



Dallas Area Rapid Transit
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May 6, 2024

The Honorable Omar Narvaez (Chair)
Council Member District 6

The Honorable Zarin D. Gracey (Vice Chair)
Council Member District 3

City of Dallas
1500 Marilla Street
Dallas, Texas 75201

Dear Council Member Narvaez and Council Member Gracey:

Thank you for your questions at the April 15, 2024, joint meeting of the Transportation & Infrastructure (TRNI) Committee and the DART Board. Below are responses to questions not directly answered during the meeting.

1. Are there bus stops in the DART system with no boardings?

DART has been consolidating bus stops for many years as part of a concerted effort and regular service changes. In 2021, DART had about 10,000 bus stops (down from about 13,000 in prior years). After implementation of the DARTzoom network in January 2022, the agency now has just under 7,000 stops.

DART Service Planning regularly monitors bus stop activity for potential consolidation. For reference, in February 2024, about 200 stops had no boarding activity, which is fewer than three percent of bus stops systemwide. Service Planning will review these in detail to identify opportunities for further consolidation or determine whether that activity is temporary because of construction or changing development. The stops are mostly spread across the entire service area, with a few clusters that Service Planning will examine more closely. Average boardings are rounded to the nearest whole number, so a bus stop that records zero boardings may actually have limited activity over that period.

Please note, bus stop spacing guidance is in DART's Board-adopted service standards. Removing a stop, even one with little to no activity, could violate those standards or result in unacceptably large gaps in access that could prevent opportunities for growing ridership in the area. Additionally, even when a stop is a good candidate for removal, riders may protest that DART is taking away an important or more easily accessible stop.

2. What percentage of the service area population rides DART? Can you provide a breakdown by city?

Based on the recent regional transit onboard survey conducted by the North Central Texas Council of Governments (NCTCOG), we know that about 72 percent of DART riders are from the city of Dallas. It is also notable that about half of all riders have no vehicle available at home, making DART a critical service for accessing employment, health care, food, and other amenities.

Based on 2022 U.S. Census data, anywhere from one to three percent of workers in each of our service area cities commute using public transportation. We know this is only partially representative of our total ridership, again based on the NCTCOG survey, which showed that a little more than 44 percent of trips were for purposes other than work (e.g., for recreation, education, shopping, etc.). This tracks with the increases in ridership on weekends, which are nearing or have exceeded pre-pandemic levels.

Data on boardings is from our automated passenger counting (APC) system that counts each person as they enter or leave a bus, light rail vehicle, or commuter rail train (unlinked trips).¹ We are not able to track the path of a single rider across the system from entry to exit (linked trips). A single person might use two or more modes of transportation on the system in a single trip, resulting in two or more boardings in the total count. Additionally, riders may have started their journey in a city outside of our service area, which we are also unable to track.

3. How much sales tax did DART collect within the city of Dallas in FY 2023? Why is that different than the amount the City collected?

In FY 2023, DART collected \$407.8 million in sales tax revenue within the city of Dallas, while the City collected \$425.5 million, per the enclosed memo to City Council from November 9, 2023. Sales tax allocations to DART's service area cities are generally greater than the corresponding allocations to DART because sales of telecommunication services (including cable and satellite TV services) are exempt from DART's sales tax.

Please note, the Comptroller's office deposits DART's sales tax allocation in a lump sum each month—it does not produce a breakdown of this amount by service area city. DART staff run Comptroller data reports each month to identify each service area city's allocation and calculate their proportionate share of DART's total sales tax receipts.

¹ Agencies that use APCs are required by the Federal Transit Administration to certify them every three years, which includes a validation of APC data against a manually collected sample.

4. What percentage of DART's budget does sales tax revenue comprise?

In the FY 2024 Annual Budget and 20-Year Financial Plan, sales tax revenues make up 75 percent of total revenues. The other 25 percent of revenues include federal formula and discretionary funding, operating revenues like passenger fares, and interest income.

5. What would be the impact to services if DART received a ¼-cent less in sales tax revenue from its service area cities?

Any reduction in the one-cent sales and use tax rate (sales tax rate) would significantly and detrimentally impact services DART provides to our region. The net impact of collecting 0.75% sales tax instead of our current 1% is \$6 billion *less* revenue over the life of the current 20-year financial plan. For context, an amount of this magnitude is equivalent to the entire capital budget for bus, light rail, and agency-wide facilities and technology projects for the next 20 years, including mission-critical items like modernizing our nearly 30-year-old light rail system, replacing our aging light rail and bus vehicles, replacing hundreds of bus shelters and benches, and investing in bus corridors to enhance speed and reliability.

While the DART Board would ultimately determine what infrastructure and services would be impacted by such a significant loss of revenue, system-wide transit service levels would be severely curtailed in any scenario, as would preventive maintenance and other activities to keep existing vehicles and infrastructure in a state of good repair.

These changes would also have broader and far-reaching economic impacts beyond DART alone. Reduced service levels would trigger reductions in DART's operations, maintenance, and administrative workforce—the majority of whom live within the DART Service Area—and severely impact the quality of DART's services, reducing ridership and therefore passenger revenues. Cuts to capital projects would reduce the need for services and construction contracts, causing additional ripples throughout the local economy and harming many businesses that do work with DART now and hope to in the future.

Please note that a change of this magnitude would require a much more comprehensive system redesign to fit within these funding constraints. However, to illustrate the effects of a ¼-cent sales tax reduction to our riders, many of whom may also be your constituents, DART Service Planning has conducted a quick analysis of the first-level impacts of such a reduction on DART services. In short, a sales tax reduction of this magnitude would reduce service levels across the entire bus and rail system to no more than 30-minute frequencies on any route, materially damaging the usefulness of the current 15 and 20-minute services on our frequent bus and light rail services.

A summary of potential impacts to bus and light rail service frequencies (in minutes) is captured in the table below.

Routes	Peak Freq.		Midday Freq.		Night/ Weekend Freq.	
	Current	New	Current	New	Current	New
Light Rail	15	30	20	30	20	30
Very Frequent Bus (1-9)	15	30	15	30	15	30
Frequent Bus (10-99)	15	30	20	30	20	60
Local Bus (100-199)	15	30	30	30	30	60
Local Coverage Bus 40 (200-299)	30	30	40	60	40	60
Local Coverage Bus 60 (200-299)	30	30	60	60	60	60
Express Bus	Varies	30	-	-	-	-

- No fixed-route service (light rail or bus) would run more often than every 30 minutes on any day, even during peak hours, effectively ending the service strategy implemented as part of the DARTzoom bus network redesign.
- Local coverage bus service (200-series routes) would drop to 60-minute frequencies during midday, and all bus service except very frequent routes (routes 1-9) would drop to 60 minutes on nights and weekends.
- Route 402 (the NorthPark Shuttle) would be discontinued, with service available along Park Lane via Route 20. All other routes are assumed to continue operations.
- Frequency changes would significantly and adversely impact how passengers navigate the system, making transfers much more challenging and dramatically increasing travel times for multi-leg journeys.

We anticipate DART would also have to substantially curtail demand response services that overlap fixed-route service, impacting large parts of the South Dallas, West Dallas, Inland Port, and Legacy West (Plano) zones, as well as portions of many others. We assume a net reduction in GoLink coverage of about 30 percent. We would also evaluate scaling back the ADA zone for paratransit service to the minimum federally mandated requirements, i.e. an area within 3/4-mile of fixed-route service and running only during the hours that fixed-route service is available.

I cannot emphasize enough the detrimental effects these types of service reductions would have on the most vulnerable populations that rely on DART to access jobs, health care, education, and more. Service reductions of this size are also likely to violate federal Title VI civil rights guidelines, due to disproportionate and disparate impacts on low-income and communities of color. In addition, reducing services to such minimal levels will reverse the substantial efforts we have made since 2022 to increase the opportunities for residents around the region to access all there is to offer within the DART Service Area with ease and convenience, and without having to own or use a personal car.

Needless to say, a proposal to reduce the sales tax revenues to DART is one I, personally, could not support, due to its broad reaching and destructive impacts to the livelihoods of our employees who serve the community, as well as the residents of our communities who rely on us every single day.

6. How are DART's debt obligations allocated to each service area city? How would a sales tax reduction impact cities' debt obligation?

DART's enabling legislation, specifically in Chapter 452, Subchapter Q, of the Texas Transportation Code, addresses the financial obligation of a city in the case of withdrawal from DART. The statute requires continued collection of sales taxes in a service area city until the "financial obligation" of that city is reduced to zero. Each city is responsible for its proportional share of DART's general financial obligation, which includes debt service payments, plus that city's specific financial obligation, less that city's share of DART's unencumbered assets. A reduction in DART's sales tax rate would not impact a city's withdrawal obligations as they relate to total debt.

7. How often does DART refinance its debt?

DART regularly monitors financial market trends for opportunities to refinance existing bonds to obtain better interest rates and/or bond conditions. Currently, DART maintains \$3.6 billion in long-term debt obligations, and the agency has issued seven series of refinancing bonds in the past five years, producing a combined debt service cash savings of \$394.8 million.

If you have any questions regarding the information provided, please contact me by email at nlee@DART.org.

Sincerely,



Nadine S. Lee
President & Chief Executive Officer

Enclosure

- c: The Honorable Jaime Resendez, City of Dallas, Council Member District 5
The Honorable Tennell Atkins, City of Dallas, Council Member District 8
The Honorable Kathy Stewart, City of Dallas, Council Member District 10
The Honorable Jaynie Schultz, City of Dallas, Council Member District 11
The Honorable Cara Mendelsohn, City of Dallas, Council Member District 12
Dr. Robert Perez, City of Dallas, Assistant City Manager
DART Board
Bernard Jackson, DART, Sr. EVP & Chief Operations Officer
Dee Leggett, DART, EVP & Chief Development Officer
Jeamy Molina, DART, EVP & Chief Communications Officer
M. Elizabeth Reich, DART, EVP & Chief Financial Officer
Kay Shelton, DART, Chief of Staff