

Capital Metropolitan Transportation Authority Quadrennial Performance Review Fiscal Years 2008-2011

Prepared for
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Executive Summary

Texas Transportation Code Section 451.454 requires transit authorities created under Section 451 to examine every four years the agency's compliance with applicable state law and trends in key performance indicators ("the quadrennial performance review"). The purposes of the review are to provide information necessary for state and local officials to oversee agency functions and to provide information to the authority to assist in making changes for the improvement of the efficiency and effectiveness of authority operations.

The statute also requires transit authorities to examine topics related to agency administration and management, operations, and/or system maintenance. In 2010, the Sunset Advisory Commission conducted a review of Capital Metro with a focus on transit operations, and recently completed a follow-up review to confirm implementation of the recommendations resulting from the Sunset Commission report. Capital Metro did not authorize a separate examination for this quadrennial period because such an effort would be redundant to the review by the Sunset Advisory Commission.

The quadrennial review must be conducted by a third-party with experience in reviewing the performance of transit agencies. Capital Metro requested the Texas A&M Transportation Institute (TTI) to calculate the authority's performance indicators for fiscal years (FY) 2008-2011, using FY 2007 as the base year, and verify compliance with applicable state law. TTI provides expertise in performance analysis for numerous transportation modes, including transit, and TTI worked with the Authority during the past two years for tasks related to the contracting of transit service (except vanpool) as requirements of the Sunset Review (Texas Transportation Code 451.459, added by Acts 2009, 81st Legislature) and Senate Bill 650 (Texas Transportation Code 451.131 through 451.139, added by Acts 2011, 82nd Legislature). Based on this previous work, TTI has access to numerous databases to expeditiously document the data and information required for the performance review.

Context

During the reporting period fiscal years 2008-2011, Capital Metro initiated MetroRail service in March 2010. The Consumer Price Index (CPI) for all urban consumers in the South increased 9.1 percent during the same four-year period, and the unemployment rate in the Austin metropolitan area increased from 3.7 percent in 2007 to a high of 7.1 percent in 2010 and 6.9 percent in 2011. Also during this period, Capital Metro began the process to privatize all transit services (except vanpool). As of August 2012, Capital Metro does not directly operate any motor bus, demand response, or rail service.

Summary of Findings

Statute requires monitoring the following performance indicators:

- Operating cost per passenger.
- Operating cost per revenue hour.
- Operating cost per revenue mile.
- Sales and use tax receipts per passenger.

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- Fare recovery rate.
- Average vehicle occupancy.
- On-time performance.
- Number of accidents per 100,000 miles.
- Number of miles between mechanical road calls.

Overall, cost-related performance indicators reflect an increase in operating cost per hour, per mile and per passenger from the end of the previous quadrennial performance period in 2007 to 2011. Motor bus (fixed route bus) and demand response revenue hours and revenue miles increased almost 2 percent, while total operating cost for motor bus and demand response increased 7 percent from 2007 to 2011. By comparison, the CPI increased 9.1 percent during the same period. Expenses for fuel and vehicle maintenance costs for an aging fleet contributed to the rise in operating expenses. Seventy-five percent of all operating cost in 2011 was allocated to motor bus, 17 percent to demand response, 6 percent to rail, and 2 percent to demand response taxi.

Capital Metro introduced a new rail mode in 2010 and operating expenses for rail increased Capital Metro's total operating cost about 7 percent in 2011. Rail passengers increased more than threefold from 121,000 riders the first partial year of service in 2010 to 378,000 riders in 2011.

A series of fare structure changes resulted in increased revenues and a higher fare recovery rate. Sales and use tax receipts per passenger decreased slightly because ridership increased faster than sales tax revenues. From 2002 to 2011, sales tax revenues increased 35 percent; however, from 2007 to 2011, sales tax revenues increased one percent, reflecting the downturn in the economy during the period.

On-time performance was lower for motor bus, but improving for other modes (demand response and rail). Average vehicle occupancy increased for all modes, reflecting an improvement in the effective use of the agency's vehicle assets. At the same time, the number of vehicle accidents/passenger incidents per 100,000 miles was significantly lowered (improved). The miles between mechanical road calls decreased (did not improve). The aging fleet contributed to lower performance for this indicator. The motor bus average fleet age increased from 7.29 years of service in 2007 to 9.21 years of service in 2011. The Capital Metro five-year Capital Improvement Plan for 2012-2017 reflects investments in a bus replacement program.

The Capital Metro Board and staff work diligently to comply with all provisions of the statutes governing the Authority's policies and procedures. The 2012 quadrennial review did not find any failure to comply with current provisions of Texas Transportation Code 451 and requirements as of December 2012, including requirements of the Sunset Review (Texas Transportation Code 451.459, added by Acts 2009, 81st Legislature) and Senate Bill 650 (Texas Transportation Code 451.131 through 451.139, added by Acts 2011, 82nd Legislature).

Capital Metro is making significant progress toward meeting the Section 451.134 requirement to maintain at least two months of operating reserves (approximately \$28 million) by September 1, 2016. The Capital Metro staff anticipated the ending balance for fiscal 2013 will be approximately \$26.7 million under current projections. Longer term financial projections are being prepared.

Performance Indicators 2008-2011

The purpose of this section of the report is to document the following performance indicators for 2008-2011 in accordance with Texas Transportation Code Section 451.454 statutory requirements:

- Operating cost per passenger.
- Operating cost per revenue hour.
- Operating cost per revenue mile.
- Sales and use tax receipts per passenger.
- Fare recovery rate.
- Average vehicle occupancy.
- On-time performance.
- Number of accidents per 100,000 miles.
- Number of miles between mechanical road calls.

The report also documents the trend in performance for each indicator for a 10-year period from 2002 through 2011. TTI reviewed the performance indicators reflected in the last quadrennial performance 2004-2008 by Cambridge Systematics, Inc., dated December 2008. Cambridge Systematics collected data from 1998 to 2007 to obtain a more complete picture of Capital Metro's operations and performance trend over time. TTI reviewed the same historical trend data and added data for 2008-2011. TTI identified a few differences in source data or methodology for calculations. These differences are not significant to the final performance report or trend analysis; however, the differences are documented for the record in the Appendix to this report. Throughout the body of this report, the data and calculations reflect the TTI documented sources and calculations.

Sources of Data

The primary source of data for the Capital Metro quadrennial performance review is the National Transit Database (NTD). The NTD is the nation's source for information and statistics on the transit systems of the United States. Recipients or beneficiaries of grants from the Federal Transit Administration (FTA) are required by statute to submit data to the NTD. Each year, NTD performance data are used to apportion over \$5 billion of FTA funds to transit agencies in urbanized areas. Annual NTD reports are submitted to Congress summarizing transit service and safety data. FTA audits each transit agency's annual NTD data to ensure compliance with statute.

Not all data for the performance indicators are available in the annual NTD reports. Capital Metro provided data for accidents, passenger incidents, and on-time performance. The source of the accident rates for 2002-2006 is the previous Quadrennial Performance Review by Cambridge Systematics, Inc. Table 1 summarizes the data elements and the sources for the data for calculation of the performance indicators required for this report.

Table 1. Sources of Data for Capital Metro's Quadrennial Performance Review 2008-2011

Source	Data Element	Data Record	Fiscal Years
National Transit Database	Operating Expenses	Form F30	2002-2011
	Unlinked Passenger Trips	Form S10	2002-2011
	Vehicle Revenue Hours	Form S10	2002-2011
	Vehicle Revenue Miles	Form S10	2002-2011
	Directly Operated Total Vehicle Miles	Form S10	2002-2011
	Passenger Miles	Form S10	2002-2011
	Fare Revenues	Form F10	2002-2011
	Sales and Use Tax Receipts	Form F10	2002-2011
	Mechanical System Failures	Form R20	2002-2011
Capital Metro	On-Time Performance	Pointcheck Summary/Trapeze	2002-2011
	Accident Rate	Quadrennial Review, Cambridge	2002-2006
	Accidents and Incidents	Accident Almanac	2007-2011

Source: TTI

Capital MetroRail was inaugurated in March 2010. Daily ridership during the first nine months was approximately 800 riders per weekday, and ridership doubled to 1,600 by the first anniversary. Capital Metro added additional runs during midday beginning in mid-January 2011.

Types of Operators and Transit Modes

The NTD classifies data under different modes of transit and by type of operator. In recent years, NTD is adding modes to reflect the differences in performance for different service types and new technology. The types of operator are directly operated or purchased transportation. Table 2 summarizes the classifications for transit modes by type of operator as reflected in the Capital Metro performance indicators in this report. Vanpool data are reported but excluded in the performance indicators.

Table 2. Classifications for Operator and Transit Mode

Type of Operator	Mode	Fiscal Years
Directly Operated	Motor Bus	2002-2011
	Demand Response	2002-2011
	Vanpool	2002-2011
Purchased Transportation	Motor Bus	2002-2011
	Demand Response	2002-2011
	Demand Response Taxi	2010-2011
	Rail - Commuter Rail	2010
	Rail - Hybrid Rail	2011

Source: TTI

The following narrative documents the use of terms describing Capital Metro transit services by type of operator and by transit mode. Notations indicate variations in how NTD data are reported in various fiscal years.

Type of Operator

- **Directly operated (DO)** - Transportation service provided directly by a transit agency, using their employees to supply the necessary labor to operate the revenue vehicles. All services provided by StarTran, Inc. for Capital Metro were reported as directly operated transit services, although StarTran employees were not direct employees of the agency.
Note: Capital Metro will no longer report transit services (other than vanpool) as a directly operated service after the 2012 NTD report year.
- **Purchased transportation (PT)** - Transportation service provided to a public transit agency from a public or private transportation provider based on a written contract. The provider is obligated in advance to operate public transportation services for a public transit agency for a specific monetary consideration, using its own employees to operate revenue vehicles. During this quadrennial review period, Capital Metro purchased transportation from private contractors First Transit and Veolia for fixed-route (motor bus), and LeFleur Transportation for demand response. Capital Metro also purchased transportation from Capital Area Rural Transportation System (CARTS), and a taxi company, Greater Austin Transportation Company.
Note: After the 2012 NTD report year, Capital Metro will report all transit services (except vanpool) as purchased transportation.

Transit Modes

- **Motor bus (MB)** - Transit comprised of rubber-tired passenger vehicles operating on fixed routes and schedules over roadways.
Notes: All Capital Metro fixed route transit services 2002-2011 are classified as MB. As of 2012, NTD will separately report fixed route transit services that are commuter bus (CB), bus routes primarily connecting outlying areas with a central city through bus service that operates with at least five miles of continuous closed-door service. In 2014, Capital Metro will introduce bus rapid transit (BRT) as a new mode of fixed route transit.
- **Demand response (DR)** - Shared use transit service operating in response to calls from passengers or their agents to the transit operator, who schedules a vehicle to pick up the passengers to transport them to their destinations. Capital MetroAccess is classified as DR.
- **Demand response taxi (DRT)** - A special form of the demand response mode operated through taxicab providers. The mode is always a purchased transportation type of service.
Notes: As of 2010, NTD separately reports DRT; prior to 2010, Capital Metro included demand response by taxi in the DR mode for NTD reporting in 2008 and 2009.
- **Commuter rail (CR)** - A transit mode that is an electric or diesel propelled railway for urban passenger train service consisting of local short distance travel operating between a central city transit operator for the purpose of transporting passengers within urbanized areas, or between urbanized areas and outlying areas. Such rail service does not include heavy rail rapid transit or light rail/streetcar transit service.
Note: NTD classified Capital MetroRail as CR in 2010.

- Hybrid rail (YR) - A rail system primarily operating routes on the national system of railroads, but not operating with the characteristics of commuter rail. This service typically operates light rail-type vehicles as diesel multiple-unit trains (DMUs). These trains do not meet Federal Railroad Administration (FRA) standards, and so must operate with temporal separation from freight rail traffic.

Note: NTD revised the definition of rail modes in 2011. NTD classified Capital MetroRail as YR in 2011.

- Vanpool (VP) - A transit mode comprised of vans operating as a ride sharing arrangement, providing transportation to a group of individuals (minimum seven including the driver) traveling directly between homes and a regular destination.

Notes: Vanpool is a transit service for NTD reporting if the mode meets the requirements for public transportation and is publicly sponsored. Capital Metro reports the vanpool program as a directly operated transit service, and FTA uses the NTD performance data including vanpool to apportion FTA funds to transit agencies. However, Texas statute excludes the vanpool mode from the data included in the Section 451.454 performance indicators.

Performance Indicators – Summary of Findings

Overall, cost-related performance indicators reflect an increase in operating cost from the end of the previous quadrennial performance period in 2007 to 2011. Motor bus (fixed route bus) and demand response revenue hours and revenue miles increased almost 2 percent, while total operating cost for motor bus and demand response increased 7 percent from 2007 to 2011. The Capital Metro increase in operating expenses for motor bus and demand response was less than the increase in the CPI.

- Cost per passenger for all modes (except vanpool) increased 12 percent from \$3.94 in 2007 to \$4.40 per passenger in 2011. The cost per passenger for motor bus and demand response only (excluding rail and vanpool) increased 6 percent from \$3.94 in 2007 to \$4.17 in 2011 for a compound annual growth rate of 1.4 percent.
- Operating cost per revenue hour for all modes (except vanpool) increased 11 percent from 2007 to 2011. Revenue hours of service for all modes (except vanpool) increased from 1.373 million hours in 2007 to 1.409 million hours in 2008; however, revenue hours decreased in 2009 and 2010. Revenue hours increased again in 2011 to 1.407 million hours, in part due to the introduction of new rail service.
- Generally consistent with revenue hours, revenue miles of service increased 1.6 percent from 18.1 million miles in 2007 to 18.4 million miles in 2011. Motor bus (fixed route) revenue miles increased 2.4 percent from 2007 to 2011, and demand response (including taxi) decreased 4.8 percent. The operating cost per revenue mile for all modes (except vanpool) increased 12 percent from \$7.34 in 2007 to \$8.25 in 2011. Rail revenue miles represented about 1 percent of all Capital Metro service in 2011.
- Sales tax revenues increased 35 percent from 2002 to 2011; however, sales tax revenues increased 1 percent from 2007 to 2011. The slow growth reflects the downturn in the local economy. During the same period, the Capital Metro passenger trips for all modes (except

vanpool) increased 2 percent. Sales and use tax receipts per passenger trip decreased 2 percent from \$4.46 per passenger trip in 2007 to \$4.38 per passenger trip in 2011 for a compound annual growth rate of -0.4 percent.

- With a series of fare structure revisions in 2008, 2010 and 2011, the Capital Metro passenger fare revenues for all modes (except vanpool) increased 47 percent from 2007 to 2011. New rail service contributes to the increase in fare revenues. Motor bus and demand response fare revenues (excluding rail and vanpool) increased 38 percent from 2007 to 2011, for a compound annual growth rate of 8.5 percent.
- Average vehicle occupancy increased 10 percent from 2007 to 2011 for all modes (excluding vanpool) and increased 6 percent for motor bus, demand response and taxi (excluding rail and vanpool).
- On-time performance for motor bus was 89.8 percent in 2007 and 89.6 percent in 2009, but decreased to 88.1 percent in 2010. On-time performance in 2011 was consistent with the previous year. Demand response on-time performance increased to 88.7 percent in 2008 and 95.2 percent in 2011. Rail on-time performance was 99.2 percent in 2011.
- Accidents per 100,000 miles for directly operated motor bus and demand response decreased 11 percent from 2007 to 2011.
- Miles between road calls for directly operated motor bus and demand response decreased 18 percent from 2007 to 2011. Major mechanical failures and other mechanical failures increased 15 percent and 7 percent, respectively, from 2007 to 2011 while vehicle miles directly operated for motor bus and demand response decreased 6 percent. The aging of the Capital Metro motor bus subfleet, contributed to the decrease in miles between road calls.

Table 3 provides a summary of the trend by performance metric and the reference in this report.

Table 3. Summary Capital Metro Trends by Performance Indicator
FY 2007 - 2011

Performance Indicator	Report Reference	Percent Increase (Decrease) 2007 to 2011			
		All Modes Except Vanpool	MB, DR and DRT Only	MB Only	Directly Operated MB Only
Operating cost per passenger	Table 9	12%	6%		
Operating cost per revenue hour	Table 11	11%	5%		
Operating cost per revenue mile	Table 13	12%	6%		
Sales and use tax receipts per passenger	Table 14	(2%)			
Fare recovery rate	Table 16	28%			
Average vehicle occupancy	Table 19	10%	6%		
On-time performance	Table 20			(2%)	
Number of accidents per 100,000 miles	Table 21				(11%)
Miles between mechanical road calls	Table 22				(18%)

Operating Cost per Passenger

According to the instructions for computation of performance indicators in Texas Transportation Code Section 451.455, an authority's operating cost per passenger is computed by dividing the authority's annual operating cost by the passenger trips for the same period. For the purpose of reporting performance indicators, operating cost means the authority's costs of providing public transit service, including purchased transportation not performed by the authority, but excluding the costs of:

- depreciation, amortization, and capitalized charges;
- charter bus operations; and
- coordination of carpool and vanpool activities.

Passenger trips means the number of all passenger boardings, including transfers, but excluding charter passengers and carpool and vanpool passengers whose trips are only coordinated by the authority. In NTD terms, the equivalent term for passenger trips is “unlinked passenger trips.”

Table 4 presents Capital Metro operating cost by type of operator (directly operated and purchased transportation) and by transit mode (motor bus, demand response, demand response taxi, rail, and vanpool).

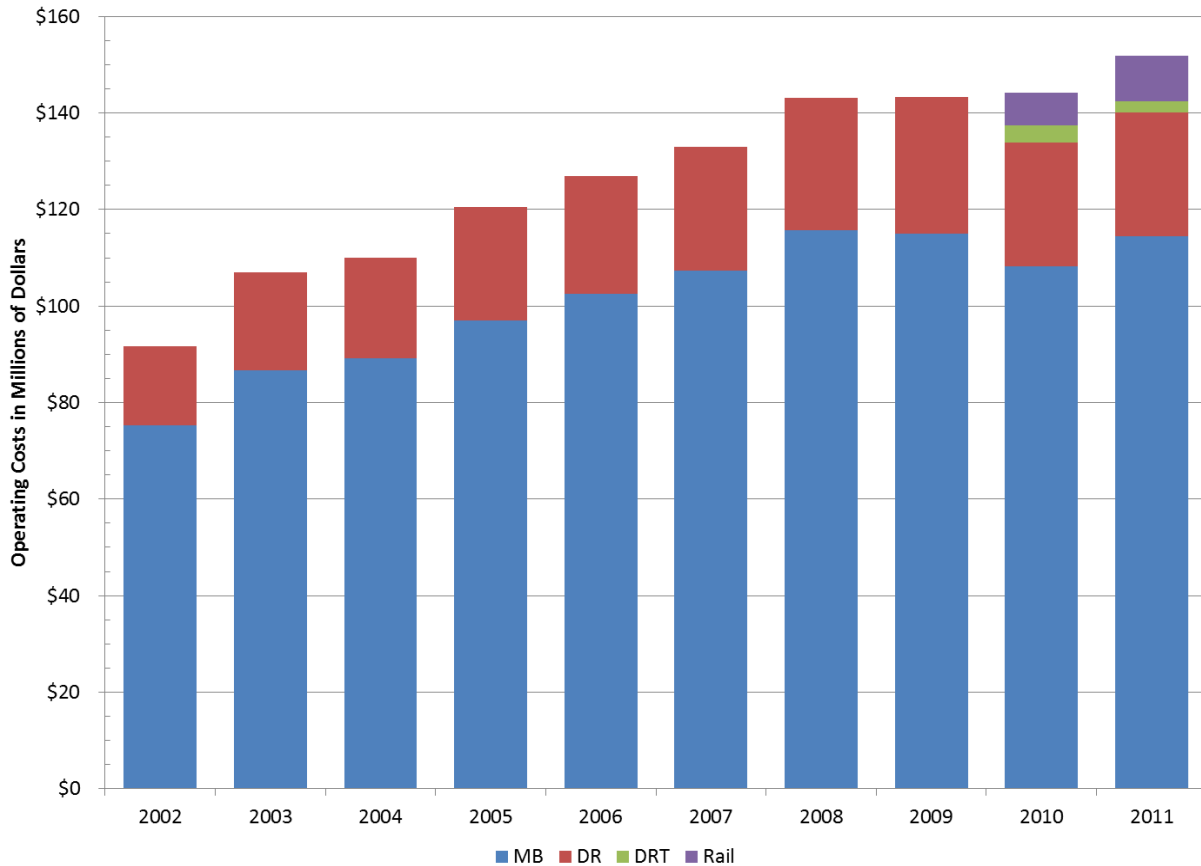
Table 4. Capital Metro Annual Operating Cost by Operator and by Transit Mode
FY 2002 - 2011 in Millions of Dollars

Year	Directly Operated		Purchased Transportation				All Modes Except Vanpool	Vanpool
	Motor Bus	Demand Response	Motor Bus	Demand Response	Demand Response Taxi	Rail		
2002	\$58.1	\$14.7	\$17.2	\$1.6			\$91.6	\$0.6
2003	\$68.1	\$18.0	\$18.6	\$2.2			\$106.9	\$0.7
2004	\$73.0	\$18.1	\$16.2	\$2.7			\$110.0	\$0.8
2005	\$79.9	\$21.1	\$17.1	\$2.4			\$120.5	\$0.9
2006	\$82.1	\$21.0	\$20.4	\$3.4			\$126.9	\$1.2
2007	\$83.6	\$22.5	\$23.7	\$3.2			\$133.0	\$1.4
2008	\$86.7	\$24.1	\$28.9	\$3.4			\$143.1	\$1.6
2009	\$84.1	\$24.2	\$31.0	\$4.2			\$143.4	\$1.5
2010	\$76.2	\$25.6	\$32.0	\$0.1	\$3.5	\$6.9	\$144.2	\$1.2
2011	\$80.2	\$24.6	\$34.3	\$1.0	\$2.4	\$9.4	\$151.9	\$1.2
CAGR 2002-2011							5.8%	
CAGR 2007-2011							3.4%	
CAGR 2007-2011 w/o Rail							1.7%	
Percent Change 2002 to 2011							66%	
Percent Change 2007 to 2011							14%	
Percent Change 2007 to 2011 w/o Rail							7%	

Source: National Transit Database, Form F30

CAGR = Compound Annual Growth Rate

Capital Metro operating cost for all modes except vanpool increased 14 percent from 2007 to 2011, or 3.4 percent compounded annual growth rate. Capital Metro introduced rail transit in March 2010, and so the performance data for the rail mode in 2010 represent a partial year for the start-up of service. Seventy-five percent of all operating cost in 2011 was allocated to motor bus, 17 percent to demand response, 6 percent to rail, and 2 percent to demand response tax. These data are illustrated in Figure 1.



Source: National Transit Database

Figure 1. Capital Metro Operating Cost by Mode

Understanding the increases in operating cost requires further analysis. Table 4 documents the change in expense by function for the motor bus, demand response and demand response tax modes. The revenue hours of service for these modes increased 2 percent from 2007 to 2011. Total operating cost for motor bus and demand response increased 7 percent from 2007 to 2011. By comparison, the Consumer Price Index (CPI) for all urban consumers in the South increased 9.1 percent during the same

four-year period.¹ Even without adjusting for the increase in revenue hours, the Capital Metro increase in operating expenses was less than the increase in the CPI.

Table 5 also documents the increase in operating cost attributed to the new rail mode. The rail mode increased Capital Metro total revenue hours 0.5 percent in 2011 and increased total operating cost 7 percent.

Table 5. Capital Metro Annual Operating Cost by Function and Transit Mode
FY 2007 – 2011

Cost by Function for MB, DR and DRT	2007	2008	2009	2010	2011	% of Total in 2011	2007 - 2011	
							\$ Change	% Change
Vehicle Operations	\$75.8	\$82.9	\$80.2	\$75.9	\$82.7	58%	\$6.9	9%
Vehicle Maintenance	\$25.8	\$26.9	\$29.3	\$29.0	\$28.7	20%	\$3.0	11%
Non-Vehicle Maintenance	\$3.7	\$3.5	\$4.2	\$4.3	\$4.5	3%	\$0.8	22%
General Administrative	\$27.7	\$29.7	\$29.7	\$28.1	\$26.5	19%	(\$1.1)	-4%
Total for MB, DR and DRT	\$133.0	\$143.1	\$143.4	\$137.3	\$142.5	100%	\$9.5	7%
New Mode: Rail				\$6.9	\$9.4	7%	\$9.4	
Total All Modes (Except Vanpool)	\$133.0	\$143.1	\$143.4	\$144.2	\$151.9		\$18.9	14%

Source: National Transit Database, Forms F30 and F40

Table 5 above reports the operating cost for motor bus, demand response and demand response taxi modes by four functional areas: vehicle operations, vehicle maintenance, non-vehicle maintenance and general administration. Vehicle operations expenses are 58 percent of total cost for the motor bus and demand response modes. The 9 percent increase in vehicle operations cost is consistent with the 9.1 percent increase in the CPI for the period 2007 to 2011. Vehicle maintenance expenses were 20 percent of total cost in 2011 and increased 11 percent as compared to 2007, while non-vehicle maintenance expenses (3 percent of total cost) increased 22 percent. Representing 19 percent of total cost, general administrative expenses declined 4 percent from 2007 to 2011.

A factor for the increase in vehicle maintenance cost was the age of the Capital Metro fleet. The motor bus (fixed-route) average fleet age increased from 7.29 years of service in 2007 to 9.21 years of service in 2011.² An older fleet means additional requirements for inspections and repairs that necessarily increase the expenses for the vehicle maintenance function. The Capital Metro five-year Capital Improvement Plan for 2012-2017 reflects investments in a significant bus replacement program.

¹ U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers, South Area, 2002-2012.

² Calculated by TTI using National Transit Database, Form A30.

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Table 6 provides additional analysis of the changes in annual operating cost by expense line item for the cost of motor bus, demand response and demand response taxi. Table 6 also documents the increase in operating cost attributed to the new rail mode. Rail increased the operating cost for all modes (except vanpool) by 7 percent.

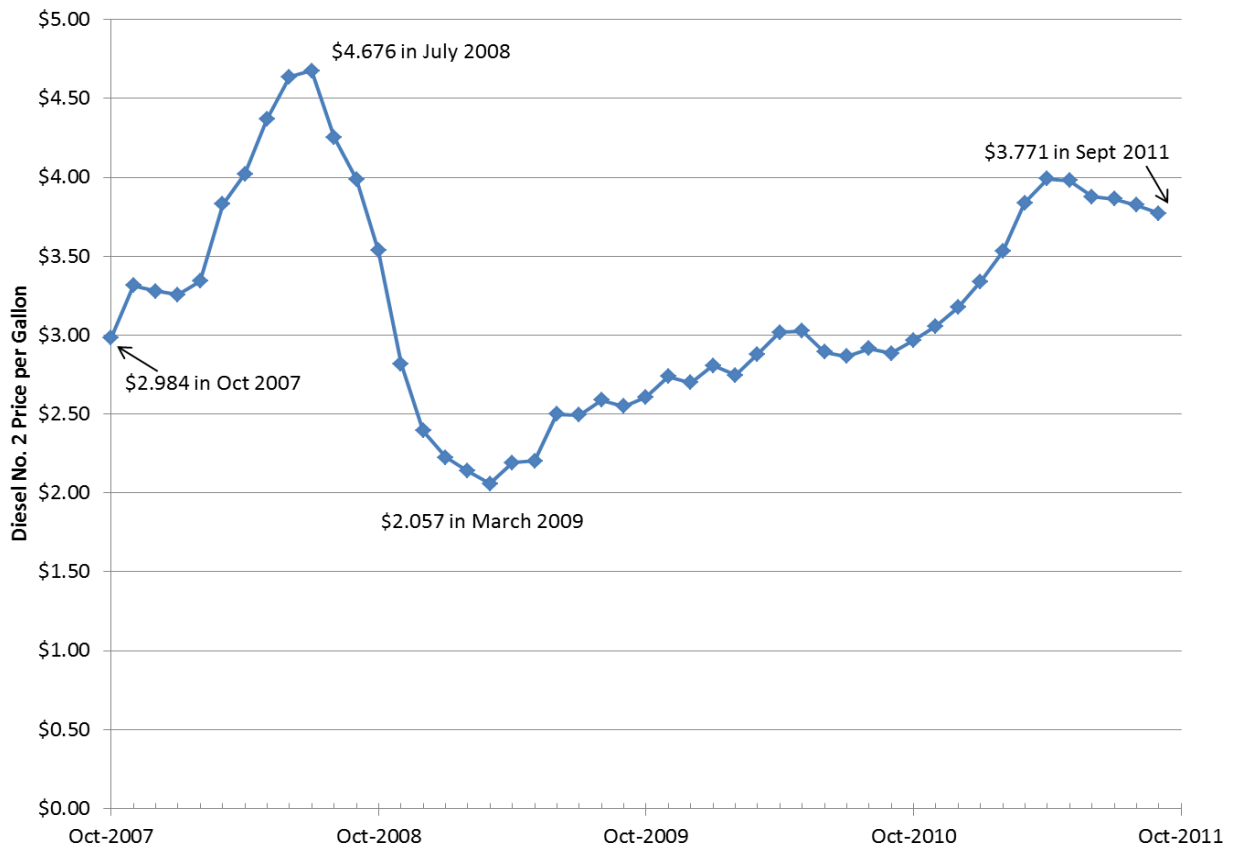
Table 6. Capital Metro Annual Operating Cost by Expense Line Item and Transit Mode
FY 2007 – 2011

Cost by Expense Line Item for MB, DR and DRT	2007	2008	2009	2010	2011	% of Total in 2011	2007 - 2011	
							\$ Change	% Change
Operators' Salaries/Wages	\$24.1	\$24.6	\$24.2	\$24.4	\$25.6	18%	\$1.5	6%
Other Salaries/Wages	\$22.0	\$24.0	\$25.7	\$23.9	\$24.4	17%	\$2.4	11%
Fringe Benefits	\$32.8	\$32.2	\$35.0	\$30.7	\$31.6	22%	(\$1.2)	-4%
Services	\$11.7	\$12.7	\$12.5	\$11.8	\$10.1	7%	(\$1.7)	-14%
Fuel/Lube	\$10.4	\$16.5	\$9.6	\$10.5	\$14.5	10%	\$4.1	39%
Tires/Tubes	\$0.7	\$0.9	\$0.9	\$0.9	\$0.8	1%	\$0.1	18%
Other Materials/Supplies	\$6.9	\$7.3	\$7.9	\$6.8	\$6.8	5%	(\$0.1)	-2%
Utilities	\$1.0	\$1.3	\$1.5	\$1.7	\$1.5	1%	\$0.5	45%
Casualty/Liability Costs	\$1.0	\$0.9	\$1.1	\$1.2	\$1.2	1%	\$0.2	25%
Taxes	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	1%	(\$0.0)	-3%
Purchased Transportation	\$18.7	\$19.5	\$22.6	\$23.2	\$23.8	17%	\$5.1	27%
Miscellaneous Expenses	\$2.5	\$2.1	\$1.5	\$1.3	\$1.2	1%	(\$1.4)	-54%
Total for MB, DR and DRT	\$133.0	\$143.1	\$143.4	\$137.3	\$142.5	100%	\$9.5	7%
New Mode: Rail				\$6.9	\$9.4	7%		
Total All Modes (Except Vanpool)	\$133.0	\$143.1	\$143.4	\$144.2	\$151.9		\$18.9	14%

Source: National Transit Database, Forms F30 and F40

Several expense line items decreased from 2007 to 2011, for example, fringe benefits and services. The largest dollar increase was purchased transportation services, followed by fuel and lubricants.

During the period for analysis, the price of diesel fuel in the Gulf Coast Region was unstable, as illustrated in Figure 2. The price per gallon was \$2.984 in October 2007, the first month of fiscal 2008. The price per gallon increased to as high as \$4.676 in July 2008 and decreased to as low as \$2.057 in March 2009. The diesel fuel price was \$3.771 per gallon in September 2011 at the end of fiscal 2011, up 26 percent over October 2007.³



Source: Energy Information Administration, PADD3 Gulf Coast Region

Figure 2. Gulf Coast No 2 Diesel Prices 2007 - 2011

³ Reflects retail prices for diesel fuel as published by the Energy Information Administration for PADD 3, Gulf Coast Region for the period 2007 through 2011. The data are not actual prices paid by Capital Metro.

Table 7 presents Capital Metro passenger trips by type of operator (directly operated and purchased transportation) and by transit mode (motor bus, demand response, demand response taxi, rail, and vanpool).

Table 7. Capital Metro Unlinked Passenger Trips by Operator and by Transit Mode
FY 2002 - 2011 in Millions

Year	Directly Operated		Purchased Transportation					All Modes Except Vanpool	Vanpool
	Motor Bus	Demand Response	Motor Bus	Demand Response *	Demand Response Taxi **	Rail			
2002	22.8	0.4	12.1	0.003			35.3	0.26	
2003	24.2	0.4	12.4	0.003			37.0	0.24	
2004	24.1	0.4	10.9	0.002			35.5	0.24	
2005	23.0	0.4	9.5	0.002			32.9	0.29	
2006	25.9	0.4	8.6	0.187			35.0	0.34	
2007	23.5	0.4	9.5	0.252			33.7	0.32	
2008	24.7	0.5	11.6	0.239			37.1	0.35	
2009	25.7	0.4	12.7	0.258			39.1	0.32	
2010	22.7	0.5	12.2	0.005	0.190	0.121	35.6	0.26	
2011	21.0	0.5	12.5	0.056	0.126	0.378	34.5	0.23	
CAGR 2002-2011							-0.3%		
CAGR 2007-2011							0.6%		
CAGR 2007-2011 w/o Rail							0.3%		
Percent Change 2002 to 2011							-2%		
Percent Change 2007 to 2011							2%		
Percent Change 2007 to 2011 w/o Rail							1%		

* Purchased Transportation Demand Response (DR) Passenger Trips 2002-2006 may not be accurately reported

** Demand Response Taxi (DRT) included in Purchased DR 2006-2009

Source: National Transit Database, Form S10

Rail passengers increased more than threefold from 121,000 riders the first partial year of service in 2010 to 378,000 riders in 2011. Capital Metro ridership for motor bus and demand response (excludes rail and vanpool) increased 1 percent from 2007 to 2011. A contributing factor for the relatively slow growth in transit ridership was the local economy. Table 8 illustrates the increase in the 12-month average monthly unemployment rate for the Austin area beginning 2007.

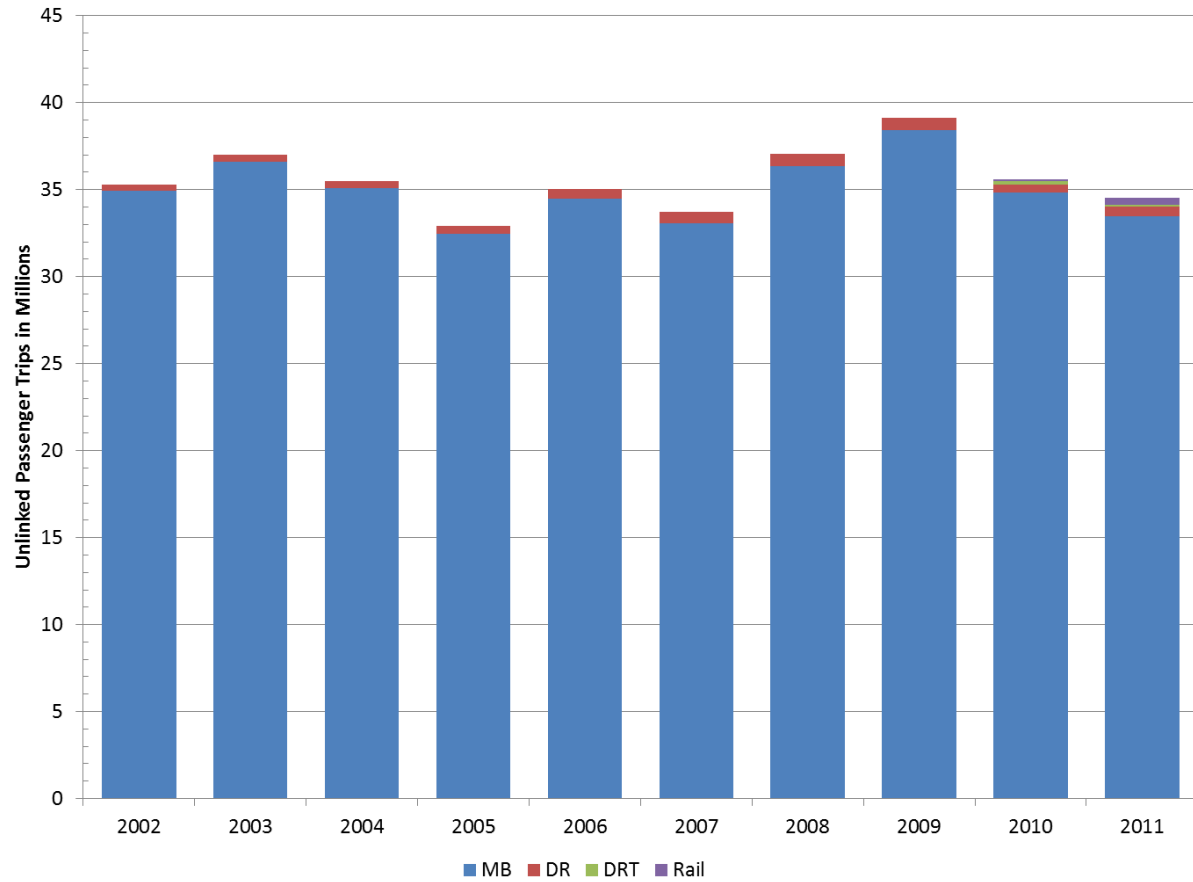
Table 8. Fiscal Year Average 12-month Unemployment Rate
Austin-Round Rock-San Marcos Metropolitan Statistical Area

Fiscal Year	2007	2008	2009	2010	2011
12-month Average Monthly Unemployment Rate	3.7%	4.1%	6.3%	7.1%	6.9%

Source: U.S. Department of Labor, Bureau of Labor Statistics. Local Area Unemployment Statistics.

<http://www.bls.gov/lau/metrossa.htm>

Figure 3 illustrates Capital Metro trend in passenger trips by mode. Of all passenger trips in 2011, 97 percent were on motor bus, 1.5 percent on demand response, 1.1 percent on rail, and the rest on demand response taxi.



Source: National Transit Database

Figure 3. Capital Metro Unlinked Passenger Trips by Mode

Table 9 provides Capital Metro's operating cost per passenger trip by operator and by transit mode.

Table 9. Capital Metro Operating Cost per Passenger Trip by Operator and by Transit Mode
FY 2002 - 2011

Year	Directly Operated		Purchased Transportation				All Modes	
	Motor Bus	Demand Response	Motor Bus	Demand Response	Taxi **	Rail	Except Vanpool	Vanpool
2002	\$2.54	\$38.27	\$1.42	*			\$2.59	\$2.48
2003	\$2.81	\$46.41	\$1.50	*			\$2.89	\$2.96
2004	\$3.02	\$44.75	\$1.48	*			\$3.10	\$3.27
2005	\$3.48	\$48.98	\$1.80	*			\$3.66	\$3.02
2006	\$3.17	\$53.07	\$2.38	\$18.17			\$3.62	\$3.49
2007	\$3.56	\$53.27	\$2.48	\$12.65			\$3.94	\$4.32
2008	\$3.51	\$50.55	\$2.48	\$14.18			\$3.86	\$4.50
2009	\$3.27	\$54.27	\$2.43	\$16.13			\$3.66	\$4.64
2010	\$3.36	\$54.33	\$2.63	\$13.21	\$18.53	\$57.05	\$4.05	\$4.70
2011	\$3.82	\$52.87	\$2.75	\$17.92	\$19.20	\$24.86	\$4.40	\$5.43
CAGR 2002-2011							6.0%	
CAGR 2007-2011							2.8%	
CAGR 2007-2011 w/o Rail							1.4%	
Percent Change 2002 to 2011							70%	
Percent Change 2007 to 2011							12%	
Percent Change 2007 to 2011 w/o Rail							6%	

* Purchased Transportation DR Passenger Trips 2002-2006 may not be accurately reported

** DRT included in Purchased Transportation DR 2006-2009

Source: National Transit Database, Forms F30 and S10

Cost per passenger for all modes except vanpool increased 12 percent from \$3.94 per passenger in 2007 to \$4.40 per passenger in 2011. This reflects a 14 percent increase in costs (see Table 4) and 2 percent increase in passenger trips (see Table 7). The compound annual growth rate was 2.8 percent.

The cost per passenger for motor bus and demand response only (excluding rail and vanpool) increased 6 percent from \$3.94 per passenger in 2007 to \$4.17 per passenger in 2011. The compound annual growth rate was 1.4 percent.

Operating Cost per Revenue Hour

Operating cost per revenue hour is computed by dividing the authority's annual operating cost by the total of scheduled hours that authority revenue vehicles are in revenue service for the same period. Revenue service means the time an authority revenue vehicle is in service to carry passengers, other than charter passengers. A revenue vehicle means a vehicle operated by an authority or as a purchased service that is used to carry paying passengers. Revenue hours do not include hours that a vehicle is not available for transporting passengers, for example the time for travel to/from the operating facility and the start/end of revenue service.

Operating cost data are reported in Table 3, and revenue hours are documented in Table 10 by type of operator and by transit mode.

Table 10. Capital Metro Revenue Hours by Operator and by Transit Mode
FY 2002 - 2011 in Millions

Year	Directly Operated		Purchased Transportation					All Modes Except Vanpool	Vanpool
	Motor Bus	Demand Response	Motor Bus	Demand Response *	Demand Response Taxi **	Rail			
2002	0.85	0.19	0.26	0.001			1.294	0.05	
2003	0.87	0.20	0.26	0.001			1.336	0.04	
2004	0.86	0.21	0.25	0.001			1.314	0.04	
2005	0.82	0.22	0.24	0.001			1.283	0.05	
2006	0.78	0.20	0.26	0.000			1.242	0.06	
2007	0.78	0.21	0.31	0.073			1.373	0.05	
2008	0.79	0.23	0.32	0.068			1.409	0.05	
2009	0.76	0.21	0.34	0.081			1.397	0.06	
2010	0.68	0.23	0.36	0.003	0.050	0.003	1.329	0.05	
2011	0.69	0.24	0.40	0.031	0.036	0.008	1.407	0.04	
CAGR 2002-2011							0.9%		
CAGR 2007-2011							0.6%		
CAGR 2007-2011 w/o Rail							0.5%		
Percent Change 2002 to 2011							9%		
Percent Change 2007 to 2011							2.5%		
Percent Change 2007 to 2011 w/o Rail							2%		

* Purchased Transportation DR Revenue Hours 2002-2006 may not be accurately reported

** DRT included in Purchased Transportation DR 2006-2009

Source: National Transit Database, Form S10

Revenue hours of service for all modes except vanpool increased from 1.373 million hours in 2007 to 1.409 million hours in 2008; however, revenue hours decreased in 2009 and 2010. The revenue hours increased again in 2011 to 1.407 million hours. Revenue hours in 2011 were 0.1 percent less than 2008.

Revenue hours for all modes except vanpool increased 2.5 percent from 2007 to 2011. The compound annual growth rate for the four-year period was 0.6 percent. Rail revenue hours represented about 0.5 percent of all Capital Metro service in 2011.

Table 11 provides Capital Metro's operating cost per revenue hour by operator and by transit mode.

Table 11. Capital Metro Operating Cost per Revenue Hour by Operator and by Transit Mode
FY 2002 - 2011

Year	Directly Operated		Purchased Transportation				All Modes	
	Motor Bus	Demand Response	Motor Bus	Demand Response	Demand Response Taxi **	Rail	Except Vanpool	Vanpool
2002	\$68.35	\$79.27	\$66.71	*			\$70.80	\$14.24
2003	\$78.01	\$90.33	\$70.85	*			\$80.07	\$16.93
2004	\$84.98	\$87.05	\$65.75	*			\$83.67	\$17.66
2005	\$97.05	\$94.71	\$72.33	*			\$93.91	\$17.41
2006	\$104.80	\$105.05	\$78.79	*			\$102.15	\$18.95
2007	\$107.33	\$105.55	\$76.93	\$43.84			\$96.88	\$26.97
2008	\$109.06	\$105.37	\$91.19	\$49.44			\$101.54	\$29.18
2009	\$110.69	\$113.27	\$90.30	\$51.47			\$102.65	\$23.89
2010	\$112.10	\$111.02	\$87.99	\$24.15	\$70.48	\$2,720	\$108.56	\$25.43
2011	\$115.66	\$101.88	\$86.12	\$32.38	\$66.79	\$1,236	\$107.91	\$29.48
CAGR 2002-2011							4.8%	
CAGR 2007-2011							2.7%	
CAGR 2007-2011 w/o Rail							1.2%	
Percent Change 2002 to 2011							52%	
Percent Change 2007 to 2011							11%	
Percent Change 2007 to 2011 w/o Rail							5%	

* Purchased Transportation DR Revenue Hours 2002-2006 may not be accurately reported

** DRT included in Purchased Transportation DR 2006-2009

Source: National Transit Database, Forms F30 and S10

The Capital Metro operating cost per revenue hour for all modes except vanpool increased 11 percent from 2007 to 2011. This reflects the 14 percent increase in operating cost (see Table 4) and 2.5 percent increase in revenue hours (see Table 10). The compound annual growth rate is 2.7 percent. For motor bus and demand response only (excluding rail and vanpool), the cost per revenue hour increased 5 percent in the four years from 2007 to 2011.

Demand response taxi service is not typically reported as a cost per hour. Taxi service is more likely to be evaluated for performance based on cost per passenger trip and the operating cost of a trip is generally defined by distance in miles.

The cost per revenue hour for rail in 2010 reflects higher costs for start-up and relatively few hours of operation. The increase in revenue hours of rail service in 2011 lowered the operating cost per revenue hour by 55 percent from \$2,720 per revenue hour in 2010 to \$1,236 per revenue hour in 2011.

Operating Cost per Revenue Mile

Operating cost per revenue mile is computed by dividing the authority's annual operating cost by the number of miles traveled by authority revenue vehicles while in revenue service for the same period. Revenue service means the time an authority revenue vehicle is in service to carry passengers, other than charter passengers. A revenue vehicle means a vehicle operated by an authority or as a purchased service that is used to carry paying passengers. Revenue miles do not include miles for travel to/from the operating facility for the start/end of revenue service or other miles when the vehicle is not in service to carry passengers.

Operating cost data are reported in Table 3, and revenue miles are documented in Table 12 by type of operator and by transit mode.

Table 12. Capital Metro Revenue Miles by Operator and by Transit Mode
FY 2002 - 2011 in Millions

Year	Directly Operated		Purchased Transportation					All Modes Except Vanpool	Vanpool
	Motor Bus	Demand Response	Motor Bus	Demand Response *	Demand Response Taxi **	Rail			
2002	10.2	2.6	3.6	0.020			16.5	1.3	
2003	10.5	2.6	3.7	0.018			16.8	1.3	
2004	10.4	2.9	3.4	0.017			16.7	1.2	
2005	10.1	3.0	3.5	0.018			16.7	1.5	
2006	9.7	2.7	3.6	0.000			16.0	1.6	
2007	9.6	2.9	4.2	1.478			18.1	1.5	
2008	9.8	3.2	4.4	1.248			18.6	1.6	
2009	9.2	2.8	4.8	1.562			18.3	1.5	
2010	8.3	2.9	5.1	0.036	1.135	0.063	17.5	1.3	
2011	8.6	3.0	5.5	0.365	0.776	0.176	18.4	1.2	
CAGR 2002-2011							1.2%		
CAGR 2007-2011							0.4%		
CAGR 2007-2011 w/o Rail							0.2%		
Percent Change 2002 to 2011							12%		
Percent Change 2007 to 2011							1.6%		
Percent Change 2007 to 2011 w/o Rail							0.7%		

* Purchased Transportation DR Revenue Miles 2002-2006 may not be accurately reported

** DRT included in Purchased Transportation DR 2006-2009

Source: National Transit Database, Form 510

Generally consistent with revenue hours (see Table 10), revenue miles of service increased 1.6 percent from 18.1 million miles in 2007 to 18.4 million miles in 2011. Motor bus (fixed-route) revenue miles increased 2.4 percent from 2007 to 2011, and demand response (including taxi) revenue miles decreased 4.8 percent. Rail revenue miles represented about 1 percent of all Capital Metro service in 2011. The compound annual growth rate in revenue miles was 0.4 percent for all modes excluding vanpool.

Table 13 provides Capital Metro's operating cost per revenue mile by operator and by transit mode.

Table 13. Capital Metro Operating Cost per Revenue Mile by Operator and by Transit Mode
FY 2002 - 2011

Year	Directly Operated		Purchased Transportation					All Modes Except	
	Motor Bus	Demand Response	Motor Bus	Demand Response	Demand Response Taxi **	Rail	Vanpool	Vanpool	
2002	\$5.68	\$5.63	\$4.73	*			\$5.56	\$0.49	
2003	\$6.51	\$6.80	\$5.06	*			\$6.37	\$0.57	
2004	\$7.02	\$6.29	\$4.71	*			\$6.57	\$0.64	
2005	\$7.88	\$6.96	\$4.85	*			\$7.21	\$0.59	
2006	\$8.49	\$7.66	\$5.73	*			\$7.94	\$0.73	
2007	\$8.71	\$7.82	\$5.69	\$2.16			\$7.34	\$0.91	
2008	\$8.88	\$7.60	\$6.56	\$2.71			\$7.70	\$0.99	
2009	\$9.19	\$8.74	\$6.41	\$2.66			\$7.83	\$1.00	
2010	\$9.18	\$8.82	\$6.31	\$1.76	\$3.10	\$108.99	\$8.24	\$0.91	
2011	\$9.35	\$8.18	\$6.22	\$2.73	\$3.13	\$53.28	\$8.25	\$1.08	
CAGR 2002-2011							4.5%		
CAGR 2007-2011							3.0%		
CAGR 2007-2011 w/o Rail							1.6%		
Percent Change 2002 to 2011							48%		
Percent Change 2007 to 2011							12%		
Percent Change 2007 to 2011 w/o Rail							6%		

* Purchased Transportation DR Revenue Miles 2002-2006 may not be accurately reported

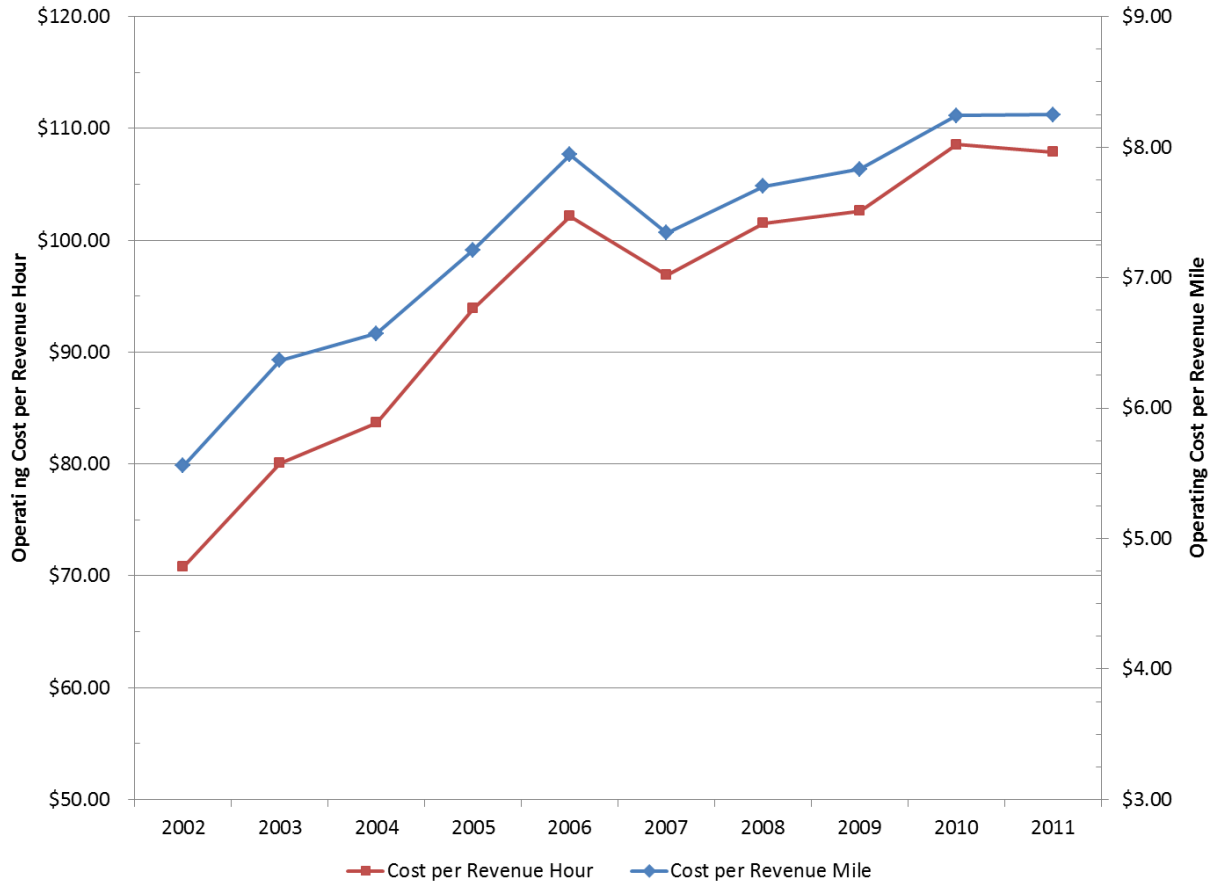
** DRT included in Purchased Transportation DR 2006-2009

Source: National Transit Database, Forms F30 and S10

The Capital Metro operating cost per revenue mile for all modes except vanpool increased 12 percent from \$7.34 in 2007 to \$8.25 per revenue mile in 2011. This reflects the 14 percent increase in operating cost (see Table 4) and 1.6 percent increase in revenue miles (see Table 12). The compound annual growth rate was 3 percent. For motor bus and demand response only (excluding rail and vanpool), the cost per revenue hour increased about 6 percent in the four years from 2007 to 2011.

The cost per revenue mile for rail in 2010 reflects higher costs for start-up and relatively few miles of operation. The increase in service in 2011 resulted in a lower operating cost per revenue mile of rail service.

Figure 4 illustrates the trend in Capital Metro operating cost per revenue hour and per revenue mile for all modes. Increases in the cost per mile and cost per hour in 2010 reflect the implementation of rail.



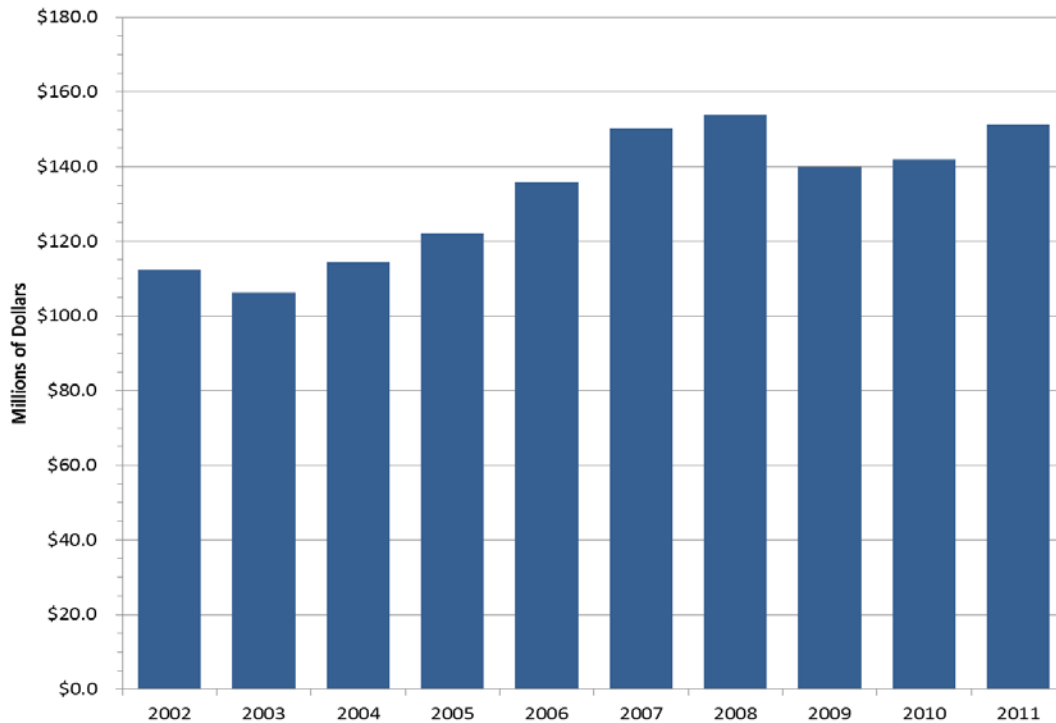
Source: National Transit Database

Figure 4. Capital Metro Operating Cost per Revenue Hour and per Revenue Mile All Modes

Sales and Use Tax Receipts per Passenger

The sales and use tax receipts per passenger are computed by dividing the annual receipts from authority sales and use taxes by passenger trips for the same period. Passenger trips means the unlinked passenger trips reported in Table 6.

Figure 5 illustrates the trend in Capital Metro sales and use tax revenues for 2002 - 2011.



Source: National Transit Database

Figure 5. Capital Metro Sales and Use Tax Revenues

Table 14 documents the trend in sales tax revenue and passenger trips over the past 10 years. From 2002 to 2011, tax revenue increased 35 percent. Tax revenues increased 1 percent from 2007 to 2011. The slow growth reflects the downturn in the local economy. During the same period, the Capital Metro passenger trips for all modes except vanpool increased 2 percent.

**Table 14. Capital Metro Sales and Use Tax Receipts per Passenger Trip for All Modes
FY 2002 - 2011**

Year	Unlinked Passenger Trips		
	Sales and Use Tax Receipts	All Modes Except Vanpool	Tax Receipts per Passenger Trip
	In Millions \$	In Millions	
2002	\$112.3	35.3	\$3.18
2003	\$106.3	37.0	\$2.87
2004	\$114.5	35.5	\$3.23
2005	\$122.1	32.9	\$3.71
2006	\$135.9	35.0	\$3.88
2007	\$150.3	33.7	\$4.46
2008	\$153.8	37.1	\$4.15
2009	\$139.9	39.1	\$3.58
2010	\$141.9	35.6	\$3.98
2011	\$151.2	34.5	\$4.38
CAGR 2002-2011	3.4%	-0.3%	3.6%
CAGR 2007-2011	0.1%	0.6%	-0.4%
Percent Change 2002 to 2011	35%	-2%	38%
Percent Change 2007 to 2011	1%	2%	-2%

Source: National Transit Database, Forms F10 and S10

Sales and use tax receipts per passenger trip decreased 2 percent from \$4.46 per passenger trip in 2007 to \$4.38 per passenger trip in 2011 for a compound annual growth rate of -0.4 percent.

Fare Recovery Rate

The fare recovery rate is computed by dividing the annual revenue (including fares, tokens, passes, tickets, and route guarantees, provided by passengers and sponsors of passengers) by the operating cost for the same period. Charter revenue, interest income, advertising income, and other operating income are excluded from revenue provided by passengers and sponsors of passengers. Capital Metro's contract revenues from the UT Shuttle service and other sponsored pass programs are included as fare revenue.

Capital Metro implemented fare changes in 2008 and 2010. In October 2008, the base fare increased from \$0.50 to \$0.75. Fares were adjusted again in January 2010 when the base fare for local bus service increased from \$0.75 to \$1.00; the fare for express bus service increased from \$1.50 to \$2.50; and the MetroRail fare was set at \$2.00 for one zone and \$3.00 for two zones. The MetroAccess 10-ride ticket book was set at \$12.00 in January 2010.

Another fare revision in January 2011 continued the \$1.00 base fare for local bus service but established a “regional fare” of \$2.75 for regional service including MetroExpress and MetroRail (and all MetroBus service). The MetroAccess price for the 10-ride ticket book for eligible riders was increased to \$15.00. MetroRail riders may purchase a single ride zoned fare. The cost is \$1.00 for one zone and \$2.75 for two zones. All other MetroRail passes must be purchased at the regional rate.

Table 15 shows Capital Metro’s fare revenue receipts by operator and by transit mode.

Table 15. Capital Metro Fare Revenues by Operator and by Transit Mode
FY 2002 - 2011 in Millions of Dollars

Year	Motor Bus	Demand Response	Directly Operated			Purchased		All Modes Except Vanpool	
			Motor Bus and DR	Motor Bus and DR	Rail	Motor Bus and DR	Rail	Vanpool	Vanpool
2002	\$8.50	\$0.15	\$3.27	\$5.39		\$8.65	\$0.24		
2003	\$9.03	\$0.52	\$3.45	\$6.09		\$9.55	\$0.22		
2004	\$9.13	\$0.44	\$3.94	\$5.63		\$9.57	\$0.21		
2005	\$9.92	\$0.27	\$4.40	\$5.80		\$10.20	\$0.26		
2006	\$10.52	\$0.27	\$4.90	\$5.89		\$10.78	\$0.34		
2007	\$11.40	\$0.31	\$5.18	\$6.53		\$11.71	\$0.37		
2008	\$12.38	\$0.36	\$5.53	\$7.21		\$12.74	\$0.31		
2009	\$13.44	\$0.44	\$6.75	\$7.13		\$13.88	\$0.54		
2010	\$13.89	\$0.65	\$7.81	\$6.72	\$0.03	\$14.57	\$0.55		
2011	\$15.50	\$0.72	\$8.46	\$7.76	\$0.95	\$17.18	\$0.51		
CAGR 2002-2011							7.9%		
CAGR 2007-2011							10.0%		
CAGR 2007-2011 w/o Rail							8.5%		
Percent Change 2002 to 2011							98%		
Percent Change 2007 to 2011							47%		
Percent Change 2007 to 2011 w/o Rail							38%		

Source: National Transit Database, Form F10

Note: UT Shuttle and Other Transportation Revenue (in lieu of fares) included with Motor Bus/Purchased Fare Revenues

With the fare adjustments, passenger fare revenues for all modes except vanpool increased every year during the review period, for a total 47 percent increase in fare revenues from 2007 to 2011. New rail service contributes to the increase in fare revenues. Motor bus and demand response fare revenues (excluding rail and vanpool) increased 38 percent from 2007 to 2011, for a compound annual growth rate of 8.5 percent.

Fare revenues for the demand response mode (STS/MetroAccess ADA complementary paratransit) vary during the period 2002 – 2009. Prior to 2002, the demand response fare was \$0.60, but customers rarely paid this amount. In addition to the cash fare, customers could also pay with a single ride ticket or use a flash monthly pass. The 10-ride booklet was sold at retail outlets for \$3.00, providing an option for half the \$0.60 fare. In 2002, Capital Metro eliminated cash fares for demand response service but did not increase the price of the ticket booklet at retail outlets. Since the booklet price remained \$3.00 for 10 rides, Capital Metro was collecting just \$0.30 per ride. The base fare for fixed-route was \$0.50, and so Capital Metro could have charged up to \$1.00 per ride (twice the base fare for fixed-route) under ADA

guidelines. The lower price for a 10-ride ticket book remained in effect until January 2010, when changes in the fare structure increased the price of the 10-ride ticket book to \$12.00. Additional adjustments were made in January 2011 and the 10-ride ticket book price increased to \$15.00.

With regard to the significant jump in 2003 demand response fare revenue, Capital Metro identified and corrected errors in reporting revenue for several quarters in 2001, 2002, and 2003. The correction was filed in July 2003, thus increasing revenues in one fiscal year.

Table 16 gives the average fare recovery rate by operator and by transit mode. The fare recovery rate is computed by dividing the annual fare revenue (Table 15) by the operating cost for the same operator and mode (Table 4).

Table 16. Capital Metro Fare Recovery Rate by Operator and by Transit Mode
FY 2002 - 2011

Year	Motor Bus	Demand Response	Directly Operated			All Modes Except Vanpool	
			Motor Bus and DR	Purchased Motor Bus and DR	Purchased Rail	Vanpool	Vanpool
2002	11.3%	0.9%	4.5%	28.6%		9.4%	36.8%
2003	10.4%	2.6%	4.0%	29.2%		8.9%	30.4%
2004	10.2%	2.1%	4.3%	29.9%		8.7%	27.0%
2005	10.2%	1.2%	4.4%	29.7%		8.5%	30.0%
2006	10.3%	1.1%	4.8%	24.7%		8.5%	29.3%
2007	10.6%	1.2%	4.9%	24.3%		8.8%	26.5%
2008	10.7%	1.3%	5.0%	22.3%		8.9%	20.2%
2009	11.7%	1.6%	6.2%	20.3%		9.7%	36.6%
2010	12.8%	2.2%	7.7%	18.9%	0.5%	10.1%	45.6%
2011	13.5%	2.6%	8.1%	20.6%	10.2%	11.3%	40.9%
CAGR 2002-2011						2.0%	
CAGR 2007-2011						6.5%	
Percent Change 2002 to 2011						20%	
Percent Change 2007 to 2011						28%	

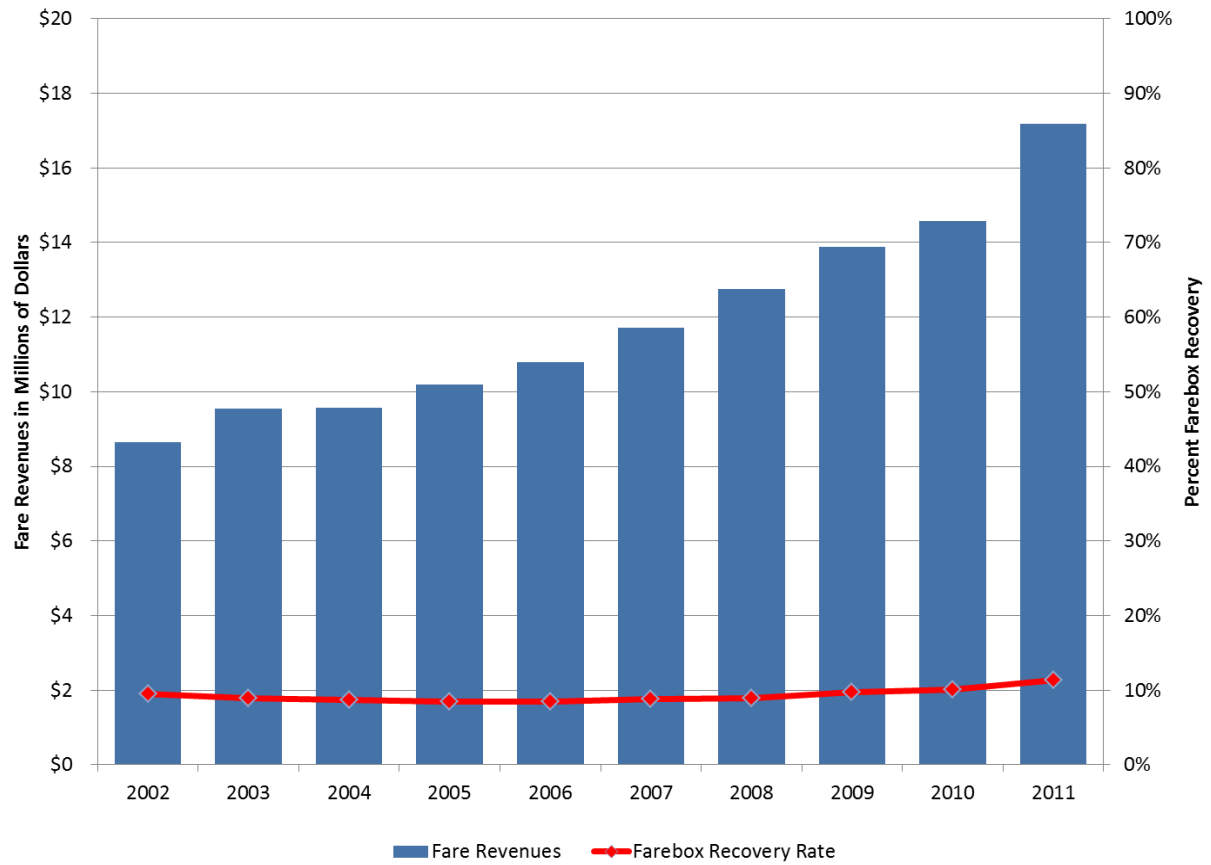
Source: National Transit Database, Forms F10 and F30

Note: Calculated by dividing Farebox Revenue by Operating Expenses

Note: UT Shuttle and Other Transportation Revenue (in lieu of fares) included with Motor Bus/Purchased Fare Revenues

The fare recovery rate increased 28 percent from 8.8 percent in 2007 to 11.3 percent in 2011, representing 6.5 percent compound annual growth rate. The fare recovery rate for rail service in 2010 is low due to significant free fare promotions for the first year of operation.

Figure 6 illustrates the trend in farebox revenues and corresponding farebox recovery rate for 2002 through 2011.



Source: National Transit Database

Figure 6. Capital Metro Fare Revenues and Percent Farebox Recovery

Table 17 shows Capital Metro's average fare by mode. Average fare is computed by dividing fare revenues by unlinked passenger trips over the same period. The average fare reflects the fare revenue per passenger after all discounts are applied, including monthly passes and reduced fares for special populations, such as seniors 65 and over, Medicare cardholders, people with disabilities, students ages 6-18 and active and reserve military personnel. The average fare for demand response reflects variations in revenues collected 2002 – 2009 as described above.

Table 17. Capital Metro Average Fare by Mode
FY 2002 - 2011

Year	Motor Bus	Demand Response	Directly Operated Motor Bus and DR	Purchased		All Modes Except Vanpool	
				Motor Bus and DR	Rail	Vanpool	Vanpool
2002	\$0.24	\$0.40	\$0.14	\$0.45		\$0.25	\$0.91
2003	\$0.25	\$1.33	\$0.14	\$0.49		\$0.26	\$0.90
2004	\$0.26	\$1.08	\$0.16	\$0.52		\$0.27	\$0.88
2005	\$0.31	\$0.63	\$0.19	\$0.61		\$0.31	\$0.91
2006	\$0.31	\$0.46	\$0.19	\$0.67		\$0.31	\$1.02
2007	\$0.35	\$0.46	\$0.22	\$0.67		\$0.35	\$1.15
2008	\$0.34	\$0.50	\$0.22	\$0.61		\$0.34	\$0.91
2009	\$0.35	\$0.63	\$0.26	\$0.55		\$0.35	\$1.70
2010	\$0.40	\$0.97	\$0.34	\$0.54	\$0.26	\$0.41	\$0.55
2011	\$0.46	\$1.12	\$0.39	\$0.61	\$2.53	\$0.50	\$0.51
CAGR 2002-2011						8.2%	
CAGR 2007-2011						9.4%	
Percent Change 2002 to 2011						103%	
Percent Change 2007 to 2011						43%	

Source: National Transit Database, Forms F10 and S10

Note: Calculated by dividing Farebox Revenue by Unlinked Passenger Trips

Note: UT Shuttle and Other Transportation Revenue (in lieu of fares) included with Motor Bus/Purchased Fare Revenues

The average fare for all modes except vanpool doubled from 2002 to 2011. The increase from 2007 to 2011 was 43 percent for a compound annual growth rate of 9.4 percent. Ridership increased 2 percent during this period (see Table 7), so most of the increase in average fare is attributed to the revisions in the fare structure. The average fare for rail was low in 2010 due to significant free fare promotions for the first year of operation.

Average Vehicle Occupancy

Average vehicle occupancy is computed by dividing the annual passenger miles by the miles traveled by authority revenue vehicles in revenue service for the same time period. The annual passenger miles are computed by multiplying annual passenger trips by the average distance ridden per passenger during the same time period. The average distance ridden per passenger is determined by sampling the average passenger distance on a random selection of bus trips during the year. The methodology is established by the requirements for reporting passenger miles to the National Transit Database.

Table 18 documents Capital Metro's passenger miles by operator and by transit mode for the period 2002 - 2011. Passenger miles for all modes (excluding vanpool) increased 12 percent from 2007 to 2011 and passenger trips for motor bus, demand response, and demand response taxi (excluding rail and vanpool) increased 7 percent.

Table 18. Capital Metro Passenger Miles by Operator and by Transit Mode
FY 2002 - 2011 in Millions

Year	Directly Operated		Purchased Transportation				Rail	All Modes Except Vanpool	Vanpool
	Motor Bus	Demand Response	Motor Bus	Demand Response *	Demand Response Taxi **				
2002	77.7	3.2	31.6	0.05			112.6	5.5	
2003	83.9	3.3	32.5	0.04			119.7	4.8	
2004	82.3	3.6	30.7	0.03			116.5	4.8	
2005	76.0	3.8	28.1	0.04			107.9	5.5	
2006	96.4	3.5	24.3	1.08			125.2	6.3	
2007	94.4	3.4	31.2	1.47			130.5	6.1	
2008	109.5	3.6	40.8	1.53			155.5	6.2	
2009	125.8	3.3	45.3	1.73			176.2	7.3	
2010	99.7	3.5	42.0	0.04	1.23	2.15	148.6	6.1	
2011	99.7	3.3	34.9	0.40	0.90	6.42	145.6	5.4	
CAGR 2002-2011							2.9%		
CAGR 2007-2011							2.8%		
CAGR 2007-2011 w/o Rail							1.6%		
Percent Change 2002 to 2011							29%		
Percent Change 2007 to 2011							12%		
Percent Change 2007 to 2011 w/o Rail							7%		

* Purchased Transportation DR Passenger Miles 2002-2006 may not be accurately reported

** DRT included in Purchased Transportation DR 2006-2009

Source: National Transit Database, Form S10

Table 19 documents Capital Metro's average vehicle occupancy by operator and by transit mode for the period 2002 - 2011. Average vehicle occupancy increased 10 percent from 2007 to 2011 for all modes (excluding vanpool) and increased 6 percent for motor bus, demand response and taxi (excluding rail and vanpool).

Table 19. Capital Metro Average Vehicle Occupancy by Operator and by Transit Mode
FY 2002 - 2011

Year	Motor Bus	Demand Response	Directly Operated Motor Bus and DR	Purchased		All Modes Except Vanpool	Vanpool	
				Motor Bus and DR	Rail			
2002	7.89	1.24	6.31	8.64		6.83	4.17	
2003	8.24	1.25	6.66	8.80		7.13	3.79	
2004	8.17	1.25	6.46	8.90		6.97	3.88	
2005	7.62	1.26	6.06	7.93		6.46	3.71	
2006	9.11	1.67	8.05	7.11		7.84	3.95	
2007	9.13	1.12	7.84	5.80		7.20	4.00	
2008	10.61	1.17	8.75	7.49		8.37	3.91	
2009	12.24	1.16	10.84	7.36		9.62	4.97	
2010	10.61	1.17	9.21	6.94	33.93	8.49	4.59	
2011	9.55	1.11	8.89	5.44	36.46	7.91	4.65	
CAGR 2002-2011							1.6%	
CAGR 2007-2011							2.4%	
CAGR 2007-2011 w/o Rail							1.5%	
Percent Change 2002 to 2011							16%	
Percent Change 2007 to 2011							10%	
Percent Change 2007 to 2011 w/o Rail							6%	

Source: National Transit Database, Form S10

Note: Calculated by dividing Annual Passenger Miles by Annual Vehicle Revenue Miles

On-Time Performance

According to the instructions for computation of performance indicators in Texas Transportation Code Section 451.455, an authority's on-time performance is computed by determining an annual percentage of revenue vehicle trips that depart from selected locations at a time not earlier than the published departure time and not later than five minutes after that published time.

On-time performance is not reported to the National Transit Database. The source of data for on-time performance is Capital Metro field checks for a sample selection of checkpoints. Table 20 documents on-time performance by transit mode and for the Capital Metro system.

One of the factors contributing to delays in transit service (and a decrease in on-time performance) is the level of traffic congestion for the operating environment. According to the Urban Mobility Report 2010 by the Texas A&M Transportation Institute, 48 percent of all lane miles on freeways and major arterials in the Austin urban area are congested during peak periods (about 5.5 hours per weekday). With a rapid population growth in the region, congestion continues to escalate – more congested roadways for longer periods.

Table 20. Capital Metro On-Time Performance by Transit Mode
 FY 2002 - 2011

Year	Motor Bus			All	
	Directly Operated	Purchased	System	Demand Response	Rail
2002			88.9%		
2003			89.0%		
2004			89.1%		
2005			90.0%		
2006			88.5%		
2007			89.8%		
2008	88.1%	88.4%	88.1%	88.7%	
2009	89.6%	89.7%	89.6%	88.8%	
2010	88.0%	88.4%	88.1%	92.9%	97.3%
2011	88.1%	87.5%	88.0%	95.2%	99.2%
CAGR 2002-2011			-0.1%		
CAGR 2007-2011			-0.5%		
Percent Change 2002 to 2011			-1.1%		
Percent Change 2007 to 2011			-2.1%		

Source: Capital Metro

Note: On-Time Performance for revenue vehicles that depart not early and not later than 5 minutes of scheduled time

On-time performance for motor bus was 89.8 percent in 2007 and 89.6 percent in 2009, but decreased to 88.1 percent in 2010. On-time performance in 2011 was consistent with the previous year. Demand response on-time performance increased from 88.7 percent in 2008 to 95.2 percent in 2011. Rail on-time performance is high at 99.2 percent in 2011.

Accidents per 100,000 Miles of Service

As defined by Texas statute, accidents per 100,000 miles is derived by dividing the annual number of accidents by 100,000 and dividing the product by the number of miles for all services, including charter and non-revenue service, directly operated by the authority for the same period. According to statute, an “accident” includes:

- a collision that involves an authority’s revenue vehicles, other than a lawfully parked revenue vehicle, and that results in property damage, injury, or death, and
- an incident that results in the injury or death of a person on board or boarding or alighting from an authority’s revenue vehicle.

The incident data reported to the National Transit Database is not consistent with the Texas statutory definition of accidents and incidents. Therefore, the source of data for these performance indicators is Capital Metro reports of vehicle accidents and passenger incidents. Consistent with statute, the data is for directly operated service only. Vehicle miles are all miles operated, including revenue and non-revenue miles, as reported each year to the National Transit Database. After 2012, Capital Metro will no longer directly operate transit services for any mode except vanpool, and thus this performance indicator, as defined by statute, will no longer apply to Capital Metro.

Table 21 reports Capital Metro vehicle accidents and passenger incidents for directly operated service. For the period 2002 to 2007, the data are as reported for the last quadrennial review. In the last review, the data reported were vehicle accidents only. TTI could not verify original source data for passenger incidents as required by Texas statute for the years 2002 through 2006. The data for 2007 through 2011 are vehicle accidents and passenger incidents as recorded by Capital Metro and vehicle miles of service as reported to the National Transit Database. Accidents per 100,000 miles for directly operated motor bus and demand response decreased 11 percent from 2007 to 2011.

Table 21. Capital Metro Accidents per 100,000 Miles
FY 2002 - 2011

Year	Directly Operated Motor Bus and Demand Response Total*			Accidents** per 100,000 Miles
	Vehicle Accidents	Passenger Incidents	Vehicle Miles	
2002				3.06
2003				2.74
2004				2.30
2005				2.46
2006				2.34
2007	324	121	14,371,878	3.10
2008	377	118	14,900,248	3.32
2009	334	88	13,848,147	3.05
2010	369	98	13,177,678	3.54
2011	307	66	13,516,773	2.76
CAGR 2007-2011			-1.5%	-2.8%
Percent Change 2007 to 2011			-6%	-11%

* Purchased DR and DRT not required to report accidents

** Accidents are defined by statute to include collisions with physical damage and incidents that result in injury or death to a passenger

Source: National Transit Database, Form 510 for Vehicle Miles

Source for Accident and Incident Data: Capital Metro records:

Accident_Almanac_FY_2007-2009

Accident_Almanac_FY_2010-2012YTD

Number of Miles between Mechanical Road Calls

According to the instructions for computation of performance indicators in Texas Transportation Code Section 451.455, the number of miles between mechanical road calls is computed by dividing the annual miles for all service directly operated by an authority, including charter and non-revenue service, by the number of mechanical road calls for the same period. For this performance indicator, mechanical road calls means an interruption in revenue service that is caused by a revenue vehicle equipment failure that requires assistance from a person other than the vehicle operator before the vehicle can be operated normally.

Each transit system in the U.S. is required to report major mechanical system failures and other mechanical system failures to the National Transit Database each year. The national data requirements are similar to Texas statute. The definitions for the national data are as follows:

- Major mechanical system failure - A failure of some mechanical element of the revenue vehicle that prevents the vehicle from completing a scheduled revenue trip or from starting the next scheduled revenue trip because actual movement is limited or because of safety concerns.
- Other mechanical system failure - A failure of some other mechanical element of the revenue vehicle that, because of local agency policy, prevents the revenue vehicle from completing a scheduled revenue trip or from starting the next scheduled revenue trip even though the vehicle is physically able to continue in revenue service.

Table 22 identifies the Capital Metro data for mechanical system failures and vehicle miles directly operated as reported to the National Transit Database. The use of NTD data ensures consistent data reporting for the Texas statutorily required performance indicator miles, between road calls.

Table 22. Capital Metro Miles between Road Calls
FY 2002 - 2011

Year	Directly Operated Motor Bus and Demand Response Total			
	Major Mechanical Failure	Other Mechanical Failure	Vehicle Miles	Miles Between Road Calls
2002	1,550	256	14,893,229	8,247
2003	2,220	444	15,240,273	5,721
2004	4,970	320	15,451,881	2,921
2005	3,509	187	15,320,170	4,145
2006	2,752	233	14,368,998	4,814
2007	1,830	117	14,371,878	7,382
2008	2,176	133	14,900,248	6,453
2009	2,051	100	13,848,147	6,438
2010	1,905	120	13,177,678	6,507
2011	2,098	125	13,516,773	6,080
CAGR 2002-2011	3.4%	-7.7%	-1.1%	-3.3%
CAGR 2007-2011	3.5%	1.7%	-1.5%	-4.7%
Percent Change 2002 to 2011	35%	-51%	-9%	-26%
Percent Change 2007 to 2011	15%	7%	-6%	-18%

Source: National Transit Database, Form S10 for Vehicle Miles and Form R20 for Mechanical Failures

Major mechanical failures and other mechanical failures increased 15 percent and 7 percent, respectively, from 2007 to 2011 while vehicle miles directly operated for motor bus and demand response decreased 6 percent. Miles between road calls decreased 18 percent from 2007 to 2011.

The aging of the Capital Metro fleet, in particular the motor bus subfleet, contributed to the decrease in miles between road calls. The Capital Metro motor bus average fleet age increased from 7.29 years of service in 2007 to 9.21 years of service in 2011, a 26 percent increase in the age of the subfleet.⁴ Miles between road calls 2007 to 2011 decreased 18 percent.

⁴ Calculated by TTI using National Transit Database, Form A30.

Statutory Compliance

The performance review required by Texas Transportation Code Section 451.454 also calls for a review of Capital Metro's compliance with applicable state law.

The 2004 Quadrennial Performance Review by KPMG included a thorough review of not only the Texas Transportation Code but also applicable sections of Texas Government Code, Texas Health and Safety Code, Texas Local Government Code, and the Texas Property Code. KPMG found Capital Metro was compliant with the statutory regulations reviewed with two exceptions:

- Texas Transportation Code 451.058 Use and Acquisition of Property of Others - includes subsection (d) that calls for the transit authority to bear the cost of public infrastructure costs brought about by its facility work. KPMG recommended Capital Metro formalize a policy to reflect the intent to meet the applicable statute.
- Texas Transportation Code 451.065 Roadways, Trails, Lighting: Certain Authorities requires a transit authority to enter into a contract with a local government before undertaking work to construct or install public infrastructure such as roadways, trails, lighting or drainage improvements necessary for effective use of the transportation facility being constructed or maintained. KPMG recommended Capital Metro ensure all future agreements are appropriately executed, including the application of the effective dates.

In the 2008, Quadrennial Performance Review, Cambridge Systematics, Inc. (Cambridge) reviewed the findings and recommendations of the previous 2004 review and evaluated the Authority's response to statutory amendments of the Texas Transportation Code Section 451 that became effective on or after January 1, 2004. Cambridge found "Overall, Capital Metro has done an excellent job of responding to the issues identified in the previous performance review [2004]. Additionally, the agency has responded to the statutory changes since 2004 that are applicable to its services."⁵ Cambridge made three recommendations for Capital Metro to achieve the highest level of compliance:

- Review the performance of the agency's new asset management software on inventory control workload and reconsider whether filling the Inventory Control Manager position is needed;
- Continue to work through the software issues for both the fueling system and the inventory control components of the asset management system; and
- Establish a procedure for periodically requesting annexation information from each member jurisdiction.

Following the methodology established in previous quadrennial reviews, TTI examined the findings and recommendations of the previous 2004 and 2008 reviews and evaluated the Authority's response to statutory amendments to the Texas Transportation Code Section 451 that became effective on or after January 1, 2008.

⁵ Source: Capital Metro Peer Review Quadrennial Performance Audit Final Report by Cambridge Systematics, Inc. with McDonald Transit Associates, Inc., December 31, 2008, page 3-1.

Sources of Information

TTI reviewed documentation from the two previous quadrennial reviews and researched all legislation enrolled by the 81st Texas Legislature (2009) or the 82nd Texas Legislature (2011) that amended the Texas Transportation Code Section 451.

In order to examine Capital Metro’s compliance with selected statutes, TTI examined information available on the Authority’s website, reviewed documents provided by Capital Metro staff, interviewed Authority personnel, and observed policies and practices in use.

Status – Previous Recommendations and Status

Reference	Recommendation and Status
<p>Sec. 451.058 Use and Acquisition of Property of Others – Subsection (d) that calls for the transit authority to bear the cost of public infrastructure modifications required for transit facility work</p>	<p>Recommendation: Formalize a policy to reflect the intent to meet the applicable statute.</p> <p>Status: Compliance verified 2008</p>
<p>Sec. 451.065 Roadways, Trails, Lighting – Requires the transit authority to enter into a contract with a local government before undertaking work to construct or install public infrastructure necessary for effective use of a transportation facility</p>	<p>Recommendation: Ensure all future agreements with local governments are appropriately executed, including the application of the effective dates.</p> <p>Status: Compliance verified 2008</p>
<p>Sec. 451.710. Annexation of Territory by Municipality – On annexation by a municipality that is in the district, territory that is not in the district becomes part of the district.</p>	<p>Recommendation: Establish a procedure for periodically requesting annexation information from each member jurisdiction.</p> <p>Status: Every quarter Planning sends a form letter to each jurisdiction within the service area requesting annexation information.</p>
<p>2008 Quadrennial Performance Review</p>	<p>Recommendation: Review the performance of the agency’s new asset management software for inventory control and reconsider whether filling the Inventory Control Manager position is needed.</p> <p>Status: The performance of the inventory management system proved to be satisfactory. Capital Metro decided not to fill the position of Inventory Control Manager. August 2012, Capital Metro sold the inventory to private contractors, and as such, the responsibility has been transferred also.</p>
<p>2008 Quadrennial Performance Review</p>	<p>Recommendation: Continue to work through the software issues for both the fueling system and the inventory control components of the asset management system.</p> <p>Status: The fueling system software performs satisfactorily; system is scheduled for an upgrade with change to CNG fueling in 2015.</p>

Statutory Compliance- Summary of Findings

The purpose of this section is to confirm Capital Metro's compliance with applicable state law.

The Capital Metro Board and staff work diligently to comply with all provisions of the statutes governing the Authority's policies and procedures. The 2012 Quadrennial review did not find any failure to comply with current provisions of Texas Transportation Code 451 and requirements as of December 2012.

Capital Metro is making significant progress toward meeting the Section 451.134 requirement to maintain at least two months of operating reserves (approximately \$28 million) by September 1, 2016. The Capital Metro staff anticipated the ending balance for fiscal 2013 will be approximately \$26.7 million under current projections. Longer term financial projections are being prepared.

Statutory Amendments to the Texas Transportation Code Section 451

Effective on or after January 1, 2008.

Reference 1

Sec. 451.061. FARES AND OTHER CHARGES. (d-1) The establishment of or a change to fares, tolls, charges, rents, and other compensation by an authority confirmed before July 1, 1985, in which the principal municipality has a population of less than 850,000, takes effect immediately on approval by a majority vote of the board, except that the establishment of or a change to a single-ride base fare takes effect on the 60th day after the date the board approves the fare or change to the fare, unless the policy board of the metropolitan planning organization that serves the area of the authority disapproves the fare or change to the fare by a majority vote.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1221, Sec. 4, eff. September 1, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 1163, Sec. 136, eff. September 1, 2011.⁶

Findings

Capital Metro implemented fare changes in 2008 and 2010. In October 2008, the base fare increased from \$0.50 to \$0.75. Fares were adjusted again in January 2010 when the base fare for local bus service increased from \$0.75 to \$1.00; the fare for express bus service increased from \$1.50 to \$2.50; and the MetroRail fare was set at \$2.00 for one zone and \$3.00 for two zones. The MetroAccess 10-ride ticket book was set at \$12.00 in January 2010.

Another fare revision in January 2011 continued the \$1.00 base fare for local bus service but established a “regional fare” of \$2.75 for regional service including MetroExpress and MetroRail (and all MetroBus service). The MetroAccess price for the 10-ride ticket book for eligible riders was increased to \$15.00. MetroRail riders may purchase a single ride zoned fare. The cost is \$1.00 for one zone and \$2.75 for two zones. All other MetroRail passes must be purchased at the regional rate.

The policy board of the metropolitan planning organization (CAMPO) reviewed and did not disapprove the change to the fares.

⁶ House Bill (HB) 2702, 82nd Texas Legislature updates population references throughout Texas Transportation Code 451 (and other statutes). HB 2702 is referenced as a 2011 Amendment throughout.

Reference 2

Sec. 451.0611. ENFORCEMENT OF FARES AND OTHER CHARGES; PENALTIES.

- (a) A board by resolution may prohibit the use of the public transportation system by a person who fails to possess evidence showing that the appropriate fare for the use of the system has been paid and may establish reasonable and appropriate methods to ensure that persons using the public transportation system pay the appropriate fare for that use.
- (b) A board by resolution may provide that a fare for or charge for the use of the public transportation system that is not paid incurs a penalty, not to exceed \$100.
- (c) The authority shall post signs designating each area in which a person is prohibited from using the transportation system without possession of evidence showing that the appropriate fare has been paid.
- (d) A person commits an offense if:
 - (1) the person or another for whom the person is criminally responsible under Section 7.02, Penal Code, uses the public transportation system and does not possess evidence showing that the appropriate fare has been paid; and
 - (2) the person fails to pay the appropriate fare or other charge for the use of the public transportation system and any penalty on the fare on or before the 30th day after the date the authority notifies the person that the person is required to pay the amount of the fare or charge and the penalty.
- (e) The notice required by Subsection (d)(2) may be included in a citation issued to the person under Article 14.06, Code of Criminal Procedure, or under Section 451.0612, in connection with an offense relating to the nonpayment of the appropriate fare or charge for the use of the public transportation system.
- (f) An offense under Subsection (d) is:
 - (1) a Class C misdemeanor; and
 - (2) not a crime of moral turpitude.

Added by Acts 2003, 78th Leg., ch. 1113, Sec. 2, eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1072, Sec. 1, eff. June 15, 2007.

Acts 2009, 81st Leg., R.S., Ch. 1221, Sec. 1, eff. September 1, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 1163, Sec. 137, eff. September 1, 2011.

Sec. 451.0612. FARES ENFORCEMENT OFFICERS IN CERTAIN AUTHORITIES.

- (a) An authority confirmed before July 1, 1985, in which the principal municipality has a population of less than 850,000 may employ persons to serve as fare enforcement officers to enforce the payment of fares for use of the public transportation system by:
 - (1) requesting and inspecting evidence showing payment of the appropriate fare from a person using the public transportation system; and
 - (2) issuing a citation to a person described by Section 451.0611(d)(1).
 - (b) Before commencing duties as a fare enforcement officer, a person must complete a 40-hour training course approved by the authority that is appropriate to the duties required of a fare enforcement officer.
 - (c) While performing duties, a fare enforcement officer shall:
 - (1) wear a distinctive uniform that identifies the officer as a fare enforcement officer; and
 - (2) work under the direction of the authority's manager of safety and security.
 - (d) A fare enforcement officer may:
 - (1) request evidence showing payment of the appropriate fare from passengers of the public transportation system;
 - (2) request personal identification from a passenger who does not produce evidence showing
-

payment of the appropriate fare on request by the officer;

(3) request that a passenger leave the public transportation system if the passenger does not possess evidence of payment of the appropriate fare; and

(4) file a complaint in the appropriate court that charges the person with an offense under Section 451.0611(d).

(e) A fare enforcement officer may not carry a weapon while performing duties under this section.

(f) A fare enforcement officer is not a peace officer and has no authority to enforce a criminal law, other than the authority possessed by any other person who is not a peace officer.

Added by Acts 2009, 81st Leg., R.S., Ch. 1221, Sec. 2, eff. September 1, 2009.

Amended by: Acts 2011, 82nd Leg., R.S., Ch. 1163, Sec. 138, eff. September 1, 2011.

Findings

Capital Metro employs a fare inspector to request and inspect evidence that passengers on the rail system have paid the required fare. However, the Capital Metro Board has not applied the statutory authority under Section 451.0611(d)(1) to set an administrative fine for failure to pay to use the system. Based on a sample of reports by the fare inspector for the period June through December 2012, the fare evasion rate was less than 2 percent of all passengers asked to provide evidence of the fare paid. Based on the low incident of fare evasion, the Authority determined the cost of putting a fare enforcement system in place is not cost effective. Capital Metro relies on failure to pay a fare as theft of service, a criminal act enforceable by the police officers.

Reference 3

Sec. 451.071. REFERENDUM FOR RAIL PLAN; CERTAIN AUTHORITIES.

- (a) This section applies only to an authority confirmed before July 1, 1985, in which the principal municipality has a population of less than 850,000.
- (b) The authority may hold a referendum on whether the authority may operate a fixed rail transit system. At the election, the ballots shall be printed to permit voting for or against the following proposition: "The operation of a fixed rail system by (name of authority)."
- (c) The notice of an election called under this section must include a general description of the form of the fixed rail transit system, including the general location of any proposed routes.
- (d) If a majority of the votes cast are in favor of the proposition, the authority may build and operate the system as provided in the notice for the election. If less than a majority of the votes cast are in favor of the proposition, the authority may not expend funds of the authority to purchase, acquire, construct, operate, or maintain any form of a fixed rail transit system unless the system is approved by a majority of the votes cast at a referendum held by the authority for that purpose.
- (e) A subsequent referendum under Subsection (d):
- (1) may be held more than once;
 - (2) is held in the same manner as the initial referendum; and
 - (3) must be held at the general election in November of an even-numbered year.

[Added in 2005]

(f) A referendum on a proposal to expand a system approved under this section may be held on any date specified in Section 41.001, Election Code, or a date chosen by order of the board of the authority, provided that:

- (1) referendum is held no earlier than the 62nd day after the date of the order; and
- (2) proposed expansion involves the addition of not more than 12 miles of track to the system.

[Added in 2009]

(g) This section does not require the authority to hold a referendum on a proposal to enter into a contract or interlocal agreement to build, operate, or maintain a fixed rail transit system for another entity. Notwithstanding Subsection (d), the authority may spend funds of the authority to enter into a contract and operate under that contract to build, operate, or maintain a fixed rail transit system if the other entity will reimburse the authority for the funds.

(h) A referendum held by a political subdivision, the authority, or an entity other than the authority at which funding is approved for a fixed rail transit system is considered to meet the requirements of Subsections (d) and (e) and Section 451.3625 if the notice for the election called by the political subdivision, the authority, or other entity contains the description required by Subsection (c). The referendum may allow for financial participation of more than one political subdivision or entity. The authority may only spend funds of the authority if the referendum authorizes that expenditure.

Added by Acts 1997, 75th Leg., ch. 472, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 542, Sec. 1, eff. June 11, 2001.

Amended by:

- Acts 2005, 79th Leg., Ch. 281, Sec. 2.84, eff. June 14, 2005.
- Acts 2009, 81st Leg., R.S., Ch. 1221, Sec. 5, eff. September 1, 2009.
- Acts 2011, 82nd Leg., R.S., Ch. 1163, Sec. 144, eff. September 1, 2011.

Findings

(f) Capital Metro has not called an election to expand the rail system. (g) Capital Metro has not entered into a contract or interlocal agreement with another entity that would meet the requirements of this section. (h) No other political subdivision has called a referendum for a fixed rail system.

Reference 4

Sec. 451.108. PEACE OFFICERS.

(a) An authority may commission and employ peace officers.

[The contracted peace officer added in following subsection only applies to Austin]

(c) A peace officer commissioned under this section, except as provided by Subsections (d) and (e) [Subsections (d) and (e) do not apply to Austin], or a peace officer contracted for employment by an authority confirmed before July 1, 1985, in which the principal municipality has a population of less than 850,000, may:

- (1) make an arrest in any county in which the transit authority system is located as necessary to prevent or abate the commission of an offense against the law of this state or a political subdivision of this state if the offense or threatened offense occurs on or involves the transit authority system;
- (2) make an arrest for an offense involving injury or detriment to the transit authority system;
- (3) enforce traffic laws and investigate traffic accidents that involve or occur in the transit authority system; and
- (4) provide emergency and public safety services to the transit authority system or users of the transit authority system.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Amended by Acts 2003, 78th Leg., ch. 142, Sec. 1, eff. Sept. 1, 2003.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1221, Sec. 3, eff. September 1, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 1163, Sec. 148, eff. September 1, 2011.

Findings

Capital Metro does not commission peace officers. Capital Metro does employ off-duty police officers under an agreement with the City of Austin. Austin Police Department (APD) officers on assignment for Capital Metro must abide by all APD rules pertaining to off-duty officers.

Reference 5

Sec. 451.110. PURCHASES: COMPETITIVE BIDDING.

(a) Except as provided by Subsection (c) and by Subchapter Q, a board may not contract for the construction of an improvement or the purchase of any property, except through competitive bidding after notice of the contract proposal. The notice must be published in a newspaper of general circulation in the area in which the authority is located at least once each week for two consecutive weeks before the date set for receiving the bids. The first notice must be published at least 15 days before the date set for receiving bids.

(b) The board may adopt rules on:

- (1) the taking of bids;
- (2) the awarding of contracts; and
- (3) the waiver of the competitive bidding requirement:
 - (A) if there is an emergency;
 - (B) if there is only one source for the purchase; or
 - (C) except for a contract for construction of an improvement on real property, if:
 - (i) competitive bidding is inappropriate because the procurement requires design by the supplier and if competitive negotiation, with proposals solicited from an adequate number of qualified sources, will permit reasonable competition consistent with the procurement; or
 - (ii) it is ascertained after solicitation that there will be only one bidder.

(c) Subsection (a) does not apply to a contract for:

- (1) \$50,000 or less;
- (2) the purchase of real property;
- (3) personal or professional services; or
- (4) the acquisition of an existing transit system.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Amended by Acts 1999, 76th Leg., ch. 1479, Sec. 1, eff. June 19, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 1277, Sec. 2, eff. September 1, 2005.

Acts 2011, 82nd Leg., R.S., Ch. 801, Sec. 1, eff. September 1, 2011.

Findings

The Capital Metro Board approved (August 27, 2012) an update to the Procurement Department Acquisition Policy to increase the small purchase threshold to \$50,000.

Reference 6

Sec. 451.111. PURCHASES: NOTICE OF NONCOMPETITIVE BID PROPOSALS.

(a) Except as provided by Subchapter Q, unless the posting requirement in Subsection (b) is satisfied, a board may not let a contract that is:

- (1) for more than \$50,000; and
- (2) for:

- (A) the purchase of real property; or
- (B) consulting or professional services.

(b) An announcement that a contract to which this section applies is being considered must be posted in a prominent place in the principal office of the authority for at least two weeks before the date the contract is awarded.

(c) This section does not apply to a contract that must be awarded through competitive bidding or for the purchase of an existing transit system.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Amended by Acts 1999, 76th Leg., ch. 1479, Sec. 1, eff. June 19, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 1277, Sec. 3, eff. September 1, 2005.

Acts 2011, 82nd Leg., R.S., Ch. 801, Sec. 2, eff. September 1, 2011.

Findings

The Capital Metro approved a resolution (August 27, 2012) to update the Procurement Department Acquisition Policy to increase the small purchase threshold to \$50,000.

Reference 7

Sec. 451.458. INTERNAL AUDITOR.

- (a) This section applies only to an authority confirmed before July 1, 1985, in which the principal municipality has a population of less than 850,000.
- (b) The board shall appoint a qualified individual to perform internal auditing services for a term of five years. The board may remove the auditor only on the affirmative vote of at least three-fourths of the members of the board.
- (c) The auditor shall report directly to the board.

Added by Acts 2009, 81st Leg., R.S., Ch. 1221, Sec. 6, eff. September 1, 2009.

Amended by: Acts 2011, 82nd Leg., R.S., Ch. 1163, Sec. 159, eff. September 1, 2011.

Findings

The Capital Metro Board appointed a qualified individual to perform internal auditing services on October 28, 2009. The auditor reports directly to the board.

Reference 8

Sec. 451.459. SUNSET REVIEW.

(a) An authority confirmed before July 1, 1985, in which the principal municipality has a population of less than 850,000 is subject to review under Chapter 325, Government Code (Texas Sunset Act), as if it were a state agency but may not be abolished under that chapter. The review shall be conducted as if the authority were scheduled to be abolished under that chapter. The review shall be conducted as if the authority were scheduled to be abolished September 1, 2011. In addition, another review shall be conducted as if the authority were scheduled to be abolished September 1, 2017. The reviews conducted under this section must include an assessment of the governance, management, and operating structure of the authority and the authority's compliance with the duties and requirements placed on it by the legislature.

(b) The authority shall pay the cost incurred by the Sunset Advisory Commission in performing a review of the authority under this section. The Sunset Advisory Commission shall determine the cost, and the authority shall pay the amount promptly on receipt of a statement from the Sunset Advisory Commission detailing the cost.

Added by Acts 2009, 81st Leg., R.S., Ch. 1221, Sec. 6, eff. September 1, 2009.

Amended by: Acts 2011, 82nd Leg., R.S., Ch. 1163, Sec. 160, eff. September 1, 2011.

Findings

The staff of the Sunset Advisory Commission completed the required sunset review in September 2010. http://www.capmetro.org/uploadedFiles/Capmetroorg/About_Us/Sunset_Review/sunset-progress-report.pdf The Sunset Commission identified four key focus areas for Capital Metro: Finance, Governance, Labor and Rail. In November 2012, the Texas State Auditor's Office issued a report confirming that all non-statutory recommendations have been fully implemented.

Subsequent legislative action (Senate Bill 650, 82nd Texas Legislature) includes revisions to Texas Transportation Code 451 to add *Subchapter C-1. Additional Management Provisions for Certain Authorities*. In December 2012, the Sunset Advisory Commission staff completed a review of Capital Metro status for implementation of the statutory requirements. The Sunset Advisory Commission staff found Capital Metro has complied with all other provisions of SB 650, with one item in progress. The goal to establish a statutorily required reserve fund by September 1, 2016 is in progress. A confirmation report from the Sunset Advisory Commission was issued in January 2013.

<http://www.sunset.state.tx.us/83rd/compliance.pdf>

Reference 9

Sec. 451.460. ANNUAL REPORT.

- (a) This section applies only to an authority confirmed before July 1, 1985, in which the principal municipality has a population of less than 850,000.
- (b) The authority shall provide an annual report to each governing body of a municipality or county in the authority regarding the status of any financial obligation of the authority to the municipality or county.

Added by Acts 2009, 81st Leg., R.S., Ch. 1221, Sec. 6, eff. September 1, 2009.

Amended by: Acts 2011, 82nd Leg., R.S., Ch. 1163, Sec. 161, eff. September 1, 2011.

Findings

Each year Capital Metro provides an annual report to each governing body of a municipality or county in the authority regarding the status of any financial obligation of the authority to the municipality or county. The financial report summarizes the status of any financial obligation as of the end of the previous fiscal year.

Reference 10

Sec. 451.5021. BOARD COMPOSITION; CERTAIN AUTHORITIES.

(a) This section applies only to the board of an authority created before July 1, 1985, in which the principal municipality has a population of less than 850,000.

(b) Members of the board are appointed as follows:

- (1) one member, who is an elected official, appointed by the metropolitan planning organization designated by the governor that serves the area of the authority;
- (2) two members, one who must be and one who may be an elected official, appointed by the governing body of the principal municipality;
- (3) one member appointed by the commissioners court of the principal county;
- (4) one member appointed by the commissioners court of the county, excluding the principal county, that has the largest population of the counties in the authority;
- (5) one member, who is an elected official, appointed by a panel composed of the mayors of all municipalities in the authority, excluding the mayor of the principal municipality;
- (6) one member, who has at least 10 years of experience as a financial or accounting professional, appointed by the metropolitan planning organization that serves the area in which the authority is located;
- (7) one member, who has at least 10 years of experience in an executive-level position in a public or private organization, including a governmental entity, appointed by the metropolitan planning organization that serves the area in which the authority is located; and
- (8) two members appointed by the metropolitan planning organization that serves the area in which the authority is located, if according to the most recent federal decennial census more than 35 percent of the population in the territory of the authority resides outside the principal municipality.

(b-1) Notwithstanding Section 451.505, members of the board serve staggered three-year terms, with the terms of two or three members, as applicable, expiring June 1 of each year.

(c) Only a member of a metropolitan planning organization who is an elected officer of a political subdivision in which a tax of the authority is collected is entitled to vote on an appointment under Subsection (b)(1).

(d) A person appointed under Subsection (b)(1), (2), or (5), except as provided by Subsection (b)(2):

- (1) must be a member of the governing body:
 - (A) of the political subdivision that is entitled to make the appointment; or
 - (B) over which a member of the panel entitled to make an appointment presides;
- (2) vacates the office of board member if the person ceases to be a member of the governing body described by Subdivision (1);
- (3) serves on the board as an additional duty of the office held on the governing body described by Subdivision (1); and
- (4) is not entitled to compensation for serving as a member of the board.

(d-1) At least two members appointed under Subsections (b)(1), (6), and (7) must be qualified voters residing in the principal municipality.

(d-2) A person appointed under Subsection (b)(3) must:

- (1) have the person's principal place of occupation or employment in the portion of the authority's service area that is located in the principal county; or
- (2) be a qualified voter of the principal county.

(d-3) A person appointed under Subsection (b)(4) must:

- (1) have the person's principal place of occupation or employment in the portion of the authority's service area that is located in the county, other than the principal county, that has the largest population of the counties in the authority; or
-

(2) be a qualified voter of the county, other than the principal county, that has the largest population of the counties in the authority.

(e) A panel appointing a member under Subsection (b)(5) operates in the manner prescribed by Section 451.503.

(f) In this section, "principal county" has the meaning assigned by Section 451.501(f).

Sec. 451.503. APPOINTMENTS PANEL.

(a) The mayor of the most populous municipality represented on a panel under Section 451.502 serves as the presiding officer of the panel.

(b) The presiding officer shall, by giving written notice to each member, call a meeting of the panel as necessary to make an appointment. An appointment shall be made not later than the 60th day after the date a position becomes vacant, including the initial vacancy on the creation of the position.

Added by Acts 1997, 75th Leg., ch. 240, Sec. 3, eff. Aug. 15, 1997.

Amended by Acts 1999, 76th Leg., ch. 652, Sec. 1, eff. Aug. 30, 1999; Acts 2001, 77th Leg., ch. 1038, Sec. 3, eff. Sept. 1, 2001.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1221, Sec. 7, eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1221, Sec. 9, eff. September 1, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 1163, Sec. 163, eff. September 1, 2011.

Findings

Appointments to the Capital Metro Board comply with the provisions of Section 451.5021. Information on each board appointment is listed on the Authority's website. <http://www.capmetro.org/board/>

Reference 11: SUBCHAPTER C-1. ADDITIONAL MANAGEMENT PROVISIONS FOR CERTAIN AUTHORITIES [SB 650] Includes Sections 451.131 through 451.139

Sec. 451.131. APPLICABILITY. This subchapter applies only to an authority confirmed before July 1, 1985, in which the principal municipality has a population of less than one million.
Added by Acts 2011, 82nd Leg., R.S., Ch. 1327, Sec. 1, eff. June 17, 2011.

Sec. 451.132. FIVE-YEAR CAPITAL IMPROVEMENT PLAN.

(a) The board shall adopt a five-year plan for capital improvement projects that supports the strategic goals outlined in Section 451.135 and that:

- (1) describes planned projects, including type and scope;
- (2) prioritizes the projects;
- (3) addresses proposed project financing, including any effect a project may have on ongoing operational costs;
- (4) identifies sources of funding for projects, including local and federal funds; and
- (5) establishes policies for projects, including policies on:
 - (A) planning;
 - (B) approval;
 - (C) cost estimation;
 - (D) project reports;
 - (E) expense tracking;
 - (F) participation of historically underutilized businesses; and
 - (G) cost-benefit analyses.

(b) The board shall hold a public meeting on a proposed capital improvement plan before adopting the plan and must make the proposed plan available to the public for review and comment.

(c) The board shall annually reevaluate and, if necessary, amend the capital improvement plan to ensure compliance with this section.

(d) The capital improvement plan should, as appropriate, align with the long-range transportation plan of the metropolitan planning organization that serves the area of the authority.

(e) The board may not adopt a plan for participation of historically underutilized businesses in capital improvement projects that require a quota or any similar requirement. The board may not conduct a capital improvement project in a way that has the effect of creating a quota for the participation of historically underutilized businesses.

Added by Acts 2011, 82nd Leg., R.S., Ch. [1327](#), Sec. 1, eff. June 17, 2011.

Findings

See <http://www.capmetro.org/sunset/>

Every September, the Capital Metro Board of directors adopts operating and capital budgets for the next fiscal year. The budget incorporates planned capital spending for the next year of the Capital Improvement Plan (CIP). The CIP is an appendix to the adopted annual budget and includes estimated costs for the next four years. The CIP also reflects the funding source for each capital project. Public review and comment is included in the budget development process prior to board adoption.

The Capital Metro Board adopted the Capital Planning Policy in January 2011. The policy incorporates the detailed planning process and is consistent with organizational and regional long-range goals.

Sec. 451.133. OPERATING EXPENSES AND CAPITAL EXPENDITURES.

- (a) An authority may not spend for capital improvements money in excess of the total amount allocated for major capital expenditures in the annual budget.
- (b) The board shall adopt rules requiring each major department of the authority to report quarterly on operating expenses and capital expenditures of the department.
- (c) The board shall establish a system for tracking the progress of the authority's capital improvement projects.
- (d) The board shall maintain, update, and post on the authority's Internet website accounting records for each authority account, including:
- (1) the account's balance at the end of the fiscal year;
 - (2) deposits to the account;
 - (3) account expenditures; and
 - (4) interest income to the account.

Added by Acts 2011, 82nd Leg., R.S., Ch. [1327](#), Sec. 1, eff. June 17, 2011.

Findings

See <http://www.capmetro.org/sunset/>

Each September, the Capital Metro Board of directors adopts a balanced operating and capital budget for the next fiscal year. The operating budget includes line-item account details for each department, and the capital budget includes project descriptions, spending categories, funding sources, expected benefits, estimated operating cost impacts and the corresponding strategic objectives for each of the capital projects.

The statute requires quarterly status reports on actual operations and capital expenditures. Capital Metro staff currently reports operating expense variances to the Board on a monthly basis. Capital Metro staff uses a matrix to monitor projects identified in the Capital Improvement Plan (CIP). Elements of the matrix include project budget, project manager, major milestones and timelines. Beginning in January 2011, Capital Metro staff reports quarterly to the Board regarding capital project status and progress.

Capital Metro maintains, updates, and posts accounting records for each authority account on the agency's website. See <http://www.capmetro.org/transparency/>.

Capital Metro is a recipient of the Texas Comptroller of Public Accounts Leadership Circle "Gold" award. The Comptroller sponsors the Leadership Circle program to recognize local governments across Texas that are striving to meet a high standard for financial transparency online. The Comptroller spotlights those local governments that are:

- opening their books to the public
- providing clear, consistent pictures of spending
- sharing information in a user-friendly format that lets taxpayers easily drill down for more information.

The Gold award highlights those entities that are setting the bar with their transparency efforts.

Sec. 451.134. OPERATING RESERVE ACCOUNT.

(a) The board shall establish, in an account separate from other funds, a reserve account in an amount that is not less than an amount equal to actual operating expenses for two months.

(b) The board shall adjust the amount held in the reserve account at least once annually based on the authority's actual operating reserves for the 12 months immediately preceding the adjustment.

(c) The board may make an expenditure from the reserve account that causes the balance in the account to be less than the amount required under Subsection (b) only if the board considers the expense necessary to address circumstances that could not have been planned for or anticipated. The board shall adopt criteria for expenditures under this subsection.

(d) If reserve funds are spent under Subsection (c), the board shall, as soon as practicable, restore the balance of the reserve account to at least the amount in the account at the beginning of the fiscal year in which the spending occurred.

(e) The board shall maintain, update, and post on the authority's Internet website accounting records of the reserve account's:

- (1) balance at the end of the fiscal year;
- (2) deposits;
- (3) expenditures; and
- (4) interest income.

Added by Acts 2011, 82nd Leg., R.S., Ch. [1327](#), Sec. 1, eff. June 17, 2011.

Findings

See <http://www.capmetro.org/sunset/>

The Capital Metro Board approved a reserve policy on September 24, 2010. The policy defines several types of reserves: an operating reserve of at least two months of operating expenses (a cash flow reserve), a capital reserve, a self-insurance reserve and a budget stabilization reserve. Procedures are being developed on funding and maintaining the various reserves.

Capital Metro is making significant progress toward meeting the Section 451.134 requirement to maintain at least two months of operating reserves (approximately \$28 million) by September 1, 2016. The Capital Metro staff anticipates the ending balance for fiscal 2013 will be approximately \$26.7 million under current projections. Longer term financial projections are being prepared.

Sec. 451.135. STRATEGIC PLAN.

- (a) The board shall adopt a strategic plan that establishes the authority's mission and goals and summarizes planned activities to achieve the mission and goals.
- (b) The plan must set policies and service priorities to guide the authority in developing a budget and allocating resources.
- (c) The plan should, as appropriate, align with the long-range transportation plan of the metropolitan planning organization that serves the area of the authority.
- (d) The board shall annually reevaluate and, if necessary, amend the plan to ensure compliance with this section.

Added by Acts 2011, 82nd Leg., R.S., Ch. [1327](#), Sec. 1, eff. June 17, 2011.

Findings

See <http://www.capmetro.org/sunset/>

In October 2011, the Capital Metro Board adopted a strategic plan that includes a new vision, mission and four key goals to guide the agency through FY2012 and beyond. The goals and objectives are tied directly to Capital Metro's operating and capital budgets.

The four key principles reflected in the Strategic Plan are:

- Provide a Great Customer Experience
- Improve our Business Practices
- Demonstrate the Value of Public Transportation in an Active Community
- Be a Regional Leader

The strategic plan will be revisited each year and refined as needed to reflect the changes in board, organizational and regional priorities.

http://www.capmetro.org/uploadedFiles/Capmetroorg/Future_Plans/2011%20Strategic%20Plan%20Overview.pdf

Sec. 451.136. RAIL SAFETY PLAN AND REPORTS.

(a) The board shall adopt and the general manager shall implement a rail safety plan in accordance with federal and industry standards for all authority rail activities, including commuter and freight rail activities.

(b) The plan must address and emphasize ongoing maintenance and safety of the authority's railroad bridges.

(c) To ensure that contractor services on the authority's rail system meet safety obligations, the plan must include specifics regarding monitoring of contractors for safety-related performance, including regular:

- (1) hazard analyses;
- (2) risk assessments; and
- (3) safety audits.

(d) The general manager shall report quarterly to the board on the safety of the authority's rail system. The authority shall provide to the Texas Department of Transportation all reports provided to the Federal Railroad Administration or Federal Transit Administration regarding any aspect of the rail system's safety at the time the reports are delivered to the Federal Railroad Administration or Federal Transit Administration.

Added by Acts 2011, 82nd Leg., R.S., Ch. [1327](#), Sec. 1, eff. June 17, 2011.

Findings

See <http://www.capmetro.org/sunset/>

A Safety System Program Plan (SSPP) has been completed by Capital Metro and reviewed and accepted by the Federal Railroad Administration, the federal agency responsible for rail oversight. The SSPP identifies goals and objectives to ensure safe, reliable, convenient and efficient operations. This SSPP also describes the requirements, processes and controls required to transport people safely on the system.

Since May 2010, staff has reported on the safety of the system to the Capital Metro board on a monthly basis. The reports are also shared with the Texas Department of Transportation.

Sec. 451.137. COMPETITIVE BIDS FOR AND PURCHASE OF TRANSIT SERVICES.

(a) Except as provided by Subsection (f), after providing notice of a proposal, a board must submit to competitive bids a contract for and must purchase transit services that:

(1) include:

- (A) administration of motor bus or sedan transit services;
- (B) motor bus or sedan driving, maintenance, or repair;
- (C) transit services for persons who have disabilities, including through a program established under Section 451.254; or
- (D) rail transit services; and

(2) are not provided wholly by an employee of the authority who is directly paid by the authority and works under the daily supervision of the authority's general manager.

(b) For the purposes of Subsection (a)(2), services are not provided wholly by an employee of the authority if the person is an employee of an entity incorporated as a state nonprofit by the board of the authority and with which the authority contracts for transit or employee services.

(c) Notice under Subsection (a) must be published in a newspaper of general circulation in the area in which the authority is located at least once each week for eight consecutive weeks before the date set for receiving the bids. The first notice must be published at least 60 days before the date set for receiving bids.

(d) A contract let under this section must include:

- (1) performance control measures;
- (2) incentives for performance;
- (3) penalties for noncompliance; and
- (4) a contract termination date.

(e) The board shall adopt rules on:

- (1) the taking of bids;
- (2) the awarding of contracts; and
- (3) the waiver of the competitive bidding requirement if there is:
 - (A) an emergency; or
 - (B) only one source for the service or purchase.

(f) Subsection (a) does not apply to a contract or purchase:

- (1) in an amount of \$25,000 or less;
- (2) for personal or professional services; or
- (3) for the acquisition of an existing transit system.

Added by Acts 2011, 82nd Leg., R.S., Ch. [1327](#), Sec. 1, eff. June 17, 2011.

Findings

See <http://www.capmetro.org/sunset/>

Capital Metro issued a Request for Proposals in 2011 to competitively procure all transit services not directly provided by Capital Metro employees by September 2012. The procurement process complied with all aspects of Section 451.137.

On April 23, 2012, the Capital Metro Board awarded two contracts with private companies to provide the fixed-route and paratransit services previously provided by StarTran, Inc. Effective August 19, 2012, all transit service is operated by contractors.

Sec. 451.138. PUBLIC INVOLVEMENT POLICY.

(a) The board shall adopt a policy of involving the public in board decisions regarding authority policies. The policy must:

- (1) ensure that the public has an opportunity to comment on board matters before a vote on the matters;
- (2) ensure that any consent agenda or expedition of consideration of board matters at board meetings is used only for routine, noncontroversial matters;
- (3) establish a time frame and mechanism for the board to obtain public input throughout the year; and
- (4) plan for dissemination of information on how the public can be involved in board matters.

(b) The board shall post the policy adopted under this section on the authority's Internet website.

Added by Acts 2011, 82nd Leg., R.S., Ch. [1327](#), Sec. 1, eff. June 17, 2011.

Findings

See <http://www.capmetro.org/sunset/>

The Capital Metro Board originally adopted a Community Involvement Policy on September 24, 2010. Amendments to the policy were approved in September 2012 to fully comply with the requirements of the statute. The current policy incorporates the provisions of the Sunset recommendation and delineates how Capital Metro will work to ensure that its decision-making processes are open and accessible to all interested parties. The policy establishes how Capital Metro will develop and implement a comprehensive community involvement strategy for receiving input from the community.

<http://www.capmetro.org/getinvolved/>

Capital Metro staff is reaching out to a greater number of stakeholders through social media and technology. For example, the community engagement process for the FY2011 budget included an online video and surveys and a virtual public meeting that allowed customers to participate from their computers at work or home.

In 2011 Capital Metro stopped using a consent agenda until revised policies were adopted for public comment. In 2012 the Capital Metro Board revised public comment policies for Board and committee meetings to include more opportunities for public comments. Public comments on general topics are received as the first item on the Board meeting agenda. Speakers may choose to address action items either during the public comment section at the beginning of the meeting or when an action item is before the board for consideration. The Board renewed use of a consent agenda for routine, noncontroversial matters and also invites public comment for an item on the consent agenda. In addition, public comment is permitted on action items at Board committee meetings so that input on items can be incorporated before items are placed before the full board of directors for action.

<http://www.capmetro.org/board.aspx?id=108>

Sec. 451.139. ISSUANCE OF BONDS FOR SELF-INSURANCE OR RETIREMENT OF PENSION FUND RESERVES.

(a) An authority may issue bonds only in an amount necessary for managing or funding retiree pension benefit obligations for pension plans existing as of January 1, 2011, and that result from the competitive bidding of transit services required by Section 451.137.

(b) Section 451.352(c) does not apply to bonds described by Subsection (a).

Added by Acts 2011, 82nd Leg., R.S., Ch. [1327](#), Sec. 1, eff. June 17, 2011.

Findings

Capital Metro has not issued bonds for self-insurance or retirement of pension fund reserves as of December 2012.

Reference 12

Sec. 451.6101. CONTINUATION OF SERVICES TO PERSONS WITH DISABILITIES; ALTERNATIVE PROGRAM.

- (a) This section applies only to an authority to which Subchapter C-1 applies. [See above.]
- (b) Notwithstanding Section 451.610, an authority shall establish an alternative program to provide transportation services to persons with disabilities in a withdrawn unit of election who are eligible to receive services under the program. An authority shall require interested persons with disabilities to apply to be program participants. The program must be available to a person with a disability who:
- (1) resides, at the time of application to the program, in a withdrawn unit of election;
 - (2) can prove, at the time of application, residence in the corporate limits of the withdrawn unit of election as those limits existed at the time of the withdrawal and continuous residence in the corporate limits of the withdrawn unit of election since withdrawal;
 - (3) meets eligibility criteria established by the authority for demand-responsive transportation service for persons with disabilities and can prove, at the time of application, that the person has had the same disability since the unit of election withdrew; and
 - (4) applies to the program before January 1, 2012.
- (c) The program must:
- (1) include only transportation services that meet the requirements of all applicable federal laws, rules, or regulations; and
 - (2) include transportation services between the residence of a program participant and a destination within the authority's service area or a destination within the withdrawn unit of election where the person with a disability resides that is:
 - (A) the participant's place of work or a place where the participant is seeking employment;
 - (B) a physician's office;
 - (C) a pharmacy;
 - (D) the participant's place of voting;
 - (E) a grocery store within five miles of the participant's residence or within the withdrawn unit of election; or
 - (F) a government building.
- (d) Subsection (c)(1) does not expand the service area or add to the destinations in Subsection (c)(2).
- (e) The requirement for transportation services to a grocery store under Subsection (c)(2)(E) is for services once per week. The requirement for transportation services to a government building under Subsection (c)(2)(F) is for services twice per week.
- (f) A withdrawn unit of election must reimburse the authority for the costs of all services in the manner provided by Section 451.616 unless otherwise agreed to in a memorandum of understanding between the authority and the withdrawn unit of election.
- (g) A withdrawn unit of election that does not provide transportation services to a program participant in the withdrawn unit of election through a third-party service provider shall provide the participant with use of the authority's transportation services. If a withdrawn unit of election chooses to have a third-party service provider provide services under this subsection, the authority may, with the withdrawn unit's consent:
- (1) provide necessary dispatch services; and
 - (2) ensure the provider receives payment from the withdrawn unit of election.
- (h) An individual may not receive transportation services under the program and subsequently receive transportation services under Section 451.610.
- (i) A person who ceases to reside in the withdrawn unit of election may not continue as a program participant.
-

(j) This section and any program established under this section expire on January 1, 2020.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1327, Sec. 3, eff. June 17, 2011.

Findings

MetroAccess is a demand-response, shared-ride service for people whose disabilities prevent them from riding regular bus and rail service. MetroAccess service complies with the Americans with Disabilities Act of 1990 (ADA). The term “paratransit” in this section refers to transit that is parallel in service to fixed-route bus service. The paratransit Rider’s Guide is available online.

<http://www.capmetro.org/metroaccess.aspx?id=58>

In 2011, Capital Metro implemented an alternative program for continuation of services to persons with disabilities as provided in Section 451.6101. There was one individual who applied and was eligible to receive transportation services pursuant to the requirements of the alternative program.

Appendix 1 Summary Differences in 2004-2007 Quadrennial Review

- (1) In 2006 and 2007, Cambridge did not include Demand Response service by Taxi.
This impacted passengers, revenue hours, revenue miles, and passenger miles.
Taxis are included in DR for years 2006-2009 in the 2008-2011 Quadrennial Review
NTD added Demand Response Taxis as a mode in 2010 and 2011

- (2) In three years 2004 - 2006, Cambridge reported Fare Revenues greater than reported in NTD
This impacts fare revenues, average fare, and fare recovery for Motor Bus, Purchased.
The greater amounts by year are:

\$0.3 million	Motor Bus Purchased 2004
\$0.4 million	Motor Bus Purchased 2005
\$0.3 million	Motor Bus Purchased 2006

The 2008-2011 Quadrennial Review reports Fare Revenues consistent with NTD 2002-2011

- (3) In 2007, Cambridge did not report Other Transportation Revenue, although these data were included in previous years.
This impacts fare revenues, average fare, and fare recovery for Motor Bus, Purchased.

(\$0.40) million	Motor Bus Purchased 2007
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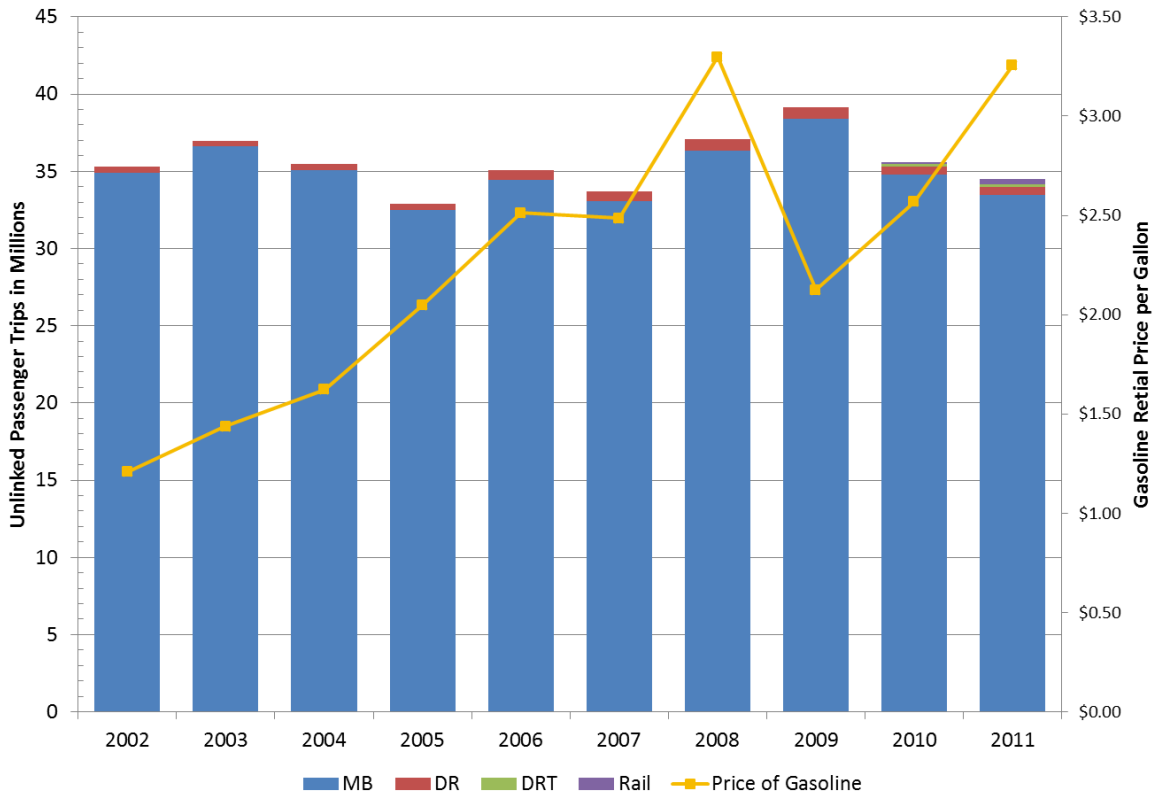
The 2008-2011 Quadrennial Review includes Other Transportation Revenue consistent with NTD

- (4) Cambridge appears to have reported only Motor Bus (Fixed Route), Directly Operated On-Time Performance (2002-2007)
This impacts On-Time Performance trend
The 2008-2011 Quadrennial Review reports On-Time data for Motor Bus and Demand Response and Rail in 2010 and 2011

- (5) Cambridge reported only Vehicle Accidents and not Passenger Incidents 2002-2007
This impacts Accidents per 100,000 miles
The 2008-2011 Quadrennial Review reports Accident and Incident data for 2007-2011 per Texas Transportation Code Section 451.455(i)

- (6) Cambridge used data for mechanical failures as reported by Capital Metro
This impacts Miles between Road Calls
The 2008-2011 Quadrennial Review reports Mechanical System Failures as reported in NTD 2002-2011

Appendix 2 Relationship Transit Ridership and Price of Gasoline



Gasoline Price Relationship to Passenger Trips 2002-2011

Source: Energy Information Administration for gasoline prices, Capital Metro NTD for passenger trips