

# Capital Metropolitan Transportation Authority

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## Summary

Created in 1985, the Capital Metropolitan Transportation Authority (Capital Metro) provides public transportation services for the Austin area and some outlying communities. These services include bus services, paratransit services for persons with disabilities, and commuter rail from Austin to Leander. Capital Metro does not receive state appropriations, and funds its operations primarily through sales tax revenues and federal transportation funds. An eight-member Board, three of whom are locally elected officials, oversees Capital Metro. Capital Metro is subject to review, but not abolishment, under the Sunset Act.

Senate Bill 650 makes needed changes in law to ensure that Capital Metro follows through in more responsibly managing its finances and reserves, lowering its excessive labor costs, and prioritizing needed maintenance of its outdated railroad bridges. The Legislature adopted the majority of the Sunset Commission's recommendations, removing only a few provisions already implemented by Capital Metro. The Legislature also added a new provision to address how to maintain services for certain people with disabilities in areas that withdrew from Capital Metro's service area. A discussion of the bill's major provisions follows.

## Sunset Provisions

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### **1. Require the Board to revamp Capital Metro's reserves and budgeting practices to ensure its finances are responsibly managed.**

Senate Bill 650 requires the Board to maintain a reserve equal to at least two months of actual operating expenses, or about \$27.5 million. The Legislature modified this provision to allow the Board five years to establish the reserve amount, but requiring Capital Metro to report to the Legislature in three years on its progress in meeting the reserve. The bill allows the Board to spend from reserves only to address unanticipated circumstances, and requires the Board to adjust reserve amounts at least once a year. The Legislature expanded on this provision by requiring the Board to post on its website the balances, deposits, expenditures, and interest income for all its financial accounts, as well as for its reserve account.

The bill requires Capital Metro to develop a new strategic plan that establishes its mission and goals, and sets policy and service priorities to drive budget development and allocation of resources. The bill also requires Capital Metro to develop a system for tracking the progress of its capital projects, and prohibits Capital Metro from spending more on these projects than provided for in the budget.

Senate Bill 650 requires the Board to develop a five-year capital improvement plan, with public comment, that links to Capital Metro's strategic goals. The capital plan must address various elements including project prioritization and proposed financing. The Legislature added that the capital plan must include policies on cost-benefit analysis of projects and participation of Historically Underutilized Businesses.

## **2. Require Capital Metro to competitively bid all transit services not directly provided by its own employees.**

Senate Bill 650 requires Capital Metro to use a competitive bidding process to contract out for any transit services not provided directly by Capital Metro employees, including bus and paratransit services, no later than September 1, 2012. This provision will effectively dissolve Capital Metro's relationship with StarTran, its in-house non-competitively bid service provider. This change should significantly reduce costs to Capital Metro, as StarTran's costs far exceed similar services provided by peer transit systems and those already competitively bid by Capital Metro. Any contracts for transit services must include performance and cost control measures, incentives for performance, penalties for non-compliance, and contract end dates. The Legislature also added a provision authorizing Capital Metro to issue bonds to help spread out the costs of pension liabilities resulting from implementing this requirement.

## **3. Enhance the ongoing safety of Capital Metro's commuter rail system.**

The bill requires Capital Metro to adopt a comprehensive rail safety plan that covers all rail activities, including commuter and freight. The safety plan must emphasize the safety of Capital Metro's railroad bridges, and include specifics such as hazard analyses, risk assessments, and safety audits. The Legislature modified this provision by requiring Capital Metro to provide the Texas Department of Transportation any rail safety-related reports that Capital Metro also provides to federal transportation agencies.

## **4. Require Capital Metro to develop a policy to more effectively engage stakeholders and to help rebuild the public's trust.**

Senate Bill 650 requires Capital Metro to develop a public involvement policy that ensures full opportunity for the public to help shape decisions on Capital Metro's plans and transportation projects. The policy must provide for public comment on issues in advance of Board decisions, an approach for obtaining input throughout the year, and information on how the public can be involved. The bill requires that Capital Metro post the public involvement policy on its website.

## **Provision Added by the Legislature**

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## **5. Require Capital Metro to provide services to certain persons with disabilities living in communities that withdrew from its service area.**

The bill requires Capital Metro to provide limited transportation services to persons with disabilities that were disabled and lived in outlying communities at the time these communities withdrew from Capital Metro's service area. These communities will pay the costs associated with providing the transportation services. This bill provision expires on January 1, 2020.

## Fiscal Implication Summary

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Senate Bill 650 will not have fiscal implications for the State, because Capital Metro does not receive state appropriations. If Capital Metro opts to contract out for transit services, this is expected to result in significant savings, as summarized in the chart below. The chart does not show a savings in 2012 because Capital Metro will need time to transition to contracting for services. The next three years show the costs to Capital Metro for paying out StarTran pension liabilities and vacation or sick leave for StarTran employees, before realizing greater savings in 2016. These estimates may vary depending on how the Board approaches the contract, particularly if the Board opts to maintain some level of current salaries and benefits during the transition.

<b>Fiscal Year</b>	<b>Savings to Capital Metro</b>	<b>Costs to Capital Metro</b>	<b>Net Savings to Capital Metro</b>
2012	\$0	\$0	\$0
2013	\$22,200,000	\$10,400,000	\$11,800,000
2014	\$22,200,000	\$6,000,000	\$16,200,000
2015	\$22,200,000	\$6,000,000	\$16,200,000
2016	\$22,200,000	\$0	\$22,200,000

