroller a certified copy of the proceedings that authorize the issuance of the obligations to be refunded, or a certified excerpt from those proceedings, that clearly shows:</p> <p>(1) each amount of interest and the date on which that amount of interest is due on the obligations to be refunded;</p> <p>(2) the date the principal is subject to redemption; and</p> <p>(3) the name and address of the paying agent.</p> <p>(c) The comptroller may rely on a certificate by the issuer as to the amount of the charges made by the paying agent.</p> <p>COMPTROLLER TO ACCEPT AND KEEP SAFE DEPOSITS.</p> <p>(a) The comptroller shall:</p> <p>(1) accept each deposit, payment, or instrument received under this subchapter, and</p> <p>(2) safely keep and use the money only for a purpose specified in this subchapter.</p> <p>(b) Money deposited with the comptroller under this subchapter may not be:</p> <p>(1) used by or for the benefit of this state or for the benefit of a creditor of this state, except as provided by Section 1207.032; or</p> <p>(2) commingled with other money.</p>	Section 1207.027	
17	<p>COMPTROLLER TO SEND AND RECORD DEPOSIT OR PAYMENT.</p> <p>(a) After receipt of a deposit or payment under this subchapter, the comptroller shall immediately and by the most expeditious means send to the paying agent for the obligation being refunded an amount equal to the deposit or payment less the amount of any fee charged under Section 1207.032.</p> <p>(b) The comptroller shall notify the paying agent to send to the comptroller the obligation being refunded.</p> <p>(c) After the comptroller has made a record of its payment and cancellation, the comptroller shall send the obligation being refunded and any interest coupon to the issuer.</p>	Section 1207.028	Does not apply.

Finance and Administration Compliance Matrix			
	Action	Legal Reference	Compliance Results
19	<p>AUTHORITY TO ENTER INTO AND EXECUTE CREDIT AGREEMENTS.</p> <p>(a) An issuer may execute and deliver any number of credit agreements in anticipation of, related to, or in connection with the authorization, issuance, security, purchase, payment, sale, resale, redemption, remarketing, or exchange of some or all of the issuer's obligations or interest on obligations, or both, at any time, without regard to whether the:</p> <ul style="list-style-type: none"> (1) obligations have been authorized or issued; or (2) credit agreement was contemplated, authorized, or executed in relation to the initial issuance, sale, or delivery of the obligations. <p>(b) Except as provided by this section, a credit agreement must substantially contain the terms and be for the period the governing body approves. A credit agreement may provide that it:</p> <ul style="list-style-type: none"> (1) may be terminated with or without cause; or (2) becomes effective at the option of another party to the credit agreement, if the governing body first finds that the option serves best the interests of the issuer. <p>(c) The governing body may delegate to any number of officers or employees of the issuer the authority to approve specific terms of, to execute and deliver, or to terminate or amend in accordance with its terms, a credit agreement or transactions under a credit agreement on the behalf of the issuer, subject to any condition the governing body specifies. The delegation must include limits on:</p> <ul style="list-style-type: none"> (1) the principal amount or the notional amount; (2) the term; (3) the rate; (4) the source of payment; (5) the security; (6) the identity or credit rating of an authorized counterparty; (7) the duration of the authorization; and (8) for an interest rate management agreement, the: <ul style="list-style-type: none"> (A) fixed or floating rates; (B) economic consequences; (C) early termination provisions; (D) type; (E) provider; and (F) costs of credit enhancement. <p>(d) The cost to the issuer of a credit agreement or payments owed by an issuer under a credit agreement may be paid from and secured by any source, including:</p> <ul style="list-style-type: none"> (1) the proceeds from the sale of the obligation to which the credit agreement relates; (2) any revenue and money of the issuer that is 	<p>Texas Government Code</p> <p>Section 1371.056</p>	<p>In Compliance.</p> <p>See DART's Revolving Credit Agreement, passed Feb. 1, 2001, pursuant amendments, Board Resolution 100049 passed April 13, 2010 and the Substitute Revolving Credit Agreement approved Dec. 14, 2010.</p>

Finance and Administration Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>available to pay the obligation;</p> <p>(3) any interest on the obligation or that may otherwise be legally used;</p> <p>(4) ad valorem taxes if the credit agreement is authorized in anticipation of, in relation to, or in connection with an obligation that is wholly or partly payable from or is to be wholly or partly payable from ad valorem taxes.</p> <p>(e) A credit agreement is an agreement for professional services but is not a contract subject to Subchapter I, Chapter 271, Local Government Code.</p> <p>(f) If a credit agreement is authorized and is executed in anticipation of the issuance of an obligation described by Section 1371.001(5)(B) because the issuer is authorized by Subchapter C, Chapter 271, Local Government Code, to issue certificates of obligation:</p> <p>(1) notice required by Section 271.049, Local Government Code, in addition to the other requirements for the notice, must describe the time and place tentatively set for the adoption of the order or ordinance authorizing the credit agreement, the for the adoption of the order or ordinance authorizing the credit agreement, the maximum amount and term of the obligations and credit agreement, and the manner in which the certificates of obligation and credit agreement will be paid; and</p> <p>(2) the issuer may enter into the credit agreement and issue the certificates of obligation only if:</p> <p>(A) the municipal secretary or clerk or person with similar authority does not receive a petition signed by at least five percent of the registered voters of the issuer that protests the issuance of the certificates of obligation or the execution of the credit agreement before the later of the date tentatively set for the adoption of the order or ordinance to authorize the credit agreement or the date the order or ordinance is adopted;</p> <p>(B) the issuance and execution are approved at an election held for that purpose conducted as provided for a bond election under Chapter 1251; or</p> <p>(C) notice is not required by Section 271.049, Local Government Code, before the certificates of obligation are authorized.</p> <p>(g) Payments received by an issuer under a credit agreement or on termination of all or part of a credit agreement may be used to:</p> <p>(1) pay the obligations in anticipation of which, in relation to which, or in connection with which the credit agreement was entered into or pay the costs to be financed by the obligations in anticipation of which, in relation to which, or in connection with</p>	<p>Texas Government Code</p>	

Finance and Administration Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>which the credit agreement was entered into;</p> <p>(2) pay other liabilities or expenses that are secured on parity with or senior to the obligations in anticipation of which, in relation to which, or in connection with which the credit agreement was entered into; or</p> <p>(3) after the satisfaction of the obligations or costs described by Subdivision (1) and of the liabilities and expenses described by Subdivision (2) that are due, make payments for any other purpose for which the issuer may issue obligations under this subchapter or that is otherwise authorized by law, unless the credit agreement is paid primarily from ad valorem taxes.</p> <p>(h) An issuer may agree to pay or receive a payment on early termination of an interest rate management agreement due to a breach or for another reason as provided by the interest rate management agreement. The agreement may specify the payment by a specific amount, by a formula, or by a process or algorithm.</p> <p>(i) A credit agreement secured in the manner described by Subsection (d)(4) may be executed without an election or the imposition of an ad valorem tax for the credit agreement unless required by the Texas Constitution. If the Texas Constitution requires an election for the credit agreement, the election must be held substantially in the manner provided for an election under Chapter 1251.</p> <p>(j) An issuer may enter into an interest rate management agreement transaction only:</p> <p>(1) if the issuer has either entered into at least three interest rate management transactions before November 1, 2006, or has entered into one or more interest rate management transactions with notional amounts totaling at least \$400 million before that date; or</p> <p>(2) as provided by Subsection (k).</p> <p>(k) An issuer may enter into an interest rate management transaction if:</p> <p>(1) the governing body has adopted, amended, or ratified during the preceding two years a risk management policy governing entering into and managing interest rate management agreements and transactions that addresses:</p> <p>(A) conditions, if any, under which the issuer may enter into an interest rate management agreement transaction without independent advice from a financial advisor or swap advisor who has experience in interest rate management transactions; and</p> <p>(B) authorized purposes, permitted types and creditworthiness of counterparties, credit risks and other risks, liquidity, methods of selection</p>	Texas Government Code	

Finance and Administration Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>management policy at least biennially.</p> <p>SECURITY FOR OBLIGATION.</p> <p>(a) An obligation must be secured solely by:</p> <ol style="list-style-type: none"> (1) the proceeds from the sale of other obligations; (2) the proceeds from the sale of revenue bonds payable from the revenue to be received from a public works or a specified user of a public works (3) any revenue that the issuer is authorized by the constitution, a statute, or the charter of a home-rule municipality to pledge to the payment of an obligation; (4) a credit agreement; or (5) any combination of those sources. <p>(b) A governing body may secure an obligation and pay the cost of a credit agreement executed and delivered in connection with the financing of a project cost with:</p> <ol style="list-style-type: none"> (1) the sources permitted by this chapter; and (2) ad valorem taxes to the extent the project cost relates to an eligible project financed or to be financed with obligations payable from ad valorem taxes. <p>SOURCE OF REPAYMENT OF OBLIGATION.</p> <p>An obligation must be repaid from:</p> <ol style="list-style-type: none"> (1) a source of security for the payment of the obligation; (2) money received from a credit agreement; or (3) any other revenue legally available for the payment of the obligation. 	<p>Texas Government Code</p> <p>Section 1371.104</p>	
20	<p>TRANSPORTATION AUTHORITY OBLIGATION; ELECTION.</p> <p>(a) A transportation authority created, organized, and operating under Chapter 452, Transportation Code, may not issue an obligation, other than a refunding obligation, that is payable in whole or in part from its sales and use tax revenue and has a maturity longer than five years unless an election required by Section 452.352(b), Transportation Code, has been held and the proposition has been approved.</p> <p>(b) An obligation that is exempt from the election requirement of Section 452.352(b), Transportation Code, by the terms of Chapter 452, Transportation Code, is also exempt from the election requirement of this section.</p>	<p>Section 1371.052</p>	<p>In Compliance.</p> <p>On August 12, 2000, DART held an election. The citizens voted 3-to-1 in favor of long-term debt.</p>
21	<p>INVESTMENT POLICY REVIEW.</p> <p>(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.</p>	<p>Section 2256.005(e) (The Public Funds Investment Act)</p>	<p>In Compliance.</p> <p>DART Board Policy II.04 (Finance), Section 10, adopted Dec. 10, 1985, requires that DART review its investment policy annually.</p>

Finance and Administration Compliance Matrix			
	Action	Legal Reference	Compliance Results
22	<p>INVESTMENT TRAINING.</p> <p>(a) Except as provided by Subsections (b) and (e), the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a local government shall:</p> <p>(1) attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's responsibilities under this subchapter within 12 months after taking office or assuming duties; and</p> <p>(2) except as provided by Subsections (b) and (e), attend an investment training session not less than once in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 10 hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the local government.</p>	Section 2256.008(a)	In Compliance. DART Board Policy II.04 (Finance), Section 12, adopted Dec. 10, 1985, requires that all Investment Officers receive training as required in the statute.

Open Meetings and Public Information Compliance Matrix			
	Action	Legal Reference	Compliance Results
1	<p>OPEN MEETINGS REQUIREMENT.</p> <p>Every regular, special, or called meeting of a governmental body shall be open to the public, except as provided by this chapter.</p> <p>REQUIREMENT TO FIRST CONVENE IN OPEN MEETING.</p> <p>If a closed meeting is allowed under this chapter, a governmental body may not conduct the closed meeting unless a quorum of the governmental body first convenes in an open meeting for which notice has been given as provided by this chapter and during which the presiding officer publicly:</p> <p>(1) announces that a closed meeting will be held; and</p> <p>(2) identifies the section or sections of this chapter under which the closed meeting is held.</p>	<p>Texas Government Code</p> <p>Section 551.002</p> <p>Section 551.101</p>	In Compliance. Every regular or special meeting of the Board or Board Committee is open to the public and the date, time and agenda for these meetings are publicly posted accordingly. Executive or closed meetings are called by the presiding officer (i.e., chairman of the Board) when discussing line items relating to real estate, personnel or litigation, and the presiding officer announces that the Board meeting will recess into Closed Session, to consider real estate, personnel

Open Meetings and Public Information Compliance Matrix			
	Action	Legal Reference	Compliance Results
			or litigation matters pursuant to the appropriate statutory section.
2	<p>CONSULTATION WITH ATTORNEY; CLOSED MEETING. A governmental body may not conduct a private consultation with its attorney except:</p> <ul style="list-style-type: none"> (1) when the governmental body seeks the advice of its attorney about: <ul style="list-style-type: none"> (A) pending or contemplated litigation; or (B) a settlement offer; or (2) on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter. <p>DELIBERATION REGARDING REAL PROPERTY; CLOSED MEETING. A governmental body may conduct a closed meeting to deliberate the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.</p> <p>DELIBERATION REGARDING PROSPECTIVE GIFT; CLOSED MEETING. A governmental body may conduct a closed meeting to deliberate a negotiated contract for a prospective gift or donation to the state or the governmental body if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.</p> <p>PERSONNEL MATTERS; CLOSED MEETING (a) This chapter does not require a governmental body to conduct an open meeting: <ul style="list-style-type: none"> (1) to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or (2) to hear a complaint or charge against an officer or employee. (b) Subsection (a) does not apply if the officer or employee who is the subject of the deliberation or</p>	<p>Section 551.071</p> <p>Section 551.072</p> <p>Texas Government Code</p> <p>Section 551.073</p> <p>551.074</p>	<p>In Compliance.</p> <p>A review of the certified agendas confirms that consultation between the Board and its attorney occur during closed session, in instances when the Board seeks the attorney's advice with respect to pending or contemplated litigations, settlement offers or a matter a covered by attorney/ client privileged.</p> <p>Discussions regarding the purchase, exchange, lease or value of property, et al are conducted during closed sessions of the Board, which are closed to the public.</p> <p>To date, DART has had no occasion to use this section. If it were needed DART would comply with the statute.</p> <p>DART Board Bylaws, Article III, Section 16 states that Board meetings will be held in accordance with the provisions of</p>

Open Meetings and Public Information Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>hearing requests a public hearing.</p> <p>DELIBERATION REGARDING SECURITY DEVICES OR SECURITY AUDITS; CLOSED MEETING</p> <p>This chapter does not require a governmental body to conduct an open meeting to deliberate:</p> <p>(1) the deployment, or specific occasions for implementation, of security personnel or devices;</p> <p>or</p> <p>(2) a security audit.</p>	551.076	<p>applicable state statutes.</p> <p>This section places no requirement upon DART.</p>
3	<p>RECORDING OF MEETING BY PERSON IN ATTENDANCE.</p> <p>(b) A governmental body may adopt reasonable rules to maintain order at a meeting, including rules relating to:</p> <p>(1) the location of recording equipment; and</p> <p>(2) the manner in which the recording is conducted.</p> <p>(c) A rule adopted under Subsection (b) may not prevent or unreasonably impair a person from exercising a right granted under Subsection (a).</p>	<p>Section 551.023(b)</p> <p>Section 551.023(c)</p>	<p>In Compliance.</p> <p>The bylaws, adopted by Resolution #840077, include procedures for the conduct of the meetings. Article III, (Section 16) specifies the use of Robert's Rules of Order to govern the proceedings of the Board and its committees. The rules adopted by the Board to maintain order at a meeting place no requirements on the manner of recording by persons in attendance.</p>
4	<p>REQUIREMENT TO VOTE OR TAKE FINAL ACTION IN OPEN MEETING.</p> <p>A final action, decision, or vote on a matter deliberated in a closed meeting under this chapter may only be made in an open meeting that is held in compliance with the notice provisions of this chapter</p>	<p>Texas Government Code</p> <p>Section 551.102</p>	<p>In Compliance.</p> <p>A review of a random sample of open meeting minutes confirms that all final actions, decisions or votes resulting from discussions held during executive session occur while the Board is in open session.</p>
5	<p>CERTIFIED AGENDA OR TAPE RECORDING REQUIRED.</p> <p>(a) A governmental body shall either keep a certified agenda or make a tape recording of the proceedings of each closed meeting, except for a private consultation permitted under Section 551.071.</p>	<p>Section 551.103 (a)-(c)</p>	<p>In Compliance.</p> <p>(a) Tape recording of the proceedings of each closed meeting is made and stored in</p>

Open Meetings and Public Information Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>(b) The presiding officer shall certify that an agenda kept under Subsection (a) is a true and correct record of the proceedings.</p> <p>(c) The certified agenda must include:</p> <ol style="list-style-type: none"> (1) a statement of the subject matter of each deliberation; (2) a record of any further action taken; and (3) an announcement by the presiding officer at the beginning and the end of the meeting indicating the date and time. 		<p>a fireproof file cabinet.</p> <p>(b) Tape recorded.</p> <p>(c) Tape recorded.</p>
6.	<p>(d) A tape recording made under Subsection (a) must include announcements by the presiding officer at the beginning and the end of the meeting indicating the date and time.</p>	Section 551.103(d)	<p>In Compliance.</p> <p>The presiding officer, or committee chair always makes an announcement at the beginning and at the end of the closed session portion of the meeting indicating the date and time.</p>
7.	<p>CLOSED MEETING WITHOUT CERTIFIED AGENDA OR TAPE RECORDING; OFFENSE; PENALTY.</p> <p>(a) A member of a governmental body commits an offense if the member participates in a closed meeting of the governmental body knowing that a certified agenda of the closed meeting is not being kept or that a tape recording of the closed meeting is not being made.</p>	Section 551.145(a)	<p>In Compliance.</p> <p>A tape recording is always made during closed meetings.</p>
8.	<p>NOTICE OF MEETING REQUIRED.</p> <p>A governmental body shall give written notice of the date, hour, place, and subject of each meeting held by the governmental body.</p> <p>INQUIRY MADE AT MEETING.</p> <p>(a) If, at a meeting of a governmental body, a member of the public or of the governmental body inquires about a subject for which notice has not been given as required by this subchapter, the notice provisions of this subchapter do not apply to:</p> <ol style="list-style-type: none"> (1) a statement of specific factual information given in response to the inquiry; or (2) a recitation of existing policy in response to the inquiry. <p>(b) Any deliberation of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a subsequent meeting.</p>	<p>Section 551.041</p> <p>Texas Government Code</p> <p>Section 551.042</p>	<p>In Compliance.</p> <p>All meetings of the Board (e.g., regular and special Board meetings and committee meetings) are posted at the DART's administrative offices, with the Texas State Register, and are faxed to the County Courthouse for posting.</p> <p>Each notice includes the date, hour, location and subject of the meeting for which the notice was posted.</p>

Open Meetings and Public Information Compliance Matrix			
	Action	Legal Reference	Compliance Results
	situation for a reasonable period immediately following the relocation. Notice of an emergency meeting or supplemental notice of an emergency item added to the agenda of a meeting to address a situation described by this subsection must be given to members of the news media as provided by Section 551.047 not later than one hour before the meeting.		
9.	<p>MINUTES OR TAPE RECORDING OF OPEN MEETING REQUIRED.</p> <p>(a) A governmental body shall prepare and keep minutes or make a tape recording of each open meeting of the body.</p> <p>(b) The minutes must:</p> <ol style="list-style-type: none"> (1) state the subject of each deliberation; and (2) indicate each vote, order, decision, or other action taken. 	<p>Section 551.021(a)</p> <p>Section 551.021(b)</p>	<p>In Compliance.</p> <p>Meeting notices, Board minutes, and audio tape recordings of Board proceedings have been prepared and retained for each of the Board's open meetings.</p>
10.	<p>OPEN MEETINGS TRAINING.</p> <p>(a) Each elected or appointed public official who is a member of a governmental body subject to this chapter shall complete a course of training of not less than one and not more than two hours regarding the responsibilities of the governmental body and its members under this chapter not later than the 90th day after the date the member:</p> <ol style="list-style-type: none"> (1) takes the oath of office, if the member is required to take an oath of office to assume the person's duties as a member of the governmental body; or (2) otherwise assumes responsibilities as a member of the governmental body, if the member is not required to take an oath of office to assume the person's duties as a member of the governmental body. 	<p>Section 551.005(a)</p>	<p>In Compliance, with exceptions.</p> <p>The members of the Board of Directors have all received appropriate training, although two of the 15 did not receive their training with 90 days of their appointments. In the future, DART should assure that all Board members receive their training in a timely fashion.</p>
11.	<p>MINUTES AND TAPE RECORDINGS OF OPEN MEETING: PUBLIC RECORD.</p> <p>The minutes and tape recordings of an open meeting are public records and shall be available for public inspection and copying on request to the governmental body's chief administrative officer or the officer's designee.</p>	<p>Section 551.022</p>	<p>In Compliance.</p>
12.	<p>SPECIAL RIGHT OF ACCESS; ATTORNEY GENERAL DECISIONS.</p> <p>(a) If a governmental body determines that information subject to a special right of access under Section 552.023 is exempt from disclosure under an exception of Subchapter C, other than an exception intended to protect the privacy interest of the requestor or the person whom the requestor is authorized to represent, the governmental body shall, before disclosing the information, submit a written request for a decision to the attorney general under the procedures of this</p>	<p>Section 552.307(a)</p>	<p>In Compliance.</p> <p>Open records requests are handled pursuant to statute.</p>

Open Meetings and Public Information Compliance Matrix			
	Action	Legal Reference	Compliance Results
	subchapter. (b) If a decision is not requested under Subsection (a), the governmental body shall release the information to the person with a special right of access under Section 552.023 not later than the 10th business day after the date of receiving the request for information.	Section 552.307(b)	
13.	<p>APPLICATION FOR PUBLIC INFORMATION; PRODUCTION OF PUBLIC INFORMATION.</p> <p>(a) An officer for public information of a governmental body shall promptly produce public information for inspection, duplication, or both on application by any person to the officer. In this subsection, "promptly" means as soon as possible under the circumstances, that is, within a reasonable time, without delay.</p> <p>(b) An officer for public information complies with subsection (a) by:</p> <p>(1) providing the public information for inspection or duplication in the offices of the governmental body; or</p> <p>(2) sending copies of the public information by first class United States mail if the person requesting the information requests that copies be provided and pays the postage and any other applicable charges that the requestor has accrued under Subchapter F.</p> <p>(c) If the requested information is unavailable at the time of the request to examine because it is in active use or in storage, the officer for public information shall certify this fact in writing to the requestor and set a date and hour within a reasonable time when the information will be available for inspection or duplication.</p>	<p>Section 552.221(a)</p> <p>Texas Government Code</p> <p>Section 552.221(b)</p> <p>Section 552.221(c)</p>	<p>In Compliance.</p> <p>Upon the filing of an application for inspection or copying of public information, an officer in the Legal department promptly responds to the request.</p>
14.	<p>TIME FOR EXAMINATION.</p> <p>(b) The officer for public information shall extend the initial examination period by an additional 10 business days if, within the initial period, the requestor files with the officer for public information a written request for additional time. The officer for public information shall extend an additional examination period by another 10 business days if, within the additional period, the requestor files with the officer for public information a written request for more additional time.</p>	Section 552.225(b)	In Compliance.
15.	<p>PERMISSIBLE INQUIRY BY GOVERNMENTAL BODY TO REQUESTOR.</p> <p>(a) The officer for public information and the officer's agent may not make an inquiry of a requestor except to establish proper identification or except as provided by Subsection (b) or (c).</p> <p>(b) If what information is requested is unclear to the governmental body, the governmental body may ask the requestor to clarify the request. If a large amount of information has been requested, the governmental body may discuss with the requestor how the scope of a request might be narrowed, but the governmental body</p>	<p>Section 552.222(a)</p> <p>Section 552.222(b)</p>	<p>In Compliance.</p> <p>Persons applying for inspection or copying of public information provide their name, address and phone number as well as the specific public record being requested. The request is fulfilled</p>

Open Meetings and Public Information Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>may not inquire into the purpose for which information will be used.</p> <p>(d) If by the 61st day after the date a governmental body sends a written request for clarification or discussion under Subsection (b) or an officer for public information or agent sends a written request for additional information under Subsection (c) the governmental body, officer for public information, or agent, as applicable, does not receive a written response from the requestor, the underlying request for public information is considered to have been withdrawn by the requestor.</p> <p>(e) A written request for clarification or discussion under Subsection (b) or a written request for additional information under Subsection (c) must include a statement as to the consequences of the failure by the requestor to timely respond to the request for clarification, discussion, or additional information.</p> <p>(f) If the requestor's request for public information included the requestor's physical or mailing address, the request may not be considered to have been withdrawn under Subsection (d) unless the governmental body, officer for public information, or agent, as applicable, sends the request for clarification or discussion under Subsection (b) or the written request for additional information under Subsection (c) to that address by certified mail.</p> <p>UNIFORM TREATMENT OF REQUESTS FOR INFORMATION. The officer for public information or the officer's agent shall treat all requests for information uniformly without regard to the position or occupation of the requestor, the person on whose behalf the request is made, or the status of the individual as a member of the media.</p> <p>COMFORT AND FACILITY The officer for public information or the officer's agent shall give to a requestor all reasonable comfort and facility for the full exercise of the right granted by this chapter.</p>	<p>Section 552.222 (d)</p> <p>Section 552.222(e) Texas Government Code</p> <p>Section 552.222(f)</p> <p>Section 552.223</p> <p>Section 552.224</p>	<p>within a timely manner from the Legal department and pursuant to all requirements of the statute.</p>
16.	<p>REQUEST FOR ATTORNEY GENERAL DECISION.</p> <p>(a) A governmental body that receives a written request for information that it wishes to withhold from public disclosure and that it considers to be within one of the exceptions under Subchapter C must ask for a decision from the attorney general about whether the information is within that exception if there has not been a previous determination about whether the information falls within one of the exceptions.</p> <p>(b) The governmental body must ask for the attorney general's decision and state the exceptions that apply within a reasonable time but not later than the 10th</p>	<p>Section 552.301(a)</p> <p>Section 552.301(b)</p>	<p>In Compliance.</p> <p>Open records requests reviewed are handled pursuant to statute.</p>

Open Meetings and Public Information Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>filed against the attorney general in accordance with this chapter concerning the precise information at issue;</p> <p>(2) the attorney general determines that the requestor has voluntarily withdrawn the request for the information in writing or has abandoned the request; and</p> <p>(3) the parties agree to dismiss the lawsuit.</p>		
18.	<p>INFORMATION INVOLVING PRIVACY OR PROPERTY INTERESTS OF THIRD PARTY.</p> <p>(a) In a case in which information is requested under this chapter and a person's privacy or property interests may be involved, including a case under Section 552.101, 552.104, 552.110, or 552.114, a governmental body may decline to release the information for the purpose of requesting an attorney general decision.</p>	Section 552.305(a)	<p>In Compliance.</p> <p>Open records requests are handled pursuant to statute.</p>
19.	<p>PROVIDING SUITABLE COPY OF PUBLIC INFORMATION WITHIN REASONABLE TIME.</p> <p>(a) It shall be a policy of a governmental body to provide a suitable copy of public information within a reasonable time after the date on which the copy is requested.</p>	Section 552.228(a)	<p>In Compliance.</p> <p>DART provides responsive, suitable copies of information within a reasonable time after the request is made, consistent with statutory mandates.</p>
20.	<p>WAIVER OR REDUCTION OF CHARGE FOR PROVIDING COPY OF PUBLIC INFORMATION.</p> <p>(a) A governmental body shall provide a copy of public information without charge or at a reduced charge if the governmental body determines that waiver or reduction of the charge is in the public interest because providing the copy of the information primarily benefits the general public.</p>	<p>Texas Government Code</p> <p>Section 552.267(a)</p>	<p>In Compliance.</p> <p>Fees for public information may be waived when it is determined that release of the information primarily benefits the general public.</p>
21.	<p>DISTRIBUTION OR MISUSE OF CONFIDENTIAL INFORMATION.</p> <p>(a) A person commits an offense if the person distributes information considered confidential under the terms of this chapter.</p> <p>(a-1) An officer or employee of a governmental body who obtains access to confidential information under Section 552.008 commits an offense if the officer or employee knowingly:</p> <p>(1) uses the confidential information for a purpose other than the purpose for which the information was received or for a purpose unrelated to the law that permitted the officer or employee to obtain access to the information, including solicitation of political contributions or solicitation of clients;</p>	Section 552.352(a)	<p>In Compliance.</p> <p>Open records requests are handled pursuant to statute.</p>

Open Meetings and Public Information Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>(2) permits inspection of the confidential information by a person who is not authorized to inspect the information; or</p> <p>(3) discloses the confidential information to a person who is not authorized to receive the information.</p> <p>(a-2) For purposes of Subsection (a-1), a member of an advisory committee to a governmental body who obtains access to confidential information in that capacity is considered to be an officer or employee of the governmental body.</p>		
22.	<p>BOND FOR PAYMENT OF COSTS OR CASH PREPAYMENT FOR PREPARATION OF COPY OF PUBLIC INFORMATION.</p> <p>(a) An officer for public information or the officer's agent may require a deposit or bond for payment of anticipated costs for the preparation of a copy of public information if:</p> <p>(1) the officer for public information or the officer's agent has provided the requestor with the written itemized statement required under Section 552.2615 detailing the estimated charge for providing the copy; and</p> <p>(2) the charge for providing the copy of the public information specifically requested by the requestor is estimated by the governmental body to exceed:</p> <p>(A) \$100, if the governmental body has more than 15 full-time employees; or</p> <p>(B) \$50, if the governmental body has fewer than 16 full-time employees.</p> <p>(f) A requestor who fails to make a deposit or post a bond required under Subsection (a) before the 10th <u>business</u> day after the date the deposit or bond is required is considered to have withdrawn the request for the copy of the public information that precipitated the requirement of the deposit or bond.</p>	<p>Section 552.263(a)</p> <p>Amended by the 81st Leg., 2009</p> <p>Texas Government Code</p> <p>Section 552.263(f)</p>	In Compliance.
23.	<p>RULES OF PROCEDURE FOR INSPECTION AND COPYING OF PUBLIC INFORMATION.</p> <p>(a) A governmental body may promulgate reasonable rules of procedure under which public information may be inspected and copied efficiently, safely, and without delay.</p> <p>(b) A rule promulgated under Subsection (a) may not be inconsistent with any provision of this chapter.</p>	Section 552.230	In Compliance. Inspection and copying of public information is handled pursuant to statute
24.	<p>OPEN RECORDS TRAINING</p> <p>(b) Each public official shall complete a course of training of not less than one and not more than two</p>	Section 552.012(b)	In Compliance. Open Records

Open Meetings and Public Information Compliance Matrix			
	Action	Legal Reference	Compliance Results
	hours regarding the responsibilities of the governmental body with which the official serves		training is provided pursuant to statute.

Performance Audits Compliance Matrix			
	Action	Legal Reference	Compliance Results
1	<p>PERFORMANCE AUDITS: CERTAIN AUTHORITIES.</p> <p>(a) A subregional board created under Subchapter O governing an authority consisting of one subregion shall contract every fourth state fiscal year beginning with the 1995-1996 fiscal year for a performance audit of the authority to be conducted by a firm that has experience in reviewing the performance of transit agencies.</p> <p>(b) The purposes of the audit are to provide:</p> <p>(1) evaluative information necessary for the performance of oversight functions by state and local officers; and</p> <p>(2) information to the authority to assist in making changes for the improvement of the efficiency and effectiveness of authority operations.</p>	<p>Texas Transportation Code</p> <p>Section 452.454(a)</p>	<p>In Compliance.</p> <p>DART has contracted with TransTech Management, Inc. for this audit.</p> <p>Section (b) is not a requirement, simply a statement of purpose.</p>
2	<p>(c) Each audit must include an examination of:</p> <p>(1) one or more of the following:</p> <p>(A) the administration and management of the authority;</p> <p>(B) transit operations; or</p> <p>(C) transit authority system maintenance;</p> <p>(d) A subject described under Subsection (c)(1) must be examined at least once in every third audit.</p>	<p>Section 452.454(c)(1)</p> <p>Section 452.454(d)</p>	<p>In Compliance.</p> <p>This audit deals with administration and management, legislative compliance, and Key Performance Indicator (KPI) compliance. The previous audit dealt with transit operations.</p>
3	<p>(c) Each audit must include an examination of:</p> <p>(2) the authority's compliance with applicable state law, including this chapter; and</p> <p>(3) the following performance indicators:</p> <p>(A) subsidy per passenger, operating cost per revenue mile, and operating cost per revenue hour;</p> <p>(B) sales and use tax receipts per passenger;</p>	<p>Section 452.454(c)(2)</p> <p>Section 452.454(c)(3)</p>	<p>In Compliance.</p> <p>This performance audit of DART contains required sections regarding legislative compliance and KPIs.</p>

Performance Audits Compliance Matrix			
	Action	Legal Reference	Compliance Results
	(C) fare recovery rate; (D) number of passengers per hour; (E) on-time performance; (F) number of accidents per 1000,000 miles; and (G) number of miles between mechanical service calls.		
4	PERFORMANCE AUDIT RESPONSE; HEARING. (a) An authority for which a performance audit is conducted under Section 452.454 shall prepare a written response to the performance audit report. The response must include each proposal for action relating to recommendations included in the report, whether the proposal for action is pending, adopted, or rejected.	Section 452.456(a)	In Compliance. DART responded to the findings of this audit, and DART's comments regarding administration and management issues and key performance indicators were incorporated into the Final Report.
5	b) The authority shall make copies of the report and the response available for public inspection at the offices of the authority during normal business hours. (c) The authority shall conduct a public hearing on each performance audit report and the authority's response under Subsection (a). The authority shall give notice of the hearing by publication of the notice in a newspaper of general circulation in the area included in the authority at least 14 days before the date of the hearing.	Section 452.456(b) Section 452.456(c) Texas Transportation Code	In Compliance. (b) DART held a public hearing and made the documents and findings available to the public for the previous audit which reviewed the Authority's Transit Operations on February 24, 2009. (c) A call for Public Hearing on the findings of the present audit is scheduled for --- and is pending Board approval.
6	DELIVERY OF REPORT AND RESPONSE. An authority required by Section 452.454 to contract for a performance audit shall, before February 1 of the year after the fiscal year in which the performance audit is conducted, deliver a copy of each performance audit report and of the authority's response to the report to: (1) the governor; (2) the lieutenant governor; (3) the speaker of the house of representatives; (4) each member of the legislature whose district includes territory in the authority; (5) the state auditor; (6) the county judge of each county having territory	Section 452.457	In Compliance. The previous audit on the Authority's Transit Operations was completed in January, 2009. The current audit of Administration and Management was conducted in 2012.

Performance Audits Compliance Matrix			
	Action	Legal Reference	Compliance Results
	in the authority, and (7) the presiding officer of the governing body of each municipality having territory in the authority.		

Real Estate Compliance Matrix			
	Action	Legal Reference	Compliance Results

Real Estate Compliance Matrix			
	Action	Legal Reference	Compliance Results
1A	<p>STATION OR TERMINAL COMPLEX: SYSTEM PLAN</p> <p>(a) An authority may not acquire an interest in real property for a station or terminal complex unless the station or terminal complex is included in the public transportation system in a comprehensive service plan approved by a resolution of the executive committee. A mass transit facility of an authority is not a station or terminal complex under this subchapter unless the facility is included in the authority's comprehensive service plan under this section.</p> <p>(b) A station or terminal complex may not be included in a public transportation system unless the executive committee first finds that the station or complex:</p> <ol style="list-style-type: none"> (1) will encourage and provide for efficient and economical public transportation; (2) will facilitate access to public transportation and provide for other public transportation purposes; (3) will reduce vehicular congestion and air pollution in the metropolitan area; and is reasonably essential to the successful operation of the public transportation system. 	<p>Texas Transportation Code</p> <p>Section 452.151(a)</p> <p>Section 452.151(b)</p>	<p>In Compliance</p> <p>As of this date, DART has not acquired land for this purpose.</p> <p>The acquisition of property of others is specified in the Real Estate Policy as approved by DART's Board on 10/24/00 by Resolution #000188 This resolution specifies conformance with all applicable laws and federal requirements.</p> <p>In Compliance.</p>
1B	<p>USE AND ACQUISITION OF PROPERTY OF OTHERS.</p> <p>(a) For a purpose described by Section 452.056(a)(1) and as necessary or useful in the construction, repair, maintenance, or operation of the public transportation system, an authority may:</p> <ol style="list-style-type: none"> (1) use a public way, including an alley; and (2) directly, or indirectly by another person, relocate or reroute the property of another person or alter the construction of the property of another person. <p>(c) An authority may acquire by eminent domain any interest in real property, including a fee simple interest and the use of air or subsurface space, except the right of eminent domain may not be exercised:</p> <ol style="list-style-type: none"> (1) in a municipality without the approval of each proposed acquisition by the governing body of the municipality or in an unincorporated area without the approval of each proposed acquisition by the commissioners court of the county in which the property to be condemned is located; or (2) in a manner that would: <ol style="list-style-type: none"> (A) unduly impair the existing neighborhood character of property surrounding, or adjacent to, the property to be condemned; (B) unduly interfere with interstate commerce; or 	<p>Section 452.058(a)</p> <p>Section 452.058(c)</p>	<p>Use and Acquisition of Property of others is specified in the Real Estate Policy as approved by DART's Board on 10/24/00 by Resolution #000188</p> <p>This resolution also specifies that use and acquisition of property of others be in conformance with all applicable laws and federal requirements.</p> <p>Also as specified in the Real Estate Procedures as updated on 2/16/11.</p>

Real Estate Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>(C)authorize the authority to run an authority vehicle on a railroad track that is used to transport property.</p> <p>(d) If an authority, through the exercise of a power under this chapter, makes necessary the relocation or rerouting of, or alteration of the construction of, a road, alley, overpass, underpass, railroad track, bridge, or associated property, an electric, telegraph, telephone, or television cable line, conduit, or associated property, or a water, sewer, gas, or other pipeline, or associated property, the relocation or rerouting or alteration of the construction must be accomplished at the sole cost and expense of the authority, and damages that are incurred by an owner of the property must be paid by the authority.</p> <p>(e) Unless the power of eminent domain is exercised, an authority may not begin an activity authorized under Subsection (a) to alter or damage property of others, including this state or a political subdivision of this state, without having first received the written permission of the owner.</p>	<p>Texas Transportation Code</p> <p>Section 452.058(d)</p> <p>Section 452.058(e)</p>	
2	<p>ASSESSMENT OF DAMAGES.</p> <p>(a) The special commissioners shall assess damages in a condemnation proceeding according to the evidence presented at the hearing.</p> <p>(b) If an entire tract or parcel of real property is condemned, the damage to the property owner is the local market value of the property at the time of the special commissioners' hearing.</p> <p>(c) If a portion of a tract or parcel of real property is condemned, the special commissioners shall determine the damage to the property owner after estimating the extent of the injury and benefit to the property owner, including the effect of the condemnation on the value of the property owner's remaining property.</p>	<p>Texas Property Code Chapter 21</p> <p>Sections 21.042(a)</p> <p>21.042(b)</p> <p>21.042(c)</p>	<p>Although DART addresses these principles in the acquisition process as defined in the Real Estate Procedures as updated on 2/16/11, the assessment of damages is done by special commissioners who are appointed by the court and independent of DART</p>
3	<p>EMINENT DOMAIN PROCEEDINGS</p> <p>(a)An eminent domain proceeding by an authority is initiated By the adoption by the executive committee of a resolution that:</p> <p>(1) describes the property interest to be acquired by the authority;</p> <p>(2) declares the public necessity for an interest in the acquisition; and</p> <p>(3) states that the acquisition is necessary and proper for the construction, extension, improvement, or development of the public transportation system.</p> <p>(b) A resolution adopted under this section and approved by resolution of the appropriate municipal governing body or commissioners' court is conclusive evidence of the public necessity for the acquisition described in the resolution and that the property interest</p>	<p>Texas Transportation Code</p> <p>Section 452.059</p>	<p>In Compliance</p> <p>As specified in DART's Real Estate Policy as approved by DART's Board on 10/24/00 by Resolution #000188 and as defined in the Real Estate Procedures updated on 2/16/11.</p>

Real Estate Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>is necessary for public use. (c) Except as otherwise provided by this chapter, Chapter 21, Property Code, applies to an eminent domain proceeding by an authority.</p> <p>PROVISION OF LANDOWNER'S BILL OF RIGHTS STATEMENT REQUIRED. (a) Not later than the seventh day before the date a governmental or private entity with eminent domain authority makes a final offer to a property owner to acquire real property, the entity must send by first-class mail or otherwise provide a landowners' bill of rights statement provided by Section 402.031, Government Code, to the last known address of the person in whose name the property is listed on the most recent tax roll of any appropriate taxing unit authorized by law to levy property taxes against the property. In addition to the other requirements of this subsection, an entity with eminent domain authority shall provide a copy of the landowner's bill of rights statement to a landowner before or at the same time as the entity first represents in any manner to the landowner that the entity possesses eminent domain authority. (b) The statement must be: (1) printed in an easily readable font and type size; and (2) if the entity is a governmental entity, made available on the Internet website of the entity if technologically feasible.</p>	<p>Texas Property Code Chapter 21 Section 21.0112 Amended by 81st Leg., 2009</p>	<p>In Compliance</p> <p>As specified in DART's Real Estate Procedures last updated on 2/16/11.</p> <p>A copy of the most recent (March, 2012) version of the Landowner's Bill of Rights is available on the DART website.</p>
4A	<p>SALE OR LEASE OF PROPERTY (d) An authority may sell, lease, or dispose of in another manner: any right, interest, or property of the authority that is not needed for, or, if a lease, is inconsistent with, the efficient operation and maintenance of the public transportation system.</p> <p>LEASE OF PROPERTY TO GOVERNMENTAL ENTITY. (a) To promote a public purpose of the political subdivision, a political subdivision may: (1) lease property owned by the political subdivision to another political subdivision or an agency of the state or federal government; or (2) make an agreement to provide office space in property owned by the political subdivision to the</p>	<p>Texas Transportation Code Section 452.054(d)</p> <p>Texas Local Government Code Section</p>	<p>In Compliance.</p> <p>As specified in DART's Real Estate Policy as approved by DART's Board on 10/24/00 by Resolution #000188 and as defined in the Real Estate Procedures updated on 2/16/11.</p> <p>As of this date, DART has not leased property to a governmental entity. If such a transaction were to occur, it would be in accordance with state</p>

Real Estate Compliance Matrix			
	Action	Legal Reference	Compliance Results
4B	<p>other political subdivision or agency.</p> <p>(b) In acting under Subsection (a), the political subdivision:</p> <p>(1) shall determine the terms of the lease or agreement so as to promote and maintain the public purpose;</p> <p>(2) may provide for the lease of the property or provision of the office space at less than fair market value; and</p> <p>(3) is not required to comply with any competitive purchasing procedure or any notice and publication requirement imposed by this chapter or other law.</p> <p>TRANSFER OF REAL PROPERTY IN STATION OR TERMINAL COMPLEX.</p> <p>(a) An authority may transfer to any person by any means, including a sale or lease, an interest in real property in a station or terminal complex and may contract with respect to it, in accordance with the comprehensive service plan approved by the executive committee, and subject to terms:</p> <p>(1) the executive committee finds to be in the public interest or necessary to carry out this section; and</p> <p>(2) specified in the instrument transferring the title or right of use.</p>	<p>272.005</p> <p>Texas Transportation Code</p> <p>Section 452.155 (a)</p>	<p>statutes.</p> <p>As of this date, DART has not transferred real property defined as a station or terminal complex. Transfer of real property interest is specified in DART's Real Estate Policy as approved by DART's Board on 10/24/00 by Resolution #000188 and defined in the Real Estate Procedures updated on 2/16/11.</p>
4C	<p>NOTICE OF SALE OR EXCHANGE OF LAND BY POLITICAL SUBDIVISION; EXCEPTIONS.</p> <p>(a) Except for the types of land and interests covered by Subsection (b), (g), (h), (i), (j), or (l), and except as provided by Section 253.008, before land owned by a political subdivision of the state may be sold or exchanged for other land, notice to the general public of the offer of the land for sale or exchange must be published in a newspaper of general circulation in either the county in which the land is located or, if there is no such newspaper, in an adjoining county. The notice must include a description of the land, including its location, and the procedure by which sealed bids to purchase the land or offers to exchange the land may be submitted. The notice must be published on two separate dates and the sale or exchange may not be made until after the 14th day after the date of the second publication.</p> <p>(b) The notice and bidding requirements of Subsection (a) do not apply to the types of land and real property interests described by this subsection and owned by a political subdivision. The land and those interests described by this subsection may not be conveyed, sold, or exchanged for less than the fair market value of the land or interest unless the conveyance, sale, or</p>	<p>Texas Local Government Code</p> <p>Section 272.001 (a)</p> <p>Amended by 82nd Leg., 2011</p> <p>Section 272.001 (b)</p> <p>Texas Local Government Code</p>	<p>In Compliance.</p> <p>As specified in DART's Real Estate Policy as approved by DART's Board on 10/24/00 by Resolution #000188 and as defined in the Real Estate Procedures updated on 2/16/11.</p>

Real Estate Compliance Matrix			
	Action	Legal Reference	Compliance Results
	<p>exchange is with one or more abutting property owners who own the underlying fee simple. The fair market value is determined by an appraisal obtained by the political subdivision that owns the land or interest or, in the case of land or an interest owned by a home-rule municipality, the fair market value may be determined by the price obtained by the municipality at a public auction for which notice to the general public is published in the manner described by Subsection (a). The notice of the auction must include, instead of the content required by Subsection (a), a description of the land, including its location, the date, time, and location of the auction, and the procedures to be followed at the auction. The appraisal or public auction price is conclusive of the fair market value of the land or interest, regardless of any contrary provision of a home-rule charter. This subsection applies to:</p> <ul style="list-style-type: none"> (1) narrow strips of land, or land that because of its shape, lack of access to public roads, or small area cannot be used independently under its current zoning or under applicable subdivision or other development control ordinances; (2) streets or alleys, owned in fee or used by easement; (3) land or a real property interest originally acquired for streets, rights-of-way, or easements that the political subdivision chooses to exchange for other land to be used for streets, rights-of-way, easements, or other public purposes, including transactions partly for cash; (4) land that the political subdivision wants to have developed by contract with an independent foundation; (5) a real property interest conveyed to a governmental entity that has the power of eminent domain <p>(l) The notice and bidding requirements provided by Subsection (a) do not apply to a donation or sale made under this subsection. A political subdivision may donate or sell for less than fair market value a designated parcel of land or an interest in real property to another political subdivision if:</p> <ul style="list-style-type: none"> (1) the land or interest will be used by the political subdivision to which it is donated or sold in carrying out a purpose that benefits the public interest of the donating or selling political subdivision; (2) the donation or sale of the land or interest is made under terms that effect and maintain the public purpose for which the donation or sale is made; and (3) the title and right to possession of the land or interest revert to the donating or selling political subdivision if the acquiring political subdivision ceases 	<p>Section 272.001(l)</p> <p>Amended by 82nd Leg., 2011.</p>	

Real Estate Compliance Matrix			
	Action	Legal Reference	Compliance Results
	to use the land or interest in carrying out the public purpose.		

Findings

Finding STR-1.

DART is in compliance with applicable legislative requirements, as detailed in the preceding matrices

All instances of non-compliance discovered in this audit were minor and resolved following communication with DART. In the previous audit, it was noted that the City of Dallas was enforcing a four-term limit on its DART Board appointees. This is inconsistent with Section 452.578 of the Texas Transportation Code which requires no limitation on the number of terms members of the Board may serve. It was also noted in the previous audit that this was beyond DART's control. As an update, this audit found that the City of Dallas is no longer enforcing a four-term limitation on its appointees to the DART Board of Directors.

Finding STR-2.

Although this audit found that Board members received all mandated trainings, some of the required training was not completed in a timely manner

Recommendations

Recommendation STR-1.

No recommendation applicable

Recommendation STR-1.

Review of the procedure for providing Open Meetings and Open Records training for newly appointed Board members to ensure that these trainings are completed within the statutory requirements.