

Testimony of Gary Thomas, President/Executive Director

Dallas Area Rapid Transit

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Committee on Banking, Housing and Urban Affairs

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Thank you Mr. Chairman. My name is Gary Thomas and I am the President/Executive Director of Dallas Area Rapid Transit (DART). DART was created on August 13, 1983 when North Texans in and around the city of Dallas voted to commit one percent local sales taxes to fund public transportation. Today DART is a multi-modal transit agency operating North America's longest light rail system in the fourth largest metropolitan area in the United States. DART provided approximately 2.3 million people inside its 13 city, 700-square mile service area with around 107 million total transit trips in FY 2013 through our bus, light rail, commuter rail, HOV, Paratransit, and Van Pool programs.

**State of Good Repair is a DART Priority**

As DART continues maturing as a transit operator, a significant portion of the agency's expenses will shift to the maintenance and replacement of infrastructure and vehicles. In fact, approximately 73 percent of DART's capital spending over the next 20 years is dedicated to State-of-Good-Repair (SGR) projects. This is due to an agency policy -- in place since our creation -- that mandates we balance the expenses of operations, asset management, and capital expansion through a 20-Year Financial Plan.

The financial planning parameters provide the foundation for the ongoing balance and recalibration of capital systems expansion, operating costs, and asset condition and replacement. This has allowed DART to meet the challenge of both maintaining the operational readiness of our current assets while meeting our commitments to the region for further expansion of the transportation network. Between 2001 and 2010, DART doubled its light rail system twice, despite a regional economy that was experiencing double-digit unemployment and flat or lesser sales tax revenue. In other words, the expansion was carried out, and infrastructure maintained, with no growth in the source that represents approximately 75 percent of the agency's annual revenue.

Even amidst the worst national economic crisis since the Great Depression, DART has been fortunate to continue to move forward with major capital projects by following the guidance of

its financial plan developed by these sound planning parameters. The 28-mile Green Line, which received a \$700 million Full Funding Grant Agreement under the Federal Transit Administration's New Starts program in 2006, was completed and in revenue service by late 2010. Additionally, both the Orange Line and Blue Line extensions were completed and in revenue service in 2012. Improving local economic conditions and the success of our multi-year financial and budgetary initiatives have made possible the acceleration by three years of the South Oak Cliff Blue Line extension to the University of North Texas-Dallas campus. Finally, DART is currently replacing our entire bus fleet with new compressed natural gas fueled vehicles. This began in the fall of 2012 and will be complete in 2016.

### **The DART Approach to State of Good Repair**

DART has well over 15 years of asset condition assessment experience. The commitment to a regular interval of assessment by a trained team of internal assessors has provided DART with sound comparative data to determine adequacy of our long range financial, maintenance and asset replacement plans.

One of the key elements of DART's SGR program is the Asset Condition Study. The goals of this regularly scheduled asset assessment are: to obtain high level assessment of the inventory of assets; provide comparative results to previous assessments; ensure rate of physical degradation is consistent with plan; validate maintenance and financial plans are aligned with assessment results; and support adjustment of maintenance and financial plans where necessary. Included in any successful SGR program is the assessment of technology and reconciling the need for its replacement due to obsolescence.

In addition, DART's capital program request process employs a multi-dimensional assessment of each project request based on industry standard risk analysis concepts modified to consider factors of financial and operational risk, as well as, customer risk/benefits. This multi-dimensional analysis is used to prioritize each project request and is particularly useful in times of volatile funding levels like those experienced over the past decade. DART is currently evaluating software which allows for modeling of the various future program requirements against differing future revenue streams to aid leadership team decisions going forward.

Lessons learned from this experience include, but are not limited to: using consistent process and scoring systems; documentation of the method of data capture, storage and analysis of the data; and, analysis of assets from an overall subgroup perspective.

## **MAP-21 SGR Policy Implementation**

Even before the enactment of MAP-21, which made SGR national transit policy, DART has worked side-by-side with the FTA and our transit industry partners to improve the understanding and practice of transit asset management. In its 2010 National State of Good Repair Assessment, the FTA found that more than 40 percent of bus assets and 25 percent of rail transit assets were in marginal or poor condition. Additionally, there is an estimated backlog of \$50 to \$80 billion in deferred maintenance and replacement needs, of which the vast majority is rail related. This backlog continues to grow at a rate of approximately \$3.5B annually.

The enactment of MAP-21 places the requirement on transit agencies to prepare a Transit Asset Management Plan. Transit agency customers, policy-makers, and public agencies are holding agency management accountable for performance and increasingly expect more business-like management practices. The magnitude of capital needs, performance expectations, and increased accountability requires transit agency managers to enhance their approach to asset management.

To advance the practice of transit asset management, the FTA created the “Asset Management Guide.” This guide provides a transit specific asset management framework for managing assets individually and as a portfolio of assets that comprise an integrated system. The guide provides flexible, yet targeted guidance to advance the practice and implementation of transit asset management.

MAP-21 made SGR national policy and the FTA has sought comments from industry partners through the administrative rulemaking process. DART believes the federal government should allow the FTA to implement the policy as mandated by MAP-21, and allow the industry time to adjust to the new policies as implemented, prior to making any major policy revisions in a new surface transportation bill.

## **The Need for a Core Capacity Program**

*State of Good Repair.* Capital investments are not always about system additions or expansions. DART has significantly increased light rail infrastructure over the past ten years, we have also increased our SGR obligations to maintain and replace those assets. DART’s current light rail system configuration merges all rail lines (Red, Blue, Orange, and Green) within Dallas’ Central Business District. As a consequence of heavy use and growth of the light rail system since DART first began light rail operations in 1996, the track condition along this 1.25-mile long rail corridor has deteriorated more quickly than DART had previously anticipated.

Coupled with the rapid growth of the light rail system and passenger loads reaching approximately 100,000 passengers per day, we have determined that to maintain a State of Good

Repair, the rail in our downtown core will need to be replaced within the next two years, well ahead of what was previously thought to be its useful life. This project, which directly impacts the ongoing reliability of the existing network, will require an investment approaching \$45 to \$50 million, and funding has been provided within the FY 2014 Budget and Twenty-Year Financial Plan.

***Core Capacity.*** While DART will continue to aggressively invest annually to ensure a SGR, we recognize the need for a program designed to provide congestion relief and help address capacity needs of a rail corridor. Let me be very clear, DART is a strong advocate for a federally-funded core capacity program and very interested in preserving it as a part of the Capital Investment Program as authorized by MAP-21. DART has been developing a core capacity strategy that could be advanced through the FTA Capital Investment Program. This strategy develops a program of interrelated projects which will be critical to respond to continued high regional growth trends, demands for system accessibility, expansion of new rail corridors outside our Service Area, and the development of a privately funded high speed rail system between Dallas and Houston, which is anticipated to open in 2021.

The DART Board of Directors is currently in the process of initiating a long-range (2040) system plan update to outline future capital programs in addition to the core capacity program of interrelated projects. This update will strive to meet future regional growth expectations. In order for our system to fully integrate and accommodate the expected passenger demand, DART will need to advance both a second light rail alignment in the Dallas central business district and extend many of its current station platforms along the Red and Blue lines to accommodate longer trains. These projects will increase the core capacity of our system and enable it to be more sustainable and flexible in the long-term. Both of these projects are typical of core capacity needs not only in Dallas but across the country. We need a strong federal core capacity program to support our efforts.

As our ridership continues to grow, we will be operating near or in excess of our physical capacity, and above a level that provides acceptable passenger comfort and convenience. Without significant capital investment to expand the core capacity of the system, it is likely that DART will be unable to address growing demands in a fashion suitable to our customers and stakeholders.

## **Conclusion**

With the enactment of MAP-21 in 2012, the federal government identified the need for sound financial planning and asset management practices throughout the transit industry. The FTA estimated in its 2010 National State of Good Repair Assessment that the nation's transit systems have a state-of-good-repair backlog of almost \$78 billion in deferred maintenance and

replacement needs. DART has worked diligently with the FTA, other key transportation authorities, and the American Public Transportation Association to craft national guidelines for this federal policy based substantially on the practices DART has employed since its inception in 1983. MAP-21 also created a specific "State of Good Repair" grant program to help fund this mandate. DART recommends the continuation and growth of the program in the next surface transportation authorization.

Finally, DART supports any and all efforts made by the federal government to provide more stable funding to support national transportation programs. DART applauds the bipartisan leadership of the Senate Environment and Works Committee for its six-year highway bill and we look forward to working with the Banking Committee as it develops its transit title in the next bill. Toward that end, we appreciate the leadership of Transportation Secretary Foxx in the proposed "GROW America" legislation and hope the Committee will give it consideration, as well as the recommendations of the American Public Transportation Association, as you draft the transit title. Stable, predictable, and dedicated transit funding is critical to DART services. The most relevant challenge to DART's financial approach has been the volatility in the predictability of future revenues. DART relies heavily on transit formula funds, which are used to purchase rail cars and buses, improve maintenance and passenger facilities, as well as rebuild vehicles, track, and signalization systems. These funds also put decision-making in the hands of local officials, allowing for focused investment where it is needed most in order to maintain passenger safety and improve efficiency.

In conclusion, Mr. Chairman, on behalf of the 3,700 employees at DART, I would like to thank you for the opportunity you have given me here today. I stand ready to answer any questions you or any of the other members of the subcommittee may have.