

Dallas CBD Second Light Rail Alignment (D2)

Dallas, Texas

Core Capacity Project Development

(Rating Assigned November 2015)

Summary Description

Proposed Project:	Light Rail 2.4 Miles, 5 Stations
Core Capacity Capital Cost (\$YOE):	\$650.45 Million (Includes \$43.7 million in finance charges)
Section 5309 Core Capacity Share (\$YOE):	\$325.22 Million (50.0%)
Annual Operating Cost (opening year 2021):	\$3.27 Million
Existing Ridership in the Corridor:	19,200 Daily Linked Trips 5,872,400 Annual Linked Trips
Existing Useable Space per Passenger:	5.5 Square Feet
Overall Project Rating:	Medium-High
Project Justification Rating:	Medium-High
Local Financial Commitment Rating:	Medium-High

Project Description: The Dallas Area Rapid Transit (DART) proposes to implement a second light rail alignment through the Dallas Central Business District (CBD) to supplement the existing alignment along Pacific Avenue and Bryan Street. The proposed project provides a new route through downtown for the Orange and Green lines, which will allow enhanced Red line service on the existing alignment. The proposed project includes a tunnel of approximately 0.75 miles and one underground station. DART estimates that when the project is complete, it will increase capacity in the corridor by 100 percent, which exceeds the ten-percent minimum required by law for Core Capacity projects.

Project Purpose: Continued high regional growth, highway congestion, regional transit expansion, and the introduction of a privately-funded high speed rail project will continue to increase DART system demand. At the same time, all four existing light rail lines presently operate over the same downtown alignment, constraining operations and limiting capacity. The project will address these capacity issues and increase operational flexibility to sustain the DART system into the future.

The project will allow twice as many trains in the peak hour on the Red line, as well as the flexibility to adjust operations on all four lines as future passenger loads demand. Additionally, the project will increase schedule reliability, enhance operational flexibility to address incidents and special events, and improve access to currently underserved downtown markets such as Government Center and Farmers Market.

Project Development History, Status and Next Steps: The project entered Core Capacity Project Development in November 2015. DART adopted a preliminary locally preferred alternative (LPA) into the region's fiscally constrained long-range transportation plan in 2014. DART adopted a revised LPA in September 2015. DART anticipates receipt of a Record of Decision in December 2016, entry into Engineering in January 2017, receipt of a Full Funding Grant Agreement in July 2018, and the start of revenue service in late 2021.

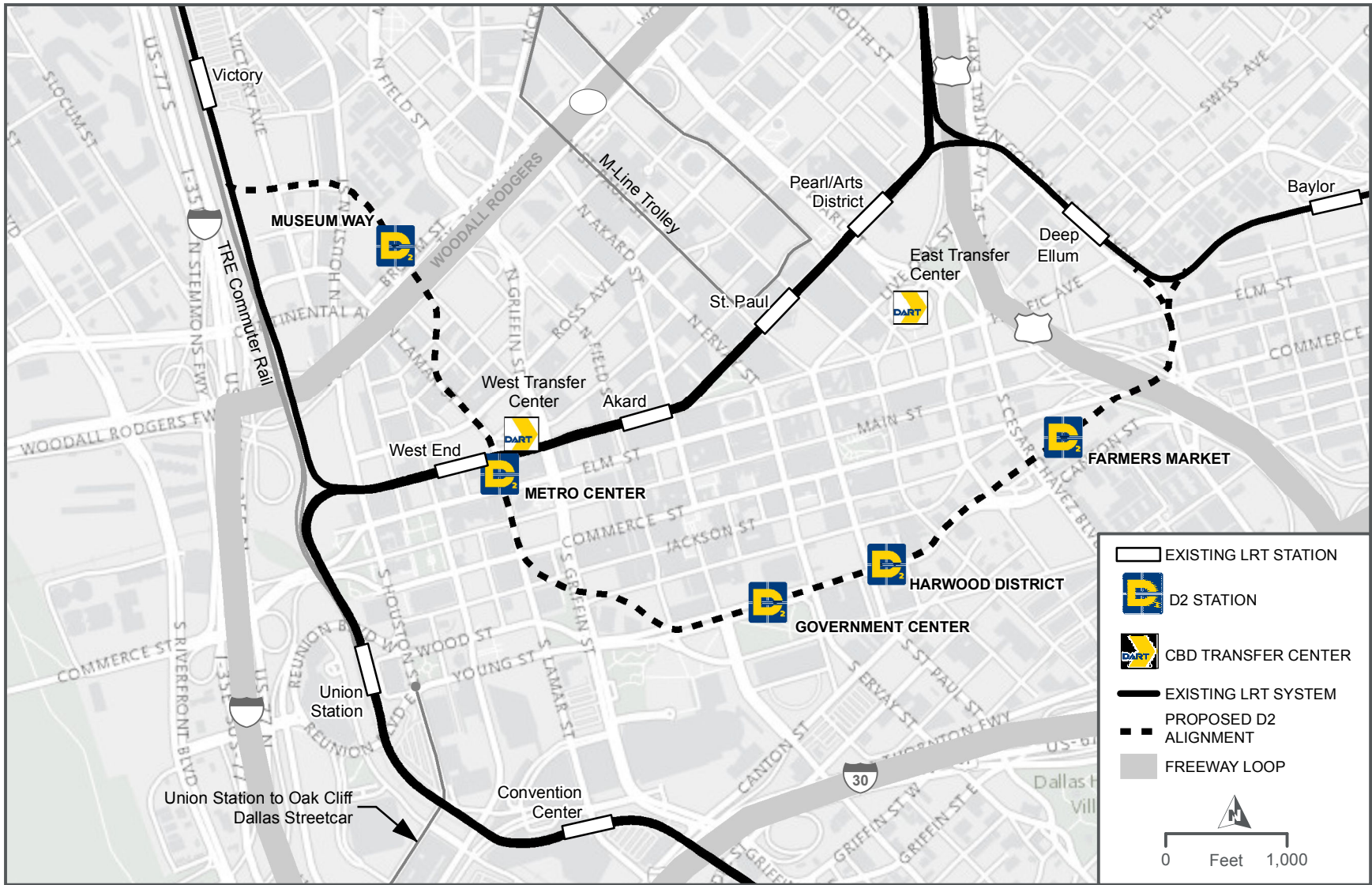
Locally Proposed Financial Plan

<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal: Section 5309 Core Capacity	\$325.22	50.0%
Local: DART Senior Sales Tax Revenue Bonds	\$325.22	50.0%
Total:	\$650.45	100.0%

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

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Factor	Rating	Comments
Local Financial Commitment Rating	Medium-High	
Non-Section 5309 Core Capacity Share	N/A	The Core Capacity share of the project is 50.0 percent.
Project Financial Plan	Medium-High	
Capital and Operating Condition (25% of plan rating)	Medium-High	<ul style="list-style-type: none"> • The average age of the bus fleet is 3.9 years, which is younger than the industry average. • Dallas Area Rapid Transit's (DART) most recent bond ratings, issued in December 2014, are as follows: Moody's Investors Service Aa2, and Standard & Poor's Corporation AA+. • DART's current ratio of assets to liabilities, as reported in its most recent audited financial statement, is 2.49 (FY2014). • There have been no service cutbacks or cashflow shortfalls in recent years.
Commitment of Capital and Operating Funds (25% of plan rating)	High	<ul style="list-style-type: none"> • 100 percent of the non-Section 5309 funds are committed or budgeted. Sources of funds consist solely of sales tax-backed revenue bonds to be issued by DART in 2018 and 2019. • 99.9 percent of the funds needed to operate and maintain the transit system in the first full year of operation are committed or budgeted. Sources of funds include sales tax revenue, farebox revenue, and lease and rental income.
Capital and Operating Cost Estimates, Assumptions and Financial Capacity (50% of plan rating)	Medium	<ul style="list-style-type: none"> • Assumed growth in revenues for the sales tax revenue is more conservative than historical experience since 2005; however, this source of revenue has shown variability in recent years. • The capital cost estimate is sufficient for this stage of the project. • The financial plan shows that DART has the financial capacity to cover cost increases or funding shortfalls equal to at least 14 percent of estimated project costs. • Farebox revenues are reasonable; other operating revenues, such as advertising and lease and rental income, appear to be more optimistic than historical experience. • Operating cost estimates appear to be more optimistic than historical experience. • Projected cash balances and reserve accounts are 16.5 percent of annual systemwide operating expenses.



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