

# Capital Metro Peer Review Quadrennial Performance Audit

## final report

*prepared for*

**Capital Area Metropolitan Planning Organization**

*prepared by*

**Cambridge Systematics, Inc.**

*with*

McDonald Transit Associates, Inc.



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December 31, 2008

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# Executive Summary

Cambridge Systematics, Inc., in partnership with McDonald Transit Associates, Inc., has been asked to conduct a study of the Capital Metropolitan Transportation Authority (Capital Metro) as the first in a series of peer review studies of transportation agencies in Central Texas supervised by the Capital Area Metropolitan Planning Organization (CAMPO). The study is guided by the Peer Review Committee of the CAMPO Policy Board. The objectives of the peer review are to:

- Address topics related to regional transportation planning, organization, governance, and funding sustainability;
- Compare Austin with other cities in a similar position, now and in the future, and review relevant best practices in those cities;
- Review performance indicators and prepare a Quadrennial Performance Audit as required by Texas law; and
- Make recommendations to ensure that limited resources are being deployed efficiently and effectively to meet the challenges facing the region now and in the future.

Under Section 451.454 of the Texas Transportation Code, certain metropolitan transportation authorities must prepare a Quadrennial Performance Audit that examines the agency's compliance with applicable state law, recent trends in several performance indicators, and topics related to agency administration and management, operations, and/or system maintenance. As the last performance audit focused on system maintenance, and each audit has traditionally treated one of the topics in rotation, this study focuses on the "administration and management of the authority." Because of the overlap in subject matter, the performance audit was combined with CAMPO's peer review in a single study.

## AGENCY OVERVIEW

Capital Metro was established by a referendum on January 19, 1985 to provide mass transportation service to the greater Austin metropolitan area. Voters in Austin and the surrounding area approved the creation of the agency, to be funded in part by a 1 percent sales tax. Capital Metro commenced operations on July 1, 1985.

As a public entity, Capital Metro is prohibited by Texas law from entering into a traditional collective bargaining agreement with a union. To receive Federal funds, however, Capital Metro must recognize the collective bargaining rights of employees as they existed in the past. In 1991, Capital Metro organized a private nonprofit corporation to serve as the operator of many of its services. This employer became known as StarTran, Inc. (StarTran) and serves today as the

largest single contractor for Capital Metro services. Other services are purchased from Veolia (some fixed route service in the northeastern portion of the service area), First Transit (University of Texas Shuttle service), the Capital Area Rural Transportation System (CARTS), local taxi cab companies, and other providers. Each of the independent contractors (Veolia and First Transit) has a separate labor agreement with its operators and mechanics with the same union, the Amalgamated Transit Union (ATU) Local 1091.

In 1997, following a series of scandals, several major changes were made to Capital Metro's enabling legislation, including adding elected officials to its Board of Directors and requiring the agency to seek voter approval to operate a fixed rail transit system.

In 2000, the agency took to the voters a proposal for a light rail system to be funded from agency sales tax revenues. The proposal was narrowly defeated. Over the next few years, the agency helped to establish the Envision Central Texas group, which developed a regional growth vision and transit-supportive land use strategy for five counties in Central Texas and prepared its own long-range strategic plan, *All Systems Go!*, which outlined a less ambitious network of commuter rail, arterial bus rapid transit, and supporting transit services. Voters approved the rail element of the plan in 2004. The commuter rail line, the MetroRail Red Line from Austin to Leander, is planned to begin operations in early 2009.

## PERFORMANCE INDICATORS

Following the requirements of the statute, performance indicators were evaluated using the National Transit Database (NTD) as a primary data source. The NTD is the Federal Transit Administration's (FTA's) main national database for statistics on the transit industry. Where necessary, the NTD data was adjusted to obtain comparable statistics from year to year or supplemented with data provided by Capital Metro.

To facilitate the assessment, the consultant team identified nine peer transit systems with performance characteristics that are comparable to Capital Metro's current operations. These "operating peers" include Charlotte, Columbus, Indianapolis, Kansas City, Louisville, Memphis, Orlando, Sacramento, and Tampa. For certain measures, comparisons are also made with the systems evaluated during the research phase of the study that represent cities with characteristics (e.g., major fixed guideway rapid transit investment programs) that Austin may emulate in the future. These "policy peers" include Charlotte, Dallas, Denver, Houston, Phoenix, Portland, Salt Lake City, San Antonio, San Diego, San Francisco, Seattle, and the Twin Cities of Minneapolis-St. Paul.



## **Operating Cost per Passenger**

The operating cost per passenger is calculated by dividing the transit agency's annual operating cost by the unlinked passenger trips for the same period.

Capital Metro's operating costs have doubled over the last decade, with an increase of 21 percent since 2004. Over the decade, this growth rate has been about three times that of the Consumer Price Index (CPI). The agency's total operating costs are higher than most of the operating peer regions, but they have not been growing significantly faster. Adjusting for population, Austin spends the most per capita on public transportation services of any of the operating peer systems. Among the policy peers, which include a number of large transit systems in major cities with dense development patterns, Austin already exceeds more than half of the regions on transit spending per capita.

Capital Metro's unlinked passenger trips have fluctuated from year to year, but remain virtually unchanged over the last decade, actually declining by 6 percent since 2004. In 2007, about 99 percent of trips were on fixed-route bus services and Capital Metro carried about 72 percent of passengers on the routes that it directly operates through its arrangement with StarTran, Inc. The agency carries more passengers than any of the operating peer regions, including those with light rail or streetcar systems. However, while some systems posted substantial ridership gains since 2004 due largely to rising fuel costs, Capital Metro's ridership has fallen. Adjusting for population, Capital Metro attracts more passenger trips per capita to public transportation than any of the operating peer systems. Among the policy peers, Austin exceeds half of the regions on transit ridership per capita. Capital Metro's service already carries approximately as many annual trips per capita as established regional transit systems in Charlotte, Dallas, Denver, Houston, and San Diego.

With a few exceptions in certain years, operating cost per passenger has risen steadily over the last decade. Sharp increases in recent years (28 percent since 2004) may be largely attributed to rising fuel costs. Capital Metro's directly operated service has been consistently more expensive than purchased transportation during this period. In 2007, services operated by StarTran, Inc. cost 58 percent more per passenger than services operated by private operators under contract to Capital Metro. The agency's operating cost per passenger compares favorably to the operating peers. In 2007, the peer average was \$4.32 compared to \$3.97 at Capital Metro (about 9 percent higher). This is largely a function of Capital Metro's high ridership levels.

## **Operating Cost per Revenue Hour and per Revenue Mile**

Operating cost per revenue hour is computed by dividing an agency's operating cost by the total time spent by its vehicles in revenue service during the same period. The operating cost per revenue mile is calculated by dividing the agency's annual operating cost by the total distance traveled by its vehicles while in revenue service for the same time period. Both measures exclude out of

service activity (i.e., deadhead trips between the garage and a route terminus) and charter operations.

Capital Metro's service level has increased significantly over the last decade, but has remained virtually flat since 2004. There has been a shift from directly operated service to purchased transportation in the last few years. Capital Metro provides more service than any of the operating peers, except one. However, while some systems have been rapidly expanding service recently, Capital Metro has held steady.

Capital Metro provided more than 1.5 times the operating peer average service level in 2007 as measured by revenue vehicle-hours. This relationship with peer systems holds even when service area population (as reported to the NTD) is considered. Capital Metro provides nearly 1.4 times the service level per capita as the operating peer average and approaches that of the policy peers.

Operating costs have been rising faster than revenue hours, causing this measure to increase by 22 percent since 2004. Overall operating cost per revenue hour reached \$102.22 in 2007. The rise in unit costs is largely a function of rapidly escalating fuel costs, which increased by about 130 percent from 2004 to 2007.

The statistics show how demand-response service historically has been more expensive to provide. In 2007, demand-response service cost about 22 percent more per hour than fixed-route service. Capital Metro's directly operated service has been consistently more expensive than purchased transportation. In 2007, services operated by StarTran, Inc. cost 23 percent more per hour than services operated by private operators under contract to Capital Metro.

Capital Metro's overall cost per hour is near the top of the range of operating peer systems. In 2007, it was 14 percent higher than the operating peer average, and it also has been growing nearly twice as fast from 2004 to 2007.

Statistics for revenue miles yield similar trends as those for revenue hours.

### **Sales and Use Tax Receipts per Passenger**

Sales and use taxes per passenger are calculated by dividing the total sales and use taxes received by the agency by the number of unlinked passenger trips over the same period.

Over the last decade, revenues have fluctuated with economic cycles (with a notable downturn in 2002 to 2003), but overall have increased at a compound annual growth rate of 5.1 percent. Recent years have shown robust growth rates of 10 percent or more per year (in both 2006 and 2007), resulting in a compound annual growth rate of 9.5 percent since 2004. This growth is primarily driven by the expansion of the Austin economy, which has led to an increase in sales tax receipts. At least 85 percent of sales tax revenue is collected in the City of Austin. This includes taxes paid by Austin residents as well as taxes paid by residents of surrounding areas who shop in Austin.

Capital Metro collects more local revenue than any of the operating peers, including those with light rail or streetcar systems. Adjusting for service area population, Capital Metro collects nearly three times the operating peer average per capita.

While passenger trips were relatively stable in recent years, sales and use tax receipts per passenger have been climbing quickly, reaching \$4.49 in 2007. Largely as a result of its high ridership, Capital Metro has ranked near the bottom of the operating peers on tax receipts per passenger trip in each of the last four years. However, the ratio has been growing faster at Capital Metro than most of the peers due to robust tax revenue growth and slowly declining ridership.

### **Fare Recovery Rate**

The fare recovery rate is a measure of the proportion of a transit agency's operating cost that is recaptured in the form of passenger fares. It is calculated by dividing the annual fare revenue by the authority's operating cost for the same period. Capital Metro's contract revenues from the UT Shuttle service and other pass programs are included in the calculation of fare recovery rate.

Contract revenues have exceeded fare revenues from other fixed-route services since at least 2002. However, with recent increases in express bus usage and other factors, fare revenues for services directly operated by StarTran have risen sharply, up more than 30 percent since 2004. With additional changes in fare structure (e.g., base fare increase from \$0.50 to \$0.75) in October 2008, fare revenues could exceed contract revenues in the coming years.

Fare revenues paid by riders of other fixed-route and demand-response services only generated about one-third the revenue per rider of the UT Shuttle and other pass programs in 2007. Capital Metro's overall average fare is the lowest among the operating peer systems. In 2007, Capital Metro charged less than one-half the peer average of \$0.76 per trip. However, Capital Metro's average fare has been increasing more quickly than most of the peers.

The overall fare recovery rate has declined in recent years, reaching 8.5 percent in 2007. Fixed-route bus service has had a consistently higher recovery rate than demand-response service (more than eight times as high in 2007). While the rate for fixed-route service has been steady at about 10 percent since 2003, the rate for demand-response service has been declining and was only 1.2 percent in 2007. Without the contract revenues, fare recovery rate would decline by nearly one-half in 2007 to about 5 percent.

Capital Metro's overall fare recovery rate is low when compared to the operating peer average. In 2007, the peer average was 17.5 percent, or more than double Capital Metro's rate. Fares and fare recovery rates are a key indicator of local public policy. Capital Metro historically has had a liberal fare policy to encourage utilization and support other community goals.

## **Average Vehicle Occupancy**

The average vehicle occupancy is computed by dividing annual passenger-miles by revenue vehicle-miles for the same period of time and is thus an aggregated indicator of “how full the buses are.”

Since 2004, passenger-miles have reversed the trend in ridership, with an 11 percent increase. The vast majority of passenger-miles are on fixed-route services. In 2007, about 97 percent of passenger-miles were on fixed-route bus services and Capital Metro carried about 76 percent of passenger-miles on the routes that it directly operates through its arrangement with StarTran, Inc. Accordingly, some of the recent increase in passenger-miles can be attributed to the success of Capital Metro’s longer-distance express bus services.

In 2007, Capital Metro carried about 1.6 times the operating peer average passenger-miles and its ridership (reflected in passenger-miles) has grown at approximately the same rate as the peer average.

Since 2004, while revenue miles were flat, average vehicle occupancy increased by 11 percent to 7.75 passengers in 2007. This could be the result of mode shifts to transit as a result of the rising price of motor fuels. Although there has been some fluctuation over time, the directly operated services currently have somewhat fuller vehicles on average than the contracted services. In 2007, StarTran’s vehicles had about 5 percent higher occupancy than those of the private contractors.

Capital Metro’s is higher than most of the peer regions and has grown faster than most of the peers as well. As ridership has grown due in part to high energy costs, Capital Metro has not added significant new service (reflected in vehicle-miles), rather “letting the buses get fuller” more so than most of the peer systems.

## **On-Time Performance**

On-time performance is calculated by determining the annual percentage of revenue vehicle trips that depart from selected locations no earlier than the published time and no later than five minutes after that time. Capital Metro tracks on-time performance internally using periodic field checks.

On-time performance was 82 percent for 2000 and 2001, but increased to 88.9 percent in 2002 and has remained near 90 percent ever since. This level of performance is comparable to targets and results at other bus transit systems.

## **Number of Accidents per 100,000 miles**

The number of accidents per 100,000 miles is derived by multiplying the annual number of accidents by 100,000 and dividing the product by the number of miles for all service (including deadhead and charter miles) that is directly operated by the agency for the same year.

After a substantial decline in the early part of the decade, Capital Metro's accident rates have improved slowly since 2004, reaching about 2.25 accidents per 100,000 miles in 2007. The decline in accident rates likely reflects the increasing effectiveness of the agency's safety programs.

### **Number of Miles between Mechanical Road Calls**

The number of miles between mechanical road calls is determined by dividing the annual number of miles for all directly operated service (including charter and nonrevenue service) by the number of mechanical road calls for the same period. It is thus a measure of the reliability of a transit agency's vehicles. A mechanical road call is defined as any revenue vehicle mechanical failure that causes a service interruption and requires assistance from someone other than the vehicle operator before revenue service can be resumed.

Capital Metro achieved 6,456 miles between road calls in 2007, up 139 percent since 2004. This is likely a result of increasing effectiveness in the agency's vehicle preventive maintenance programs. However, the agency's fleet is less reliable than the operating peers overall (the 2007 operating peer average was about one-third better than that of Capital Metro), but with its impressive improvement in the last few years it has reversed a trend toward less reliability observed among the peers.

## **STATUTORY COMPLIANCE**

As required by the statute, the consultant team performed an examination of Capital Metro's compliance with applicable state law, including sections related to Metropolitan Transportation Authorities (MTAs), collective bargaining and strikes, public work performance and payment bonds, interlocal cooperation contracts, professional and consulting services, air quality, conflicts of interest, open meetings, public information, eminent domain, and other issues. As the last performance audit found no significant problems in these areas, the review focused on changes in the law and in Capital Metro's activities since 2004 that could have implications on statutory compliance. The review also evaluated Capital Metro's progress responding to recommendations made in the last performance audit.

Overall, Capital Metro has done an excellent job of responding to the issues identified in the previous performance audit. Additionally, the agency has responded to the statutory changes since 2004 that are applicable to its services.

## **STAKEHOLDER INTERVIEWS**

The consultant team interviewed nearly 70 stakeholders over the course of more than 35 meetings and conference calls to gain insight on the challenges facing Capital Metro. Stakeholders included elected officials who represent Capital Metro's service area, each member of Capital Metro's Board of Directors, key

members of Capital Metro's senior management team, each member of CAMPO's Transit Working Group, representatives of agencies that plan or operate transportation facilities or services in Central Texas, major employers, business and development organizations, and advocacy groups interested in regional growth issues, sustainable development, and improved public transportation services.

Each interview included questions about regional growth issues, the role of public transportation and Capital Metro in supporting that growth, and the challenges facing the agency. Some of the key observations from the interviews, based on the relative frequency and weight of various positions expressed by the stakeholders, included:

- Capital Metro seems to be suffering for lack of a regional vision for public transportation. There has been a lack of consensus around some of the basic priorities that define the role of transit, including how much transit is a safety net service for those who do not drive or a key strategy in relieving the region's traffic congestion, and how much transit should serve everyone or focus on the densest corridors. While many agencies share responsibility for the transportation system in Central Texas, this ambiguity has left Capital Metro in the awkward position of having to formulate its own mission.
- There seems to be nearly universal recognition that the region is facing new problems, including worsening congestion and deteriorating air quality, which require new solutions. This seems to be leading to broad support for more regionalism in planning and a more coordinated, systematic, and multimodal approach to transportation. Following the region's major highway and toll road investment programs, many see transit as the next logical step in the evolution of the transportation system. Most stakeholders see the region supplementing the MetroRail Red Line with more rapid transit, particularly a central area circulator in Austin, more commuter rail between Austin and surrounding communities, bus rapid transit in key arterial corridors, and express bus service focused on activity centers.
- Capital Metro is primarily viewed as an implementing agency. There is broad consensus that Capital Metro needs to be at the table as regional transit plans are being developed, but forming the vision and setting priorities are considered to be the appropriate responsibility of CAMPO. Clearer direction from CAMPO on what transit investments the region needs to make could relieve Capital Metro of the burden of trying to build consensus behind the agency's mission.
- Although some stakeholders expressed concerns about Capital Metro's ability to manage its current system, there was broader interest in expanding the agency's regional role to include managing transit and shared ride services throughout the three-county CAMPO area, including the communities that have withdrawn from or never joined the Capital Metro service area.

- Austin’s well-educated, widely traveled, and activist community has high expectations that would be challenging for any transit agency to meet. The agency is generally perceived to be doing better in recent years, but it still has not fully recovered from a long series of public relations gaffes. Sustained negative messages by the media and outspoken transit critics about Capital Metro’s “high union labor costs” and “empty buses” have generally resonated with the public and elected officials more than the positive messages circulated by the agency. A number of stakeholders attribute many of the agency’s perception problems, particularly those related to how wisely it spends public money, to a combination of a board that politicizes what should be relatively straightforward business decisions and a management team that has been “chronically clumsy” with external relations. Capital Metro’s management is perceived by many to be very competent from a technical perspective, but tends to be insular and has not fostered a sense of openness and transparency. In Austin’s strong climate of participatory democracy, this “bunker mentality” has created a lack of trust and has bolstered the position of the agency’s critics.

The stakeholders identified several main challenges facing the agency:

- **Financial Sustainability** – There is widespread belief that the pursuit of rail has strained Capital Metro’s financial resources. Several of the legislative provisions enacted in the 1990s, which were intended to address some of the abuses of the preceding years, are perceived to affect the agency’s financial situation. These include the requirement to seek voter approval for any rail projects (even if no new tax revenue is needed for construction and operation), the requirement to seek approval from an outside committee of local elected officials (the “Local Government Advisory Committee”) for any significant changes in fare policy, and the requirement to continue to provide paratransit services in areas that have opted out of the service area (although only a few “grandfathered” customers remain eligible for this service).
- **Labor Relations** – Capital Metro’s labor costs are broadly perceived to be higher than average. StarTran’s top bus operator wages are the highest in Texas (although they are near state and national averages when adjusted for cost of living differences). Fringe benefits appear to be a key contributor to StarTran’s relatively high labor costs. Despite the relatively generous labor contract terms, many stakeholders note poor relations between StarTran and the Amalgamated Transit Union (ATU) Local 1091 over the past few years. There seems to be serious distrust between Capital Metro’s executive management and the union, which has likely prolonged negotiations on a new contract.
- **Governance** – Many stakeholders believe that the shift to more elected officials on the Capital Metro board since the 1997 legislation has succeeded in making the agency more accountable and responsive to constituents, but that it also has given the board less independence to make tough business decisions.

- **Service Area** – There is increasing recognition that regional approaches are needed to solve the region’s transportation problems. However, there are structural constraints that make it difficult for the region to provide transit services in outlying areas. In particular, state legislation that caps the discretionary local sales tax at 2 percent (plus the 6.25 percent statewide tax) effectively causes communities to have to choose between Capital Metro transit service and economic development, property tax relief, or other priorities. While most stakeholders believe that the board is appropriately structured for Capital Metro’s current service area, there also is a belief that a significant expansion could require reconsideration of the jurisdictions that appoint and are represented by board members.
- **Service Competitiveness** – To be able to contribute to solving the region’s growing congestion and air quality problems, and to move beyond its perception as “the ride of last resort,” most stakeholders feel that Capital Metro needs to be more effective at attracting “choice riders.” Rail or BRT services that operate in dedicated right-of-way or managed lanes are considered to be essential to the agency’s success.
- **Agency Perception** – Capital Metro is not perceived as positively in its home community as it is within the national transit industry. Regardless of their viewpoint toward the agency, most stakeholders agree that Capital Metro’s image could be improved by more visible and open staff participation in the regional dialogue on transit needs, and more active and helpful staff participation in formulating and evaluating potential solutions. More proactive management of media relations also would help to reduce the agency’s chronically negative press.

## PEER ANALYSIS

The research phase of the study consisted of detailed exploration of how 12 peer regions (the “policy peers”) are addressing the challenges and issues identified in the stakeholder interviews. Issues were explored through background research and telephone interviews or written questionnaires with key contacts at agencies in each region.

### Peer Research Findings

Some of the key findings from the peer research included:

- Nationally, most transit boards range in size from 5 to 23 members, with 7- to 10-member boards typical. All of the policy peers (as well as Capital Metro, with its 7-member board) were within the typical range. Capital Metro also is typical in the incidence of elected officials on its board. Most of the peer agencies have at least some elected officials on their boards, in many cases appointed by other elected officials.



- In Texas, it is common for MTAs to lead transit system planning and implementation efforts, as has been the case with Capital Metro's *All Systems Go!* plan, rail referendum, and ongoing implementation of the Red Line to Leander. Outside Texas, planning agencies have frequently taken a larger role in developing a growth vision for the region and designing the transit element of the vision. In a few regions, the relationship extends to organizational integration or direct financial participation.
- There is considerable variation in the powers that regions give to their transit agencies. At one end of the spectrum are regional authorities, such as TriMet in Portland, with broad powers to build out the transit element of the regional transportation plan and operate the services. At the other end are emerging regional authorities that have grown organically over time.
- With few exceptions, transit agencies generally have the authority to set their own fare policies. Some have tried to maintain fares at constant levels for long periods of time. Capital Metro's requirement to seek approval from the Local Government Advisory Committee for fare increases is exceptional, particularly outside Texas.
- Most transit agencies have been required by state enabling legislation to seek voter approval to increase taxes. Public referenda frequently associate a tax increase with a specific program of transit investments. Restrictions on projects that do not require additional sales tax are rare and were not observed in any of the peer regions, including other Texas transit agencies. This suggests that Capital Metro's requirement to seek voter approval even if no new taxes are needed to construct the proposed project is exceptional.
- Based on a review of Capital Metro's labor agreements, no intrinsic impediments to a positive labor - management relationship were identified in the StarTran - ATU labor agreement. Several areas of StarTran's benefits are better than those of other systems and the StarTran - ATU labor agreement is more generous overall than those of a sample of peer systems. A comparison of health benefits to other public agencies shows the StarTran - ATU agreement to be at the upper end of the local marketplace. The details of the comparison suggest a workforce that is well compensated.
- The majority of regional transit systems focus on the urbanized portions of their Census metropolitan areas and typically serve areas in which less than 90 percent of their population resides. Capital Metro's service area includes about 59 percent of the Austin-Round Rock metropolitan area population, which places Austin near the lower end of the range of policy peers.
- Each Texas MTA described the constraints that the statewide 2 percent limit on local option sales taxes places on agency membership and transit expansion. This provision seems to be unique to Texas. No peer regions mentioned similar limitations.

- In Texas, there has been a tradition of allocating a share of transit agency sales taxes to local roads, pedestrian improvements, and other purposes via programs like Build Central Texas in Austin. Outside Texas, there are few examples of measures that allocate revenues among multiple modes.
- Some stakeholders expressed interest in adapting the Central Texas Regional Mobility Authority's (CTRMA's) broad powers to finance and implement transportation projects for realizing a regional rapid transit system. There are precedents for the institutional commingling of transit and toll road authorities in the New York City and San Francisco regions, although these have focused on toll bridges that are in corridors with complementary transit service.
- A few agencies have attempted to manage expectations and guide service planning by associating land use characteristics with transit service characteristics. In particular, those transit agencies that serve exurban areas have developed mechanisms to focus resources in the most developed areas. These include route-level performance review processes and service standards, which relate transit service levels (service type, frequency, and hours of operation) with population and employment density.

### **Agency Financial Analysis**

The consultant team reviewed Capital Metro's historic cost and revenue data, along with the agency's Long-Range Financial Plan (LRFP), in order to examine and compare historical versus projected future operating costs, revenues, operating statistics, and capital expenditures. The Baseline forecast assumes introduction of MetroRail commuter rail in 2009 and MetroRapid arterial BRT in 2010. Service levels are forecast to increase by two-thirds from their current levels over the next 20 years, including introduction of six MetroRapid lines (about 37 percent of the total increase, as measured by revenue vehicle-hours). Except for improvements associated with increasing the peak frequency of the MetroRail service to every 15 minutes, the Baseline scenario assumes no further investment in rail transit.

A key assumption is that the majority of new service will be operated by private contractors. While StarTran's total workload is expected to remain relatively stable over time (declining by about 14 percent from 2008 to 2028), its share of total vehicle-hours is assumed to decline from 71 percent in 2008 to 36 percent in 2028.

The forecast also assumes that base bus fares will increase by \$0.25 every two years beginning in 2009, reaching \$3.00 by 2027. This results in steep increases in average fare per passenger, projected fare revenues, and the fare recovery rate. The fare recovery rate is projected to increase steadily over the next 20 years, from 8.5 percent in 2007 to a high of 27 percent by 2027.

Based on all of the costs and revenues included in the LRFP, Capital Metro appears to be expected to accumulate a surplus with a net present value of

\$287.5 million over the next 20 years. Most of the accumulation of reserves would occur after 2022. However, cash flow in some years is very tight, particularly in 2014 and 2015. With end-of-year cash balances of less than \$10 million (plus operating reserves) on total operating expenses of \$200 million or more, the forecast suggests that the agency will encounter periods with relatively little working capital (as little as one month of average operating costs).

Capital Metro's Long-Range Financial Plan suggests that the agency can likely manage the *All Systems Go!* plan elements that it already has undertaken, but that there are limited resources available for additional system expansion, at least in the near-term. With careful management (and some aggressive policies), the agency can continue to build on the already high level of service that it provides. With a less aggressive bus service development policy, some resources could be made available for other types of transit investments. However, additional revenue will likely be needed to build a regional rapid transit system.

## STUDY RECOMMENDATIONS

The start of a new chairman and vice chair this year provides Capital Metro with an historic opportunity to set the agency on a course that addresses many of the challenges identified by stakeholders. The current zeitgeist, in which volatile energy prices and increased environmental awareness are broadening public support for investment in public transportation as a more sustainable alternative to driving, enhances the possibilities associated with this change in leadership. Taking advantage of this confluence of events, the agency has a chance to better position itself, and by extension public transportation, as a key part of the region's solution to its congestion and air quality problems. By more strongly linking its actions with solutions to the major problems facing the region, Capital Metro may be able to finally turn around its lingering perception problems.

The consultant team developed recommendations that provide an outline of potential actions that Capital Metro and other agencies in the region could take to adopt best practices from elsewhere while preparing for further investment in fixed guideway rapid transit facilities. These recommendations are based on insights gained from the stakeholder interviews and focus on the most significant issue areas that they identified. In many cases, several implementation options are presented for consideration by Capital Metro, CAMPO, or other agencies, perhaps in coordination with the region's legislative delegation.

### Continue to Develop the Regional Transit Plan

The Austin metropolitan area already has made substantial progress on the development of a vision for regional rapid transit. The CAMPO Transit Working Group is considering projects that serve most of the region's major activity centers and travel corridors, although there is no clear plan for how each of these parts might eventually fit together into a cohesive regional transit system. The next steps should be to integrate land use considerations, identify and prioritize

corridors, optimize the network to serve as many travel markets as possible without the need to transfer between transit lines, create a phasing strategy, develop preliminary cost estimates, and prepare a financial plan that identifies local funding sources.

A well-articulated concept developed through a public process and a reasonable funding strategy can help to position transit as an essential part of the solution to many of the problems facing the region. This kind of strategic vision, with costs and benefits well defined, has translated into broad support for local funding and implementation – and referendum success where needed – in several of the peer regions.

### **Clarify Planning and Implementation Roles**

Based on the experience of the peer regions, three potential approaches to allocating responsibilities are presented for consideration with a discussion of some advantages and disadvantages. In each case, there is an attempt to create an institutional framework that applies to the entire three-county CAMPO region.

**Option 1: Traditional** – This scenario reflects the traditional planning agency – transit agency relationship that is most common across the nation. The MPO is responsible for defining an overall vision for the transportation system, prioritizing projects, and developing a financially constrained regional transportation plan that balances investment in each mode. This scenario describes an extension of the current institutional arrangement as it has evolved in Austin. Major actions needed to expand these institutional roles to allow for expansion of the current regional transit investment program to other proposed projects include expanding Capital Metro’s tax district to contain additional regional corridors and to generate revenues for additional investment.

**Option 2: MPO Financing** – In some peer regions, particularly those in California, regional planning agencies collect local option tax revenues for highway and transit construction programs. In this scenario, CAMPO would become the administrator of a new dedicated funding source for transit investment. This scenario also builds on existing institutional relationships in the region, but greatly expands CAMPO’s ability to associate project funding with actions by local governments that support its regional transportation plan. In particular, this scenario would give CAMPO considerably more leverage in encouraging land use that supports transit projects, such as through transit-oriented development. Implementing a regional tax through CAMPO would not necessarily require any expansion of Capital Metro’s service area, although there would be greater justification for expanding Capital Metro service to cover the entire district paying the tax.

**Option 3: Regional Agency** – Options for repositioning the CTRMA, with its broad powers to “study, evaluate, design, finance, acquire, construct, maintain, repair, and operate [a turnpike, a passenger or freight rail facility, or a transit system] individually or as one or more systems,” either as a regional rapid transit

program implementing agency or as a regional transit operator are discussed. In each of these scenarios, there are governance issues that must be addressed.

### **Identify Funding for Regional Transit**

Even with a substantial surplus over the next 20 years (mostly accruing in the latter years), Capital Metro has limited ability to implement a regional rapid transit program of the scale envisioned in recent planning efforts under its current funding structure. Building in an organic manner from existing state law and institutional arrangements, three potential approaches to funding a major regional investment in rapid transit are presented for consideration with a discussion of some implementation options, advantages, and disadvantages.

A result of increased regional funding and cooperation in the development of a rapid transit system is likely to be the desire to ensure regional representation in the organization managing the dedicated funding source(s). While most stakeholders found Capital Metro's board to be appropriately structured for the present situation (and the peer analysis showed it to be consistent with national practice), there was some openness to adding members or adjusting representation if the agency's service area (and tax district) were to be significantly expanded.

**Option 1: Expand Transit Sales Tax** – The sales tax is the most common source of local funding for transit projects throughout the United States and in the peer regions. The sales tax also is currently being used throughout Texas to fund MTAs and their capital programs. Under this option, several scenarios are discussed that propose a regional sales tax in one form or another to fund regional rapid transit. Each scenario builds on the current arrangement of members and nonmember jurisdictions in the three-county CAMPO region and seeks to maintain the generally uniform sales tax rates that are currently in place. An expansion of the Capital Metro service area could increase current annual revenues available for regional transit by about 44 percent.

As noted above, any sales tax increase would require relaxation of the state law that limits any combination of local option sales taxes in a location to a total rate of 2 percent. The scenarios assume that the legislature enables a local option sales tax for building rapid transit as a supplement to the existing MTA sales tax. By creating an additional approved purpose for local option sales taxes, Texas would follow the practice of other states, such as Colorado, Utah, and Washington in allowing metropolitan regions to incrementally raise additional revenues for transit investment programs. This tax is assumed not to be subject to the 2 percent limit.

**Option 2: Introduce Motor Vehicle Registration Fee** – Several peer regions have used a vehicle registration fee or motor vehicle excise tax to fund at least a share of regional transit expenses, including Charlotte and Seattle. This scenario describes the effects of a regional motor vehicle registration surcharge dedicated for rapid transit investment purposes. The fee would avoid the obstacles

associated with removing the statewide 2 percent limit on sales tax revenues. This concept is consistent with a recent proposal by Dallas-area communities to allow certain MPOs to form transportation districts with a range of funding options. Its direct correspondence with automobile ownership, which is a key driver of the region's congestion and air quality problems, as well as a mechanism by which generally lower-income zero-car households could avoid the tax, could be selling points.

**Option 3: Introduce Regional Property Tax** - Several peer regions use property tax levies to fund at least a share of regional transit expenses, including San Francisco and the Twin Cities. This scenario describes the effects of a regional property tax surcharge dedicated for rapid transit investment purposes. While this approach has many of the advantages of the vehicle registration fee, the property tax lacks the nexus with the congestion and air quality problems that the regional rapid transit system would be designed to address. While transit investment can increase property values, the effect is generally concentrated near stations. Combined with a resistance to property taxes in general, it could be difficult to build public support for this approach, but it is discussed herein as an illustrative example.

### **Streamline the StarTran Relationship**

Four options for streamlining Capital Metro's relationship with its labor force that would benefit both the agency and its employees were explored. Of the four options, only two were considered to have the potential to change the labor - management relationship at Capital Metro by either providing direct employee control to Capital Metro or establishing a more defined contractor relationship. However, neither of the options currently has mutually agreeable benefits to both Capital Metro and the employees involved.

**Option 1: Consolidation** - In this scenario, all employees would become public employees of Capital Metro. All StarTran, Veolia, and First Transit employees would transition to Capital Metro employment. A "meet and confer" model would be used to recognize the existing unions.

Advantages to Capital Metro would be that the contractor's management and supervisory staff could be eliminated. This change also would give managers at Capital Metro more direct control over employee performance. Benefits would be expected in several areas including, but not limited to, customer service, service quality, and human resources administration. Consolidation also could create a better labor management relationship by building a cohesive team around a unified employer. Creating the opportunity for a direct relationship between Capital Metro staff and union leaders could lead to improved communication, trust, and consensus building. Compared to the current situation, this scenario could have dramatic benefits for the agency.

The main disadvantage for Capital Metro would be cost. Making all employees public employees could result in:

- The non-StarTran contract employees being paid higher wages (the consolidated employee group could be at the higher compensation levels in the StarTran/ATU agreement);
- Higher overhead to Capital Metro to manage a much larger employment group; and/or
- Increased pension liabilities (Capital Metro currently sponsors the StarTran pension plan because it has been historically underfunded).

Another disadvantage to Capital Metro could be difficulty in implementation. Employee resistance would make implementation challenging. There also would be a myriad of organizational, financial, benefit and physical facility issues that would contribute to implementation difficulties.

From the employees' perspective, consolidation would have some benefits, such as enhanced status as public employees, opportunities for advancement, and improved morale. Of course, a key benefit is that the option assumes increased wages and benefits for some contractor employees.

The primary disadvantage of consolidation for the employees is losing traditional collective bargaining rights. Under Texas law, employees and their unions might have to agree to the "meet and confer" model to allow implementation of this option. The primary downside to this for the union is losing the right to strike and wanting binding arbitration in return. While this is a substantial concession on the part of the union, precedent exists as the "meet and confer" model is in place with the ATU in Dallas. In addition, the fact that the union would be relying on a politically appointed board to protect its rights in many areas gives them the ability to influence decision-making at a level even beyond traditional binding arbitration. Finally, the current labor agreement appears to contain a provision (Article 3 Impasse Procedure) presumably agreed to by the union that would allow implementation of this option.

This approach was pursued vigorously by Capital Metro in the last year, and the union effectively vetoed the process. No action is planned to pursue this option any further.

**Option 4: Contracting** - In this scenario, Capital Metro would contract all services in a manner similar to the Veolia and First Transit contracts. The best evidence that streamlining would occur is to observe the difference in the collective bargaining process for contractor employees and StarTran employees. The StarTran process has been protracted and controversial while the contractor process has been relatively routine.

The advantages to Capital Metro are at least twofold. First, treating all contractors in the same way, as unit-cost-of-service providers, will eliminate the current complexity and tension in the StarTran relationship. When employees know that their company has had to competitively bid on the work and is paid a defined amount for the services it provides, the labor-management relations dynamic changes. Again, the best evidence is the current relationships with the other

contractors. Secondly, this approach could lead to substantially lower costs for Capital Metro, as indicated by Capital Metro's 23 percent lower average cost per hour for the purchased transportation services compared to the StarTran-operated services in 2007.

The disadvantage to Capital Metro is the difficulty of implementation. Aggressive pursuit could appear to be an attempt to diminish the power of the union and reduce employee wages and benefits. The union is likely to object to the proposal and use all of the political, legal, and public relations resources at its disposal to prevent implementation. Capital Metro also would have to increase its staff, to a small degree, to provide monitoring of an increased number of unit-cost-of-service contractors. Oversight of this type of contractor is more intensive than oversight of StarTran. Use of this option might also lead to some coordination issues depending on the number of contractors used to provide the current StarTran service.

The benefit of this option to employees is a reduction in the tension and uncertainty in the StarTran relationship. More clarity would exist in the relationship between employees and employers in this contractor mode. Clearly knowing who they work for and what the rules are should make for a more cohesive and motivated employee experience. Another benefit is that employees would retain their traditional collective bargaining rights. The obvious disadvantage for employees is the potential loss of wages and benefits.

### **Continue Efforts to Improve Labor - Management Relations**

Capital Metro's procedures related to labor - management communications, rules and regulations, discipline, employee involvement, incentive programs, training and organizational development were reviewed to understand how industry experience and lessons learned from comparable systems could enable Capital Metro to achieve a more positive culture for labor management relations. Analysis of the current situation shows that the culture for labor - management relations at Capital Metro is not as bad as perceived outside the organization. This is documented with specific examples of mechanisms in place that produce positive results inside the organization. It also is bolstered by key indicators of system performance that suggest the relationship is getting better. New leadership at StarTran and the currently demonstrated willingness of the union to work with management should achieve results.

An even more positive culture for labor management relations could be created by continuing and enhancing the sound mechanisms that already are in place at StarTran and at other transit systems that have improved their labor management relations culture. Commitment by labor and management to utilize these mechanisms in a spirit of trust and a customer-oriented vision for the organization would create and maintain the desired culture. In addition to the positive use of traditional and innovative ways to improve the labor - management relations culture currently in use at Capital Metro, two other actions would be helpful:



1. The current impasse in collective bargaining must be resolved. These adversarial proceedings can and will undermine the hard work of both sides in building a positive culture. There is no easy solution and neither party should sacrifice reasonable positions for the sake of settlement. But, at some point, the parties must understand that the continuing impasse and confrontation hurt the ability of the entire organization to focus on its core mission of providing much needed public transportation service in the community. The ultimate result can only be negative for both sides.
2. The organization should invest in professional development/team building training specifically aimed at clearing the air regarding the future organizational structure of Capital Metro. It appears clear from the record that the Capital Metro - StarTran and StarTran - ATU relationships will survive in some form. Every employee should be paid to attend a one-day forum aimed at demonstrating the organizations' commitment to that model, a description of how it will work, and guidance for working together as a team. The outside expert currently in use by Capital Metro is excellent and a logical choice as the facilitator for such a forum. Culmination of the training should be a personal commitment by every participant to make the relationship work to the benefit of Capital Metro's customers.

### **Engage Stakeholders More Openly**

Many stakeholders described the defensive stance that Capital Metro frequently takes to external relations. The start of a new chairman this year provides Capital Metro with an historic opportunity to change the dynamic.

As the region develops its vision for transit and the transit element of the CAMPO long-range transportation plan takes shape, Capital Metro has an opportunity to be at the table. Increased staff-level involvement in Transit Working Group activities could leverage Capital Metro's considerable skills in transit planning and bolster the influence that the agency already has through the participation of key board members on the TWG. As the agencies take the regional transit plan public in preparation for a possible future referendum, Capital Metro has an opportunity to promote the regional plan as its long-range strategic plan for growing the regional transit system. As the plan is being implemented, Capital Metro has an opportunity to broadly promote its progress. Regular meetings with key stakeholders, the media, and the public can be an effective means to create a greater sense of openness and to avoid some of the criticism that has plagued the agency for most of its life.

As a symbol of change at the agency, one possibility may be for the chairman to institute monthly meetings with the media. This provides an opportunity to build trust and rapport, help reporters understand in frank terms the challenges that the agency is facing, and communicate how the agency is addressing those challenges.

The sense of openness also could be fostered by making operating statistics more available to the public, such as through an expanded statistical section in the agency's annual reports and by posting monthly route-level operating statistics on the agency website.

## **NEXT STEPS**

There have been some major changes since the consultant team began collecting information from stakeholders. The agency has addressed many of the issues that concerned stakeholders earlier in the year, including passing the agency's first-ever base fare increase, establishing a service expansion policy to provide transit outside the service area, and reaching a StarTran – ATU labor agreement with significant changes to health care benefits. The agency already carries more riders than systems in many similar cities and is on track to introduce rail transit to the Austin region in the coming months.

Recognizing the positive momentum of the agency and the resolution of many of the concerns that led to various provisions of the 1990s legislation, the findings and recommendations of this study suggest some potential changes to Capital Metro's enabling legislation. These changes, including creating a regional funding source, removing the outside fare review requirement, removing the opt-out paratransit service requirement, and removing the rail referendum requirement, would eliminate some statutory provisions that apply only to Capital Metro and would improve consistency across Metropolitan Transportation Authorities in Texas law.

# 1.0 Introduction

Cambridge Systematics, Inc., in partnership with McDonald Transit Associates, Inc., has been asked to conduct a study of the Capital Metropolitan Transportation Authority (Capital Metro) as the first in a series of peer review studies of transportation agencies in Central Texas supervised by the Capital Area Metropolitan Planning Organization (CAMPO). The study is guided by the Peer Review Committee of the CAMPO Policy Board. The objectives of the peer review are to:

- Address topics related to regional transportation planning, organization, governance, and funding sustainability;
- Compare Austin with other cities in a similar position, now and in the future, and review relevant best practices in those cities;
- Review performance indicators and prepare a Quadrennial Performance Audit as required by Texas law; and
- Make recommendations to ensure that limited resources are being deployed efficiently and effectively to meet the challenges facing the region now and in the future.

Under Section 451.454 of the Texas Transportation Code, certain metropolitan transportation authorities must prepare a Quadrennial Performance Audit that examines the agency's compliance with applicable state law, recent trends in several performance indicators, and topics related to agency administration and management, operations, and/or system maintenance.<sup>1</sup> As the last performance audit focused on system maintenance, and each audit has traditionally treated one of the topics in rotation, this study focuses on the "administration and management of the authority."<sup>2</sup> Because of the overlap in subject matter, the performance audit was combined with CAMPO's peer review in a single study.

This report fulfills the requirements of Tasks 1 to 4 in the study scope of work, as amended, which includes documentation of the study background, work process, research methodology, findings, and recommendations. The report is intended to meet the specific requirements of state law for the Quadrennial Performance Audit while serving as a blueprint for future CAMPO peer reviews of other agencies.

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<sup>1</sup> Texas Statutes: Transportation Code. Title 6, Chapter 451, Section 454 *Performance Audits: Certain Authorities*, as amended through the 80<sup>th</sup> Legislature. Available at <http://tlo2.tlc.state.tx.us/statutes/index.htm>.

<sup>2</sup> KPMG LLC. Capital Metropolitan Transportation Authority: Quadrennial Performance Audit Regarding Fiscal Years 2001 to 2004. Final Report, January 4, 2005.

Section 2.0 describes the results of an analysis of performance indicators required by state law to be evaluated for the Quadrennial Performance Audit (Task 1).

Section 3.0 describes the findings of an assessment of Capital Metro's compliance with applicable state law (Task 1).

Section 4.0 synthesizes the findings from interviews with elected officials who represent Capital Metro's service area, members of Capital Metro's Board of Directors and senior management team, representatives of transportation agencies in Central Texas, major employers, advocacy groups, and interested citizens (Task 1). The section also outlines peer cities and agency challenges to be explored in the research phase of the study (Tasks 2 and 3) based on input from these stakeholders.

Section 5.0 describes the research methodology and findings from a review of actions that peer regions are taking to address challenges similar to those that Capital Metro is facing (Tasks 2 and 3).

Section 6.0 presents recommendations on how best practices in the peer regions could be applied in Austin, including consideration of implementation actions that are specific to local circumstances under Texas law and current institutional arrangements (Tasks 2 and 3).

Section 7.0 summarizes some next steps that the region may consider as it implements the recommendations.

## 2.0 Performance Indicators

Section 451.454 of the Texas Transportation Code describes the requirements and purpose of the Quadrennial Performance Audit. The audit is designed to provide evaluative information to state and local officials for oversight functions, as well as information to the transit agency to suggest ways to improve the efficiency and effectiveness of its operations. Following the requirements of the statute, the following performance indicators were developed for Capital Metro:

- Operating cost per passenger;
- Operating cost per revenue hour and 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; and
- Number of miles between mechanical road calls.

The primary data source for this effort was the National Transit Database (NTD). The NTD is the Federal Transit Administration's (FTA) main national database for statistics on the transit industry. Transit agencies that receive FTA Urbanized Area Formula Program or Nonurbanized Area Formula Program funds are required to submit data to the NTD. This data is used to apportion over \$4 billion of transit funds each year. The uniform data collected by the NTD is used by the Secretary of Transportation to administer department programs.

The database includes all modes of public transportation, including private and public buses, heavy and light rail, ferryboats, transit services for seniors and disabled people, and vanpool service. The data is organized by "Reporting Year," which corresponds to the reporting transit agency's fiscal year. The types of data reported include:

- **Operational Characteristics** - Vehicle revenue hours and miles, unlinked passenger trips, passenger-miles, etc.;
- **Service Characteristics** - Service reliability and safety, etc.;
- **Capital Revenues and Assets** - Sources and uses of capital funds, fleet size, fleet age, etc.; and
- **Financial Operating Statistics** - Revenues, expenses, and shares of funding from Federal, state, and local sources, etc.

Not all of the data necessary to conduct the performance review is included in the NTD, such as accident data and on-time performance. Where NTD data is not available, the consultant team used information provided by Capital Metro.

Capital Metro collects some of the same statistics that are needed to calculate the performance indicators. Where possible, NTD data was compared to Capital Metro’s data, as well as the information from the previous Quadrennial Performance Audit to ensure consistency. Table 2.1 presents the sources and data elements used in the analysis.

**Table 2.1 Data Sources, Data Elements, and Fiscal Years Covered**

Source	Data Elements	Fiscal Years Covered
National Transit Database	Operating Expenses	1998-2007
	Passenger Trips	1998-2007
	Sales and Use Tax Receipts	1998-2007
	Revenue Hours	1998-2007
	Revenue Miles	1998-2007
	Fare Revenue	2002-2007
	Passenger Miles	1998-2007
	Total Directly Operated Miles	1998-2007
Capital Metro	On-Time Performance	2000-2007
	Annual Accidents	2001-2007
	Mechanical Road Calls	2003-2007

The Texas Transportation Code requires these performance indicators to be assessed for the previous four fiscal years. For this audit, that period would cover fiscal years 2004 to 2007 (FY 2004 to 2007).<sup>3</sup> However, audited NTD data was not immediately available for all data elements. In such cases, the consultant team worked with Capital Metro to obtain audited data for 2007. In addition, data was collected from 1998 to 2007 wherever possible in order to obtain a more complete picture of Capital Metro’s operations and trends over time.

To facilitate the assessment, the consultant team also identified nine peer transit systems with performance characteristics that are comparable to Capital Metro’s current operations. Where appropriate, the discussion of performance indicators

<sup>3</sup> The previous Quadrennial Audit covered FY 2001-2004, but audited 2004 data was not available by the time the report had to be submitted. To fix this timing problem, Capital Metro decided that this audit would cover FY 2004-2007 and include only audited data.

includes comparative information drawn from the NTD (for FY 2004 through 2007) for this peer group to provide context. These “operating peers” and their associated urbanized areas are:

- Hillsborough Area Regional Transit Authority (Tampa-St. Petersburg, Florida);
- Charlotte Area Transit System (Charlotte, North Carolina-South Carolina);
- Transit Authority of River City (Louisville, Kentucky-Indiana);
- Kansas City Area Transportation Authority (Kansas City, Missouri-Kansas);
- Memphis Area Transit Authority (Memphis, Tennessee-Mississippi-Arkansas);
- Indianapolis Public Transportation Corporation (Indianapolis, Indiana);
- Central Ohio Transit Authority (Columbus, Ohio);
- Sacramento Regional Transit District (Sacramento, California); and
- Central Florida Regional Transportation Authority (Orlando, Florida).

NTD profile sheets for the most recent reporting year are included in Appendix A for reference. These sheets provide aggregated data suitable for comparison across operating peers. For certain measures, comparisons also are made with the “policy peers,” a group of systems evaluated in Section 5.0 that represent cities with characteristics (e.g., major fixed guideway rapid transit investment programs) that Austin may emulate in the future.

Although most of this data was available from the NTD, changes to the field definitions or data reporting methods over the years sometimes made it difficult to assemble a consistent time series. In other cases, NTD data for certain years or performance indicators was not readily available. These data elements include:

- **Passenger Trips, Revenue Hours, Revenue Miles, and Passenger Miles** – Because of changes in NTD reporting requirements, statistics for taxi trips operated under contract to Capital Metro were included in some years but not in others, resulting in fluctuations in these metrics over the years. The consultant team removed taxi trips from NTD data where necessary to ensure a consistent data series.
- **Fare Revenue Data** – Capital Metro has changed how it reports contract revenues from fare and pass programs, such as the University of Texas (UT) Shuttle service, to the NTD. NTD data were adjusted to treat contract revenues consistently from year to year. Also, the NTD did not include detailed fare revenue data before 2002, so the analysis includes only six years of data.
- **On-Time Performance** – NTD reporting does not include on-time performance data. Aggregate systemwide data were provided by Capital Metro beginning in 2000. The data were checked for consistency with figures included in the previous Quadrennial Performance Audit.
- **Accidents** – NTD includes accident data through 2001. Systemwide data by mode were provided by Capital Metro beginning in 2001.

- **Mechanical Road Calls** – Field definitions used for NTD reporting have changed several times over the analysis period, making it difficult to compile a consistent time series. The consultant team used data from Capital Metro based on the definition that the agency uses to report statistics to its board. The definition assumes that all mechanical failures caused a service interruption. This information was available beginning in FY 2003.

The consultant team worked with Capital Metro to obtain consistent data for these time series. Where necessary, the NTD data was adjusted to obtain comparable statistics from year to year.

To allow for uniform reporting across the wide variety of transit operating arrangements in the United States, the NTD classifies transit operations data using general definitions of mode (e.g., light rail, motor bus, demand response, etc.) and operator (e.g., directly operated and purchased transportation). Capital Metro's fixed-route bus services, including the local service routes, limited and flyer routes, feeder routes, cross-town routes, 'Dillo routes, University of Texas (UT) shuttle routes, and express routes, are reported under the motor bus (MB) mode. Capital Metro's MetroAccess (formerly Special Transit Service or STS) services are reported under the demand response (DR) mode.

All services operated by StarTran, Inc., including the majority of fixed-route and all nonbrokered paratransit service, are reported as directly operated (DO) by Capital Metro, even though StarTran employees are not direct employees of the agency. (The Capital Metro – StarTran relationship is described in more detail in Section 4.1.4 and Section 5.2.2.)

All services operated by Veolia (some fixed-route bus service, primarily lower ridership routes using smaller vehicles in the northeastern portion of the service area), First Transit (UT shuttle service), Capital Area Rural Transportation System (CARTS) (some suburban fixed-route service and demand responsive service in the northwestern portion of the service area), and local taxi cab companies (paratransit overflow services) are reported as purchased transportation (PT).

As stipulated in the statute, the analysis of performance indicators does not include operating statistics, costs, or revenues associated with vanpool services. Coordinating vanpools represented about 1 percent of Capital Metro's transit operating costs in 2007.



## 2.1 OPERATING COST PER PASSENGER

The operating cost per passenger is calculated by dividing the transit agency's annual operating cost by the unlinked passenger trips for the same period. For purposes of the performance audit, operating costs include all costs of providing public transit (including purchased transit performed by a third party), but exclude the following costs:

- Depreciation, amortization, and capitalized charges;
- Charter bus operations; and
- Coordination of carpool and vanpool activities.

Table 2.2 and Figure 2.1 present Capital Metro's operating costs by mode (fixed route, demand response, and overall) and by operator (directly operated by StarTran, Inc., purchased from private operators under contract, and overall) for fiscal years 1998 to 2007. Overall, operating costs doubled from 1998 to 2007. By comparison, the Consumer Price Index (CPI) increased by 29 percent during this period.<sup>4</sup> However, Capital Metro also increased service during this time by 17 percent for fixed-route services (as measured by revenue vehicle-hours).

Fixed-route operating costs exhibited steady growth from 1998 to 2007. Similarly, operating costs for demand-response service grew consistently, except for 1998 to 2000. Overall operating costs for Capital Metro tend to track fixed-route operating costs, since fixed-route service comprises about 84 percent of Capital Metro's operations (as measured by vehicle-hours). Both types of service saw significant cost increases in 2001, 2002, 2003, and 2005. Fixed-route service also experienced a 10 percent jump in 2000, while demand-response operating expenses grew by 10 percent in 2007.

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<sup>4</sup> U.S. Department of Labor, Bureau of Labor Statistics. *Inflation Calculator*. Available at <http://data.bls.gov/cgi-bin/cpicalc.pl>.

**Table 2.2 Capital Metro Annual Operating Costs by Mode and by Operator  
FY 1998 to 2007 (Dollars in Millions)**

	Mode		Operator		All
	Motor Bus	Demand Response	Directly Operated	Purchased Transportation	Total
1998	\$52.0	\$15.0	\$54.5	\$12.5	\$67.0
1999	\$56.6	\$14.6	\$59.0	\$12.2	\$71.2
2000	\$62.1	\$13.6	\$60.2	\$15.5	\$75.7
2001	\$69.3	\$14.9	\$66.7	\$17.4	\$84.1
2002	\$75.3	\$16.3	\$72.8	\$18.8	\$91.6
2003	\$86.7	\$20.2	\$86.1	\$20.9	\$106.9
2004	\$89.2	\$20.8	\$91.2	\$18.8	\$110.0
2005	\$97.0	\$23.5	\$101.0	\$19.5	\$120.5
2006	\$102.5	\$24.4	\$103.1	\$23.8	\$126.9
2007	\$107.3	\$25.7	\$106.1	\$26.9	\$133.0
CAGR 1998-2007	8.4%	6.2%	7.7%	8.9%	7.9%
CAGR 2004-2007	6.4%	7.3%	5.2%	12.6%	6.5%
Percent Change 1998-2007	106%	72%	95%	115%	99%
Percent Change 2004-2007	20%	24%	16%	43%	21%

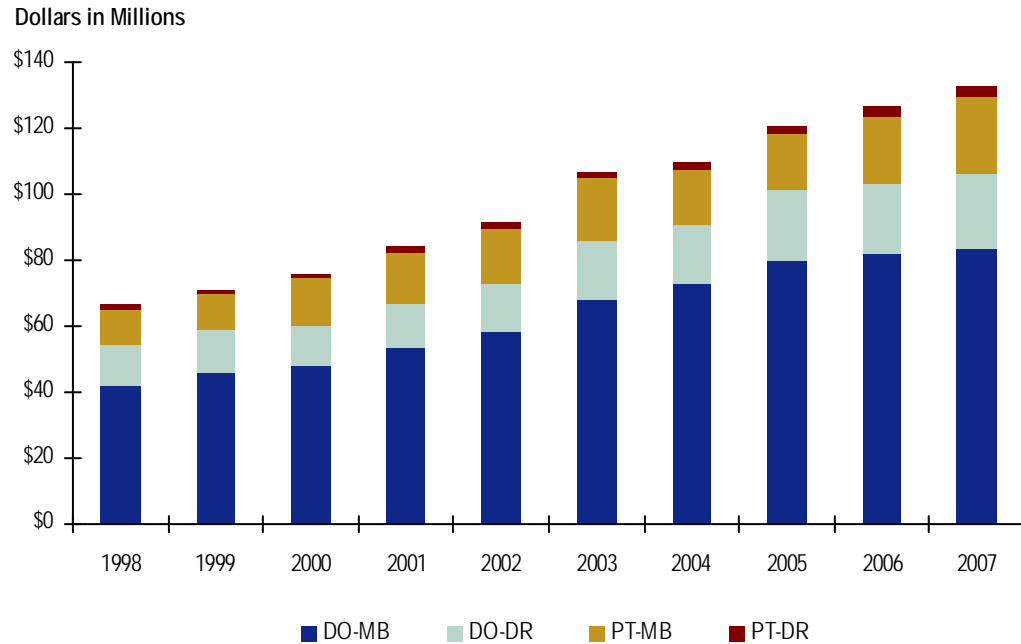
Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

Directly Operated = All services operated by StarTran, Inc. (majority of fixed-route and all nonbrokered paratransit service, although StarTran employees are not direct employees of Capital Metro).

Purchased Transportation = All services operated under contract to Capital Metro by Veolia (some fixed-route bus service), First Transit (UT shuttle service), Capital Area Rural Transportation System (CARTS) (some fixed-route and demand-response service), and local taxi cab companies (paratransit overflow services).

**Figure 2.1 Capital Metro Annual Operating Costs by Mode and by Operator**  
*FY 1998 to 2007*



Source: NTD.

Key: DO = Directly Operated.  
 PT = Purchased Transportation.  
 MB = Motor Bus.  
 DR = Demand Response.

Table 2.3 presents overall operating cost for each operating peer and Capital Metro from FY 2004 to FY 2007. As the table demonstrates, Capital Metro’s total operating costs are higher than most of the other regions (except for Sacramento), but they have not been growing significantly faster. The transit systems of Charlotte, Indianapolis, Kansas City, Orlando, and Tampa all experienced a larger percentage growth in operating costs.<sup>5</sup>

<sup>5</sup> Charlotte opened its LYNX Blue Line light rail service in 2007. Kansas City opened its MAX bus rapid transit service in 2005.

**Table 2.3 Peer System Total Operating Costs**  
*FY 2004 to 2007 (Dollars in Millions)*

	2004	2005	2006	2007	CAGR 2004-2007	Percent Change 2004-2007
Austin	\$110.0	\$120.5	\$126.9	\$133.0	6.5%	21%
Charlotte	\$60.1	\$68.3	\$76.6	\$82.5	11.1%	37%
Columbus	\$71.0	\$73.3	\$67.4	\$69.6	-0.7%	-2%
Indianapolis	\$38.9	\$41.3	\$43.1	\$47.7	7.0%	23%
Kansas City	\$55.6	\$61.4	\$68.2	\$70.8	8.4%	27%
Louisville	\$52.1	\$54.9	\$58.5	\$61.3	5.6%	18%
Memphis	\$46.6	\$45.7	\$45.9	\$49.3	1.9%	6%
Orlando	\$77.2	\$83.3	\$86.2	\$94.7	7.0%	23%
Sacramento	\$119.0	\$129.3	\$142.8	\$141.5	5.9%	19%
Tampa	\$41.4	\$45.9	\$48.3	\$54.9	9.9%	33%
<b>Peer Average</b>	<b>\$62.4</b>	<b>\$67.1</b>	<b>\$70.8</b>	<b>\$74.7</b>	<b>6.2%</b>	<b>20%</b>

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

Table 2.4 compares Capital Metro's annual operating costs with those of each operating peer and policy peer system. Adjusting for population, Austin spends the most per capita on public transportation services of any of the operating peers. Among the policy peers, which include a number of large transit systems in major cities with dense development patterns, Austin already exceeds more than one-half of the regions on transit spending per capita.

**Table 2.4 Peer System Operating Cost per Capita**  
*FY 2007*

	2007 Operating Costs (Millions)	Service Area Population (Millions)	Cost per Capita
Austin	\$133.0	1.01	\$131
<i>Operating Peers</i>			
Charlotte	\$82.5	0.68	\$121
Columbus	\$69.6	1.06	\$66
Indianapolis	\$47.7	0.79	\$60
Kansas City	\$70.8	0.78	\$91
Louisville	\$61.3	0.75	\$81
Memphis	\$49.3	0.89	\$55
Orlando	\$94.7	1.54	\$62
Sacramento	\$141.5	1.09	\$130
Tampa	\$54.9	0.58	\$95
<b>Operating Peer Average</b>	<b>\$74.7</b>	<b>0.91</b>	<b>\$82</b>
<i>Policy Peers</i>			
Charlotte	\$82.5	0.68	\$121
Dallas	\$345.5	2.30	\$150
Denver	\$343.6	2.62	\$131
Houston	\$322.0	2.80	\$115
Phoenix	\$213.7	2.50	\$86
Portland	\$310.3	1.25	\$248
Salt Lake City	\$146.9	1.74	\$84
San Antonio	\$128.8	1.50	\$86
San Diego	\$254.7	2.95	\$86
San Francisco	\$1,263.2	3.23	\$391
Seattle	\$710.5	2.67	\$266
Twin Cities	\$239.1	1.71	\$140
<b>Policy Peer Average</b>	<b>\$363.4</b>	<b>2.16</b>	<b>\$159</b>

Source: NTD.

Table 2.5 and Figure 2.2 present Capital Metro's ridership by mode (fixed route, demand response, and overall) and by operator (directly operated by StarTran, Inc., purchased from private operators under contract, and overall) for fiscal years 1998 to 2007. According to the convention in the transit industry, ridership is measured in unlinked passenger trips, such that a one-way trip that includes a transfer is counted as two unlinked trips.

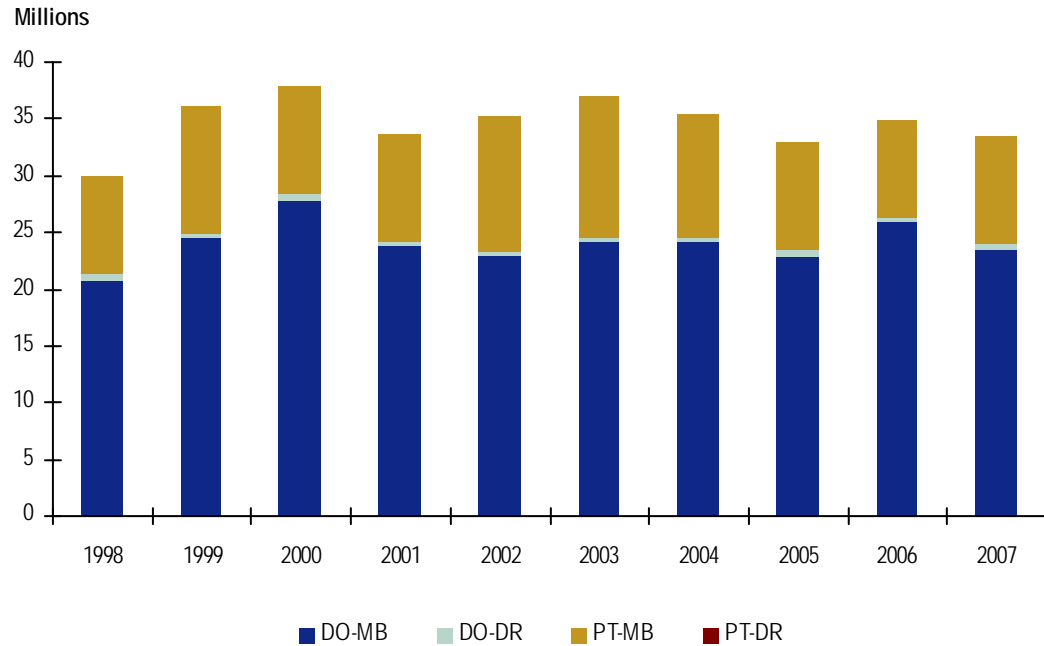
**Table 2.5 Capital Metro Unlinked Passenger Trips by Mode and by Operator  
FY 1998 to 2007 (in Millions)**

	Mode		Operator		All
	Motor Bus	Demand Response	Directly Operated	Purchased Transportation	Total
1998	29.5	0.5	21.3	8.7	30.0
1999	35.7	0.4	24.9	11.3	36.1
2000	37.5	0.4	28.3	9.6	37.9
2001	33.4	0.4	24.1	9.7	33.7
2002	34.9	0.4	23.2	12.1	35.3
2003	36.6	0.4	24.6	12.4	37.0
2004	35.1	0.4	24.6	10.9	35.5
2005	32.5	0.4	23.4	9.5	32.9
2006	34.5	0.4	26.3	8.6	34.9
2007	33.0	0.4	23.9	9.5	33.5
CAGR 1998-2007	1.3%	-1.5%	1.3%	1.0%	1.2%
CAGR 2004-2007	-2.0%	1.2%	-0.9%	-4.4%	-1.9%
Percent Change 1998-2007	12%	-13%	13%	9%	12%
Percent Change 2004-2007	-6%	4%	-3%	-13%	-6%

Source: NTD, adjusted for taxi trips.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.2 Capital Metro Unlinked Passenger Trips by Mode and by Operator  
FY 1998 to 2007**



Source: NTD.

Key: DO = Directly Operated.  
 PT = Purchased Transportation.  
 MB = Motor Bus.  
 DR = Demand Response.

Overall, unlinked passenger trips have fluctuated from year to year, but remain virtually unchanged over the last decade, growing by about 1 percent from 1998 to 2007. Since 2004, ridership has actually declined by 6 percent. In 2007, about 99 percent of trips were on fixed-route bus services and Capital Metro carried about 72 percent of passengers on the routes that it directly operates through its arrangement with StarTran, Inc.

Table 2.6 presents overall ridership for each operating peer and Capital Metro from FY 2004 to FY 2007. As the table demonstrates, Capital Metro carries more passengers than any of the regions, including those with light rail or streetcar systems (Charlotte, Memphis, Sacramento, and Tampa). However, while some systems posted substantial ridership gains, Capital Metro’s ridership also has fallen faster than most of its peers, declining about 6 percent from 2004 to 2007.

**Table 2.6 Peer System Unlinked Passenger Trips**  
*FY 2004 to 2007 (in Millions)*

	2004	2005	2006	2007	CAGR 2004-2007	Percent Change 2004-2007
Austin	35.5	32.9	34.9	33.5	-1.9%	-6%
Charlotte	18.6	17.6	20.9	20.1	2.6%	8%
Columbus	14.7	14.8	15.0	15.0	0.6%	2%
Indianapolis	9.3	8.8	10.0	9.4	0.4%	1%
Kansas City	13.3	14.0	14.7	15.3	4.8%	15%
Louisville	15.5	15.4	15.0	15.7	0.3%	1%
Memphis	12.7	12.1	11.7	11.7	-2.5%	-7%
Orlando	23.2	24.6	25.1	25.9	3.6%	11%
Sacramento	30.7	31.2	31.5	32.3	1.6%	5%
Tampa	10.4	11.7	12.5	12.9	7.4%	24%
<b>Peer Average</b>	<b>16.5</b>	<b>16.7</b>	<b>17.4</b>	<b>17.6</b>	<b>2.1%</b>	<b>7%</b>

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

Table 2.7 compares Capital Metro's annual ridership with those of each operating peer and policy peer system. Adjusting for population, Capital Metro attracts more passenger trips per capita to public transportation than any of the operating peers. Among the policy peers, Austin exceeds one-half of the regions on transit ridership per capita. Capital Metro's service already carries approximately as many annual trips per capita as established regional transit systems in Charlotte, Dallas, Denver, Houston, and San Diego.



**Table 2.7 Peer System Unlinked Passenger Trips per Capita**  
*FY 2007*

	2007 Unlinked Trips (Millions)	Service Area Population (Millions)	Trips per Capita
Austin	33.5	1.01	33
<i>Operating Peers</i>			
Charlotte	20.1	0.68	30
Columbus	15.0	1.06	14
Indianapolis	9.4	0.79	12
Kansas City	15.3	0.78	20
Louisville	15.7	0.75	21
Memphis	11.7	0.89	13
Orlando	25.9	1.54	17
Sacramento	32.3	1.09	30
Tampa	12.9	0.58	22
<b>Operating Peer Average</b>	<b>17.6</b>	<b>0.91</b>	<b>19</b>
<i>Policy Peers</i>			
Charlotte	20.1	0.68	30
Dallas	75.5	2.30	33
Denver	93.9	2.62	36
Houston	98.9	2.80	35
Phoenix	64.6	2.50	26
Portland	100.6	1.25	80
Salt Lake City	40.0	1.74	23
San Antonio	41.7	1.50	28
San Diego	94.2	2.95	32
San Francisco	384.3	3.23	119
Seattle	149.9	2.67	56
Twin Cities	77.0	1.71	45
<b>Policy Peer Average</b>	<b>103.4</b>	<b>2.16</b>	<b>45</b>

Source: NTD.

Table 2.8 and Figure 2.3 show Capital Metro's operating cost per passenger by mode for fiscal years 1998 to 2007. With a few exceptions in certain years, all of these metrics have risen steadily over the last decade. The operating cost per passenger for fixed-route service rose by 84 percent, while that for demand-response service rose by 97 percent. The trend reversed since 2004, with fixed-route costs rising faster than demand-response costs per passenger. Sharp increases in recent years (28 percent since 2004) may be largely attributed to rising fuel costs.

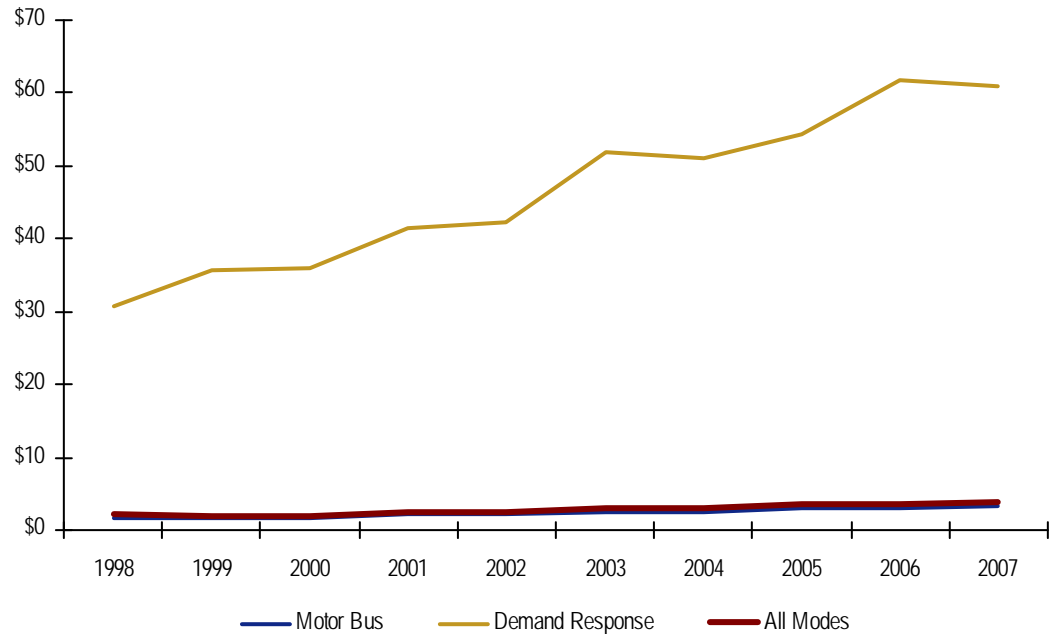
**Table 2.8 Capital Metro Operating Cost per Passenger by Mode**  
*FY 1998 to 2007*

	Motor Bus	Demand Response	All Modes
1998	\$1.76	\$30.83	\$2.23
1999	\$1.58	\$35.67	\$1.97
2000	\$1.66	\$35.98	\$2.00
2001	\$2.08	\$41.44	\$2.50
2002	\$2.16	\$42.18	\$2.59
2003	\$2.37	\$51.85	\$2.89
2004	\$2.54	\$51.05	\$3.10
2005	\$2.99	\$54.41	\$3.66
2006	\$2.97	\$61.68	\$3.64
2007	\$3.25	\$60.82	\$3.97
CAGR 1998-2007	7.0%	7.8%	6.6%
CAGR 2004-2007	8.5%	6.0%	8.6%
Percent Change 1998-2007	84%	97%	78%
Percent Change 2004-2007	28%	19%	28%

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.3 Capital Metro Operating Cost per Passenger by Mode**  
*FY 1998 to 2007*



Source: NTD.

The NTD also provides operating cost and passenger trip data separately for directly operated transit service and purchased transportation (i.e., service contracted out to a third party provider by the transit agency). This allows a comparison of operating cost per passenger between these two service delivery methods. Table 2.9 and Figure 2.4 show Capital Metro's operating cost per passenger by operator for fiscal years 1998 to 2007.

Capital Metro's directly operated service has been consistently more expensive than purchased transportation during this period. In 2007, services operated by StarTran, Inc. cost 58 percent more per passenger than services operated by private operators under contract to Capital Metro.

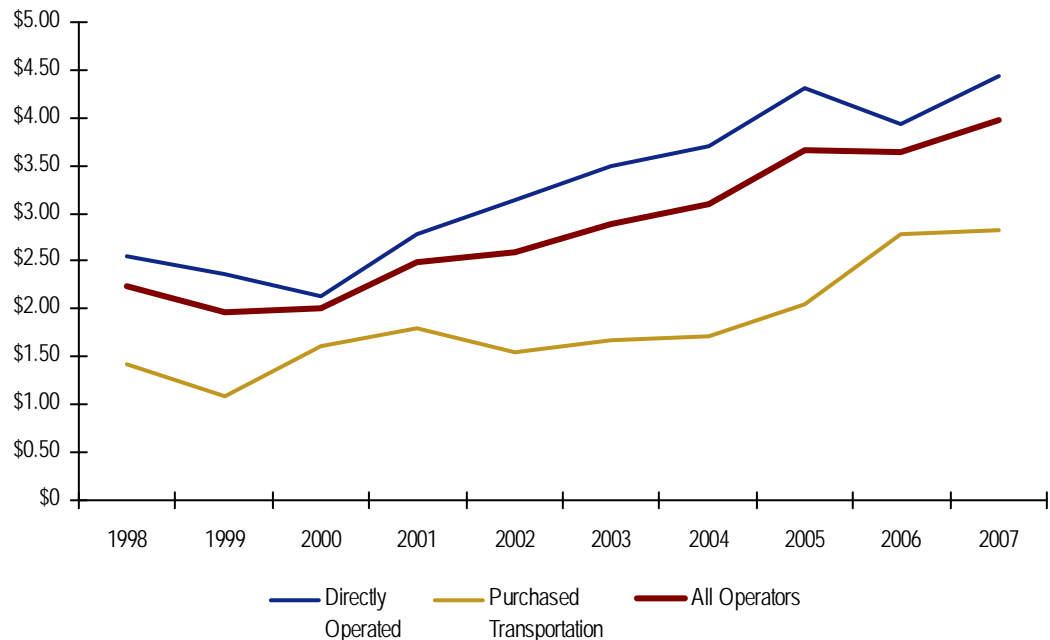
**Table 2.9 Capital Metro Operating Cost per Passenger by Operator**  
*FY 1998 to 2007*

	Directly Operated	Purchased Transportation	All Operators
1998	\$2.56	\$1.43	\$2.23
1999	\$2.37	\$1.08	\$1.97
2000	\$2.13	\$1.61	\$2.00
2001	\$2.77	\$1.80	\$2.50
2002	\$3.13	\$1.56	\$2.59
2003	\$3.50	\$1.68	\$2.89
2004	\$3.71	\$1.72	\$3.10
2005	\$4.31	\$2.06	\$3.66
2006	\$3.93	\$2.77	\$3.64
2007	\$4.44	\$2.82	\$3.97
CAGR 1998-2007	6.3%	7.8%	6.6%
CAGR 2004-2007	6.1%	17.8%	8.6%
Percent Change 1998-2007	73%	97%	78%
Percent Change 2004-2007	19%	63%	28%

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.4 Capital Metro Operating Cost per Passenger by Operator**  
*FY 1998 to 2007*



Source: NTD.

As shown in Table 2.10, Capital Metro's overall cost per passenger compares favorably to the operating peers. In 2007, the peer average was about 9 percent higher than Capital Metro, or \$4.32 compared to \$3.97 at Capital Metro (Table 2.4). This is largely a function of Capital Metro's high ridership levels. However, Capital Metro experienced greater escalation in operating cost per passenger from 2004 to 2007 than the peers (28 percent compared to an average of 12 percent for the peers). This is because ridership grew on most of the peer systems but shrank by 6 percent at Capital Metro.<sup>6</sup>

**Table 2.10 Peer System Operating Cost per Passenger**  
*FY 2004 to 2007*

	2004	2005	2006	2007	CAGR 2004-2007	Percent Change 2004-2007
Austin	\$3.10	\$3.66	\$3.64	\$3.97	8.6%	28%
Charlotte	\$3.23	\$3.88	\$3.67	\$4.10	8.3%	27%
Columbus	\$4.83	\$4.95	\$4.49	\$4.65	-1.2%	-4%
Indianapolis	\$4.18	\$4.69	\$4.29	\$5.07	6.6%	21%
Kansas City	\$4.17	\$4.38	\$4.63	\$4.62	3.4%	11%
Louisville	\$3.35	\$3.57	\$3.90	\$3.91	5.2%	16%
Memphis	\$3.68	\$3.77	\$3.92	\$4.20	4.5%	14%
Orlando	\$3.32	\$3.38	\$3.43	\$3.66	3.3%	10%
Sacramento	\$3.87	\$4.14	\$4.53	\$4.38	4.3%	13%
Tampa	\$3.99	\$3.94	\$3.86	\$4.27	2.4%	7%
<b>Peer Average</b>	<b>\$3.85</b>	<b>\$4.08</b>	<b>\$4.08</b>	<b>\$4.32</b>	<b>3.9%</b>	<b>12%</b>

Source: NTD.

<sup>6</sup> This ridership drop is unusual, given the rising cost of gasoline and diesel fuel over the last few years. Although audited data is not yet available for 2008, preliminary data suggest that Capital Metro experienced significant ridership growth (monthly ridership up to 15 percent higher compared to the same period in 2007 and fiscal year total annual ridership up about 6 percent) due largely to the spike in fuel prices.

## 2.2 OPERATING COST PER REVENUE HOUR

Operating cost per revenue hour is computed by dividing an agency's operating cost by the total time spent by its vehicles in revenue service during the same period. This excludes out of service hours (i.e., deadhead time between the garage and a route terminus) and hours engaged in charter operations.

Table 2.11 and Figure 2.5 present Capital Metro's revenue vehicle-hours by mode and by operator for fiscal years 1998 to 2007. As noted above, the agency's service level has increased significantly over the last decade. However, most of the increase occurred before 2004. Between 2004 and 2007, service levels have fluctuated slightly from year to year, but have remained flat overall. There has been a shift from directly operated service to purchased transportation in the last few years.

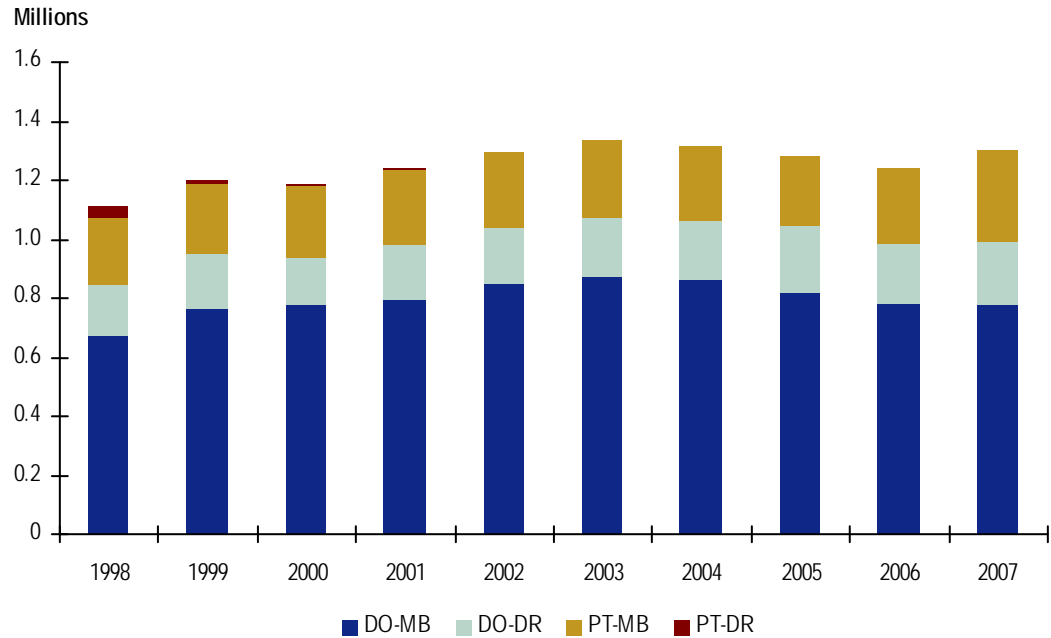
**Table 2.11 Capital Metro Revenue Vehicle-Hours by Mode and by Operator**  
*FY 1998 to 2007 (in Millions)*

	Mode		Operator		All
	Motor Bus	Demand Response	Directly Operated	Purchased Transportation	Total
1998	0.90	0.21	0.85	0.26	1.11
1999	1.01	0.19	0.95	0.25	1.20
2000	1.02	0.16	0.94	0.24	1.18
2001	1.04	0.20	0.99	0.25	1.24
2002	1.11	0.19	1.03	0.26	1.29
2003	1.14	0.20	1.07	0.26	1.34
2004	1.11	0.21	1.07	0.25	1.31
2005	1.06	0.22	1.05	0.24	1.28
2006	1.04	0.20	0.98	0.26	1.24
2007	1.09	0.21	0.99	0.31	1.30
CAGR 1998-2007	2.1%	0.3%	1.8%	1.8%	1.8%
CAGR 2004-2007	-0.6%	0.8%	-2.4%	7.7%	-0.3%
Percent Change 1998-2007	21%	2%	17%	17%	17%
Percent Change 2004-2007	-2%	2%	-7%	25%	-1%

Source: NTD, adjusted for taxi trips.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.5 Capital Metro Revenue Vehicle-Hours by Mode and by Operator**  
*FY 1998 to 2007*



Source: NTD.

Key: DO = Directly Operated.  
 PT = Purchased Transportation.  
 MB = Motor Bus.  
 DR = Demand Response.

Table 2.12 presents overall service levels for each operating peer and Capital Metro from FY 2004 to FY 2007. As the table demonstrates, Capital Metro provides more service than any of the operating peers except Orlando, including those with light rail or streetcar systems (Charlotte, Memphis, Sacramento, and Tampa). However, while some systems have been rapidly expanding service, Capital Metro has held steady, declining about 1 percent from 2004 to 2007.

**Table 2.12 Peer System Revenue Vehicle-Hours**  
*FY 2004 to 2007 (in Millions)*

	2004	2005	2006	2007	CAGR 2004-2007	Percent Change 2004-2007
Austin	1.31	1.28	1.24	1.30	-0.3%	-1%
Charlotte	0.85	0.93	0.94	0.94	3.4%	11%
Columbus	0.76	0.74	0.67	0.69	-3.0%	-9%
Indianapolis	0.60	0.57	0.61	0.62	1.2%	4%
Kansas City	0.62	0.73	0.77	0.78	7.8%	25%
Louisville	0.81	0.78	0.84	0.87	2.7%	8%
Memphis	0.61	0.59	0.58	0.59	-1.0%	-3%
Orlando	1.30	1.34	1.36	1.41	2.7%	8%
Sacramento	0.93	1.01	0.96	0.96	0.9%	3%
Tampa	0.57	0.60	0.62	0.66	5.4%	17%
<b>Peer Average</b>	<b>0.78</b>	<b>0.81</b>	<b>0.82</b>	<b>0.84</b>	<b>2.3%</b>	<b>7%</b>

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

Capital Metro provided more than 1.5 times the operating peer average service level in 2007 as measured by revenue vehicle-hours. This relationship with peer systems holds even when service area population (as reported to the NTD) is considered. As shown in Table 2.13, Capital Metro provides nearly 1.4 times the service level per capita as the operating peer average and approaches that of the policy peers.



**Table 2.13 Peer System Service Level per Capita**  
*FY 2007*

	2007 Revenue Vehicle-Hours (Millions)	Service Area Population (Millions)	Vehicle-Hours per Capita
Austin	1.30	1.01	1.28
<i>Operating Peers</i>			
Charlotte	0.94	0.68	1.37
Columbus	0.69	1.06	0.66
Indianapolis	0.62	0.79	0.78
Kansas City	0.78	0.78	1.00
Louisville	0.87	0.75	1.16
Memphis	0.59	0.89	0.66
Orlando	1.41	1.54	0.92
Sacramento	0.96	1.09	0.88
Tampa	0.66	0.58	1.15
<b>Operating Peer Average</b>	<b>0.84</b>	<b>0.91</b>	<b>0.92</b>
<i>Policy Peers</i>			
Charlotte	0.94	0.68	1.37
Dallas	2.71	2.30	1.18
Denver	3.90	2.62	1.49
Houston	3.57	2.80	1.28
Phoenix	2.67	2.50	1.07
Portland	2.79	1.25	2.23
Salt Lake City	1.38	1.74	0.79
San Antonio	1.87	1.50	1.24
San Diego	2.85	2.95	0.97
San Francisco	7.44	3.23	2.30
Seattle	5.64	2.67	2.11
Twin Cities	2.08	1.71	1.22
<b>Policy Peer Average</b>	<b>3.15</b>	<b>2.16</b>	<b>1.44</b>

Source: NTD.

Table 2.14 and Figure 2.6 show Capital Metro’s operating cost per revenue vehicle-hour by mode for fiscal years 1998 to 2007. Operating costs have been rising faster than revenue hours (99 percent versus 17 percent), causing this measure to increase by 69 percent over the last decade. Overall operating cost per revenue hour reached \$102.22 in 2007. The rise in unit costs is a function of rapidly escalating fuel costs. In 2007, Capital Metro spent \$10.7 million on fuel and lubricants for vehicle operations, compared to \$4.5 million in 2004, an increase of about 130 percent.<sup>7</sup>

The statistics show how demand-response service historically has been more expensive to provide. In 2007, demand-response service cost about 22 percent more per hour than fixed-route service.

**Table 2.14 Capital Metro Operating Cost per Revenue Vehicle-Hour by Mode  
FY 1998 to 2007**

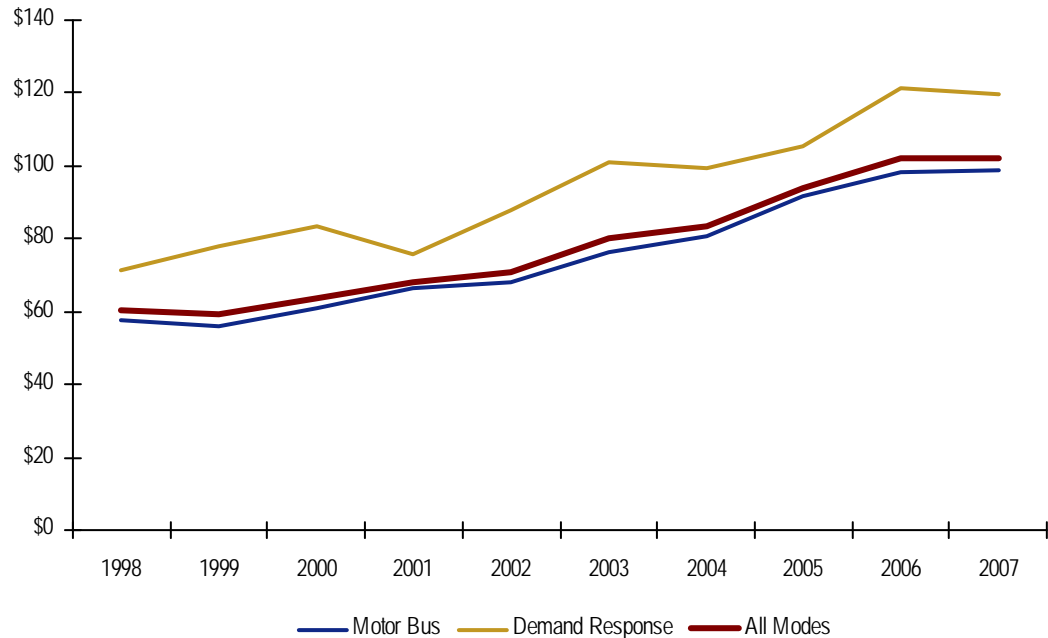
	Motor Bus	Demand Response	All Modes
1998	\$57.81	\$71.42	\$60.38
1999	\$55.94	\$78.15	\$59.41
2000	\$60.84	\$83.53	\$63.96
2001	\$66.55	\$75.53	\$67.98
2002	\$67.97	\$87.66	\$70.80
2003	\$76.36	\$101.12	\$80.07
2004	\$80.70	\$99.35	\$83.67
2005	\$91.53	\$105.20	\$93.91
2006	\$98.32	\$121.46	\$102.06
2007	\$98.73	\$119.96	\$102.22
CAGR 1998-2007	6.1%	5.9%	6.0%
CAGR 2004-2007	7.0%	6.5%	6.9%
Percent Change 1998-2007	71%	68%	69%
Percent Change 2004-2007	22%	21%	22%

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

<sup>7</sup> National Transit Database.

**Figure 2.6** Capital Metro Operating Cost per Revenue Vehicle-Hour by Mode  
*FY 1998 to 2007*



Source: NTD.

Table 2.15 and Figure 2.7 show Capital Metro's operating cost per revenue vehicle-hour by operator for fiscal years 1998 to 2007. Capital Metro's directly operated service has been consistently more expensive than purchased transportation during this period. In 2007, services operated by StarTran, Inc. cost 23 percent more per hour than services operated by private operators under contract to Capital Metro.

Directly operated costs per revenue vehicle-hour tracked closely with purchased transportation from 2000 to 2003, but the two diverged beginning in 2004 with costs growing more rapidly for directly operated service.

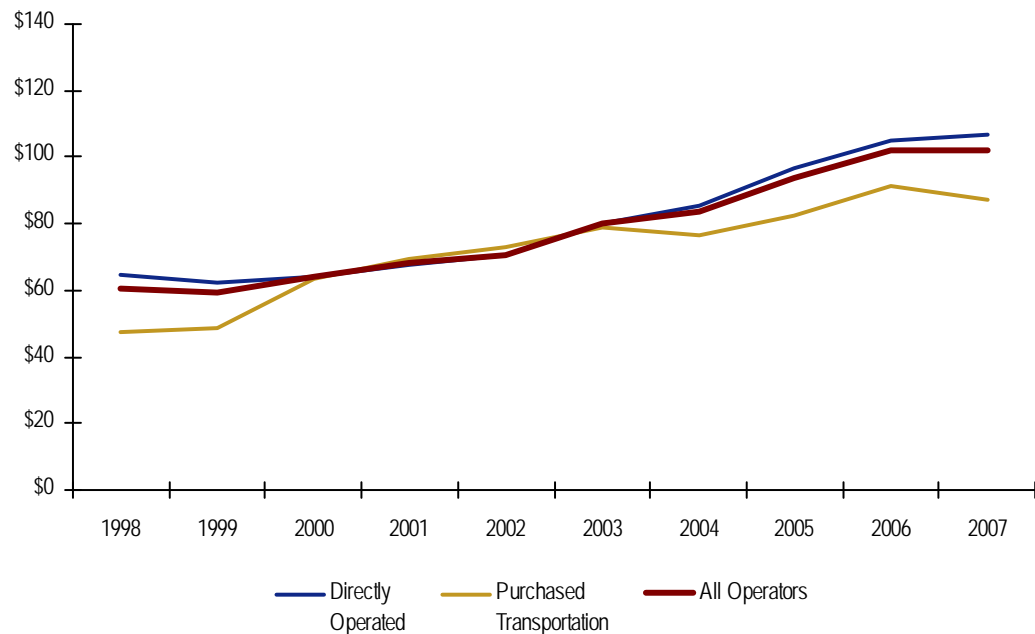
**Table 2.15 Capital Metro Operating Cost per Revenue Vehicle-Hour by Operator**  
*FY 1998 to 2007*

	Directly Operated	Purchased Transportation	All Operators
1998	\$64.41	\$47.44	\$60.38
1999	\$62.33	\$48.45	\$59.41
2000	\$64.14	\$63.26	\$63.96
2001	\$67.68	\$69.16	\$67.98
2002	\$70.31	\$72.78	\$70.80
2003	\$80.30	\$79.12	\$80.07
2004	\$85.38	\$76.27	\$83.67
2005	\$96.55	\$82.30	\$93.91
2006	\$104.85	\$91.55	\$102.06
2007	\$106.95	\$87.02	\$102.22
CAGR 1998-2007	5.8%	7.0%	6.0%
CAGR 2004-2007	7.8%	4.5%	6.9%
Percent Change 1998-2007	66%	83%	69%
Percent Change 2004-2007	25%	14%	22%

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.7 Capital Metro Operating Cost per Revenue Vehicle-Hour by Operator**  
*FY 1998 to 2007*



Source: NTD.

Table 2.16 presents the overall operating cost per revenue vehicle-hour for Capital Metro and the operating peer systems for fiscal years 2004 to 2007. Capital Metro tends to under perform the peers on this measure. Capital Metro's overall cost per hour is near the top of the range. In 2007, it was 14 percent higher than the operating peer average, and it also has been growing nearly twice as fast from 2004 to 2007. This is due to rising operating costs, since service levels have been essentially flat during this time. Several of the operating peers contained growth in this indicator by either holding the line on costs (Columbus, Memphis) or increasing revenue hours (Kansas City, Louisville, Sacramento).

**Table 2.16 Peer System Operating Cost per Revenue Vehicle-Hour**  
*FY 2004 to 2007*

	2004	2005	2006	2007	CAGR 2004-2007	Percent Change 2004-2007
Austin	\$83.67	\$93.91	\$102.06	\$102.22	6.9%	22%
Charlotte	\$71.09	\$73.56	\$81.94	\$88.19	7.4%	24%
Columbus	\$93.47	\$99.29	\$99.97	\$100.33	2.4%	7%
Indianapolis	\$64.86	\$72.16	\$70.09	\$76.81	5.8%	18%
Kansas City	\$89.51	\$83.56	\$88.77	\$91.04	0.6%	2%
Louisville	\$64.61	\$70.00	\$70.06	\$70.13	2.8%	9%
Memphis	\$76.75	\$76.98	\$79.00	\$83.54	2.9%	9%
Orlando	\$59.52	\$62.16	\$63.53	\$67.30	4.2%	13%
Sacramento	\$127.97	\$128.57	\$149.35	\$148.09	5.0%	16%
Tampa	\$73.15	\$76.43	\$77.84	\$82.92	4.3%	13%
<b>Peer Average</b>	<b>\$80.10</b>	<b>\$82.52</b>	<b>\$86.73</b>	<b>\$89.82</b>	<b>3.9%</b>	<b>12%</b>

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

## 2.3 OPERATING COST PER REVENUE MILE

The operating cost per revenue mile is calculated by dividing the agency's annual operating cost by the total distance traveled by its vehicles while in revenue service for the same time period. As with revenue hours, this excludes deadhead and charter miles.

Table 2.17 and Figure 2.8 present Capital Metro's revenue vehicle-miles by mode and by operator for fiscal years 1998 to 2007. As noted above, the agency's service level has increased significantly over the last decade. However, most of the increase occurred before 2004. Between 2004 and 2007, service levels have fluctuated slightly from year to year, but have remained flat overall. As indicated by vehicle-hours as well, there has been a shift from directly operated service to purchased transportation in the last few years.

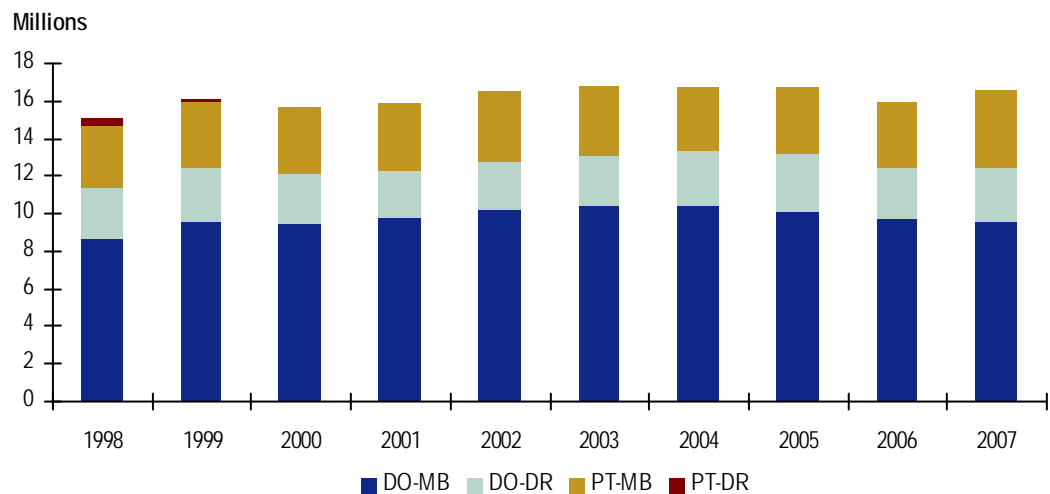
**Table 2.17 Capital Metro Revenue Vehicle-Miles by Mode and by Operator**  
*FY 1998 to 2007 (in Millions)*

	Mode		Operator		All
	Motor Bus	Demand Response	Directly Operated	Purchased Transportation	Total
1998	11.93	3.20	11.36	3.77	15.12
1999	13.07	2.99	12.42	3.63	16.05
2000	13.06	2.61	12.11	3.57	15.67
2001	13.39	2.45	12.26	3.58	15.84
2002	13.86	2.63	12.82	3.66	16.49
2003	14.13	2.66	13.10	3.70	16.80
2004	13.83	2.90	13.28	3.45	16.73
2005	13.67	3.05	13.17	3.55	16.71
2006	13.24	2.76	12.41	3.59	16.00
2007	13.76	2.90	12.48	4.17	16.65
CAGR 1998-2007	1.6%	-1.1%	1.1%	1.2%	1.1%
CAGR 2004-2007	-0.2%	-0.1%	-2.1%	6.6%	-0.2%
Percent Change 1998-2007	15%	-9%	10%	11%	10%
Percent Change 2004-2007	-1%	0%	-6%	21%	0%

Source: NTD, adjusted for taxi trips.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.8 Capital Metro Revenue Vehicle-Miles by Mode and by Operator**  
*FY 1998 to 2007*



Source: NTD.

Key: DO = Directly Operated.  
 PT = Purchased Transportation.  
 MB = Motor Bus.  
 DR = Demand Response.

Table 2.18 presents overall service levels for each operating peer and Capital Metro from FY 2004 to FY 2007. As the table demonstrates, Capital Metro provides more service than any of the operating peer regions except Orlando, including those with light rail or streetcar systems (Charlotte, Memphis, Sacramento, and Tampa). However, while some systems have been rapidly expanding service, Capital Metro has held steady from 2004 to 2007 in terms of revenue vehicle-miles.

**Table 2.18 Peer System Revenue Vehicle-Miles**  
*FY 2004 to 2007*

(millions)	2004	2005	2006	2007	CAGR 2004-2007	Percent Change 2004-2007
Austin	16.73	16.71	16.00	16.65	-0.2%	0%
Charlotte	11.69	13.30	13.26	13.44	4.8%	15%
Columbus	10.29	10.16	9.29	9.54	-2.5%	-7%
Indianapolis	8.90	7.78	8.01	9.38	1.8%	5%
Kansas City	10.07	10.58	11.09	11.46	4.4%	14%
Louisville	10.59	10.39	11.79	11.69	3.3%	10%
Memphis	9.19	9.20	8.68	8.80	-1.4%	-4%
Orlando	19.39	20.08	19.83	20.90	2.5%	8%
Sacramento	12.44	12.38	11.84	12.04	-1.1%	-3%
Tampa	7.00	7.39	7.69	8.36	6.1%	19%
<b>Peer Average</b>	<b>11.06</b>	<b>11.25</b>	<b>11.28</b>	<b>11.73</b>	<b>2.0%</b>	<b>6%</b>

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

Table 2.19 and Figure 2.9 show Capital Metro's operating cost per revenue vehicle-mile by mode for fiscal years 1998 to 2007. During this period, operating costs doubled while revenue miles grew by only 10 percent, causing the operating cost per revenue mile to increase by 80 percent. In the last four fiscal years, this metric rose by 22 percent, largely because of rising fuel costs.

The statistics show how demand-response service historically has been more expensive to provide. In 2007, demand-response service cost about 14 percent more per mile than fixed-route service. The cost per revenue mile of providing demand-response service also has been rising faster over the years as opposed to fixed-route transit. Over the last decade, demand-response operating cost per revenue mile has been growing at an annualized rate of 7.7 percent, compared to 6.6 percent for bus service.

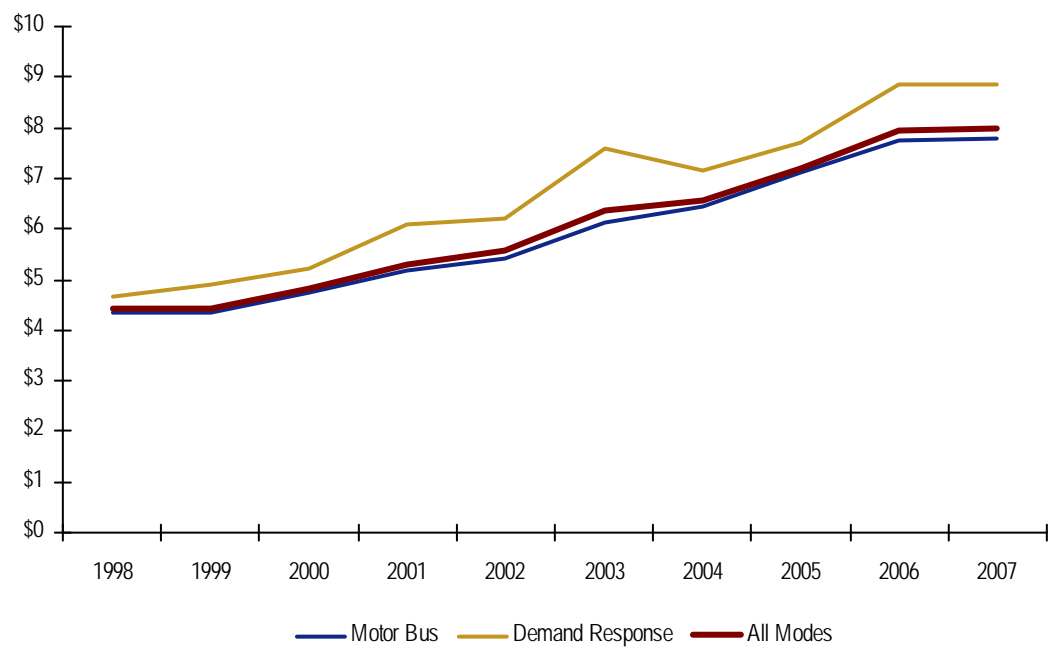
**Table 2.19 Capital Metro Operating Cost per Revenue Vehicle-Mile by Mode  
FY 1998 to 2007**

	Motor Bus	Demand Response	All Modes
1998	\$4.36	\$4.68	\$4.43
1999	\$4.33	\$4.90	\$4.43
2000	\$4.76	\$5.21	\$4.83
2001	\$5.17	\$6.07	\$5.31
2002	\$5.43	\$6.21	\$5.56
2003	\$6.13	\$7.60	\$6.37
2004	\$6.45	\$7.16	\$6.57
2005	\$7.10	\$7.72	\$7.21
2006	\$7.74	\$8.84	\$7.93
2007	\$7.80	\$8.87	\$7.99
CAGR 1998-2007	6.7%	7.4%	6.8%
CAGR 2004-2007	6.5%	7.4%	6.7%
Percent Change 1998-2007	79%	89%	80%
Percent Change 2004-2007	21%	24%	22%

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.9 Capital Metro Operating Cost per Revenue Vehicle-Mile by Mode  
FY 1998 to 2007**



Source: NTD.



Table 2.20 and Figure 2.10 show Capital Metro's operating cost per revenue vehicle-mile by operator for fiscal years 1998 to 2007. Capital Metro's directly operated transit service is consistently costlier to provide than purchased transportation. In 2007, services operated by StarTran, Inc. cost 32 percent more per mile than services operated by private operators under contract to Capital Metro. As with revenue vehicle-hours, directly operated costs per revenue vehicle-mile tracked closely with purchased transportation in the earlier part of the decade, but the two diverged beginning in 2003 with costs growing more rapidly for directly operated service. From 2003 to 2005, the cost per revenue mile for directly operated transit continued to increase while that for purchased transportation declined slightly. This metric rose again for purchased transportation in 2006, reaching \$6.65 that year, but then it dropped slightly in 2007 while the cost of directly operated service continued to escalate.

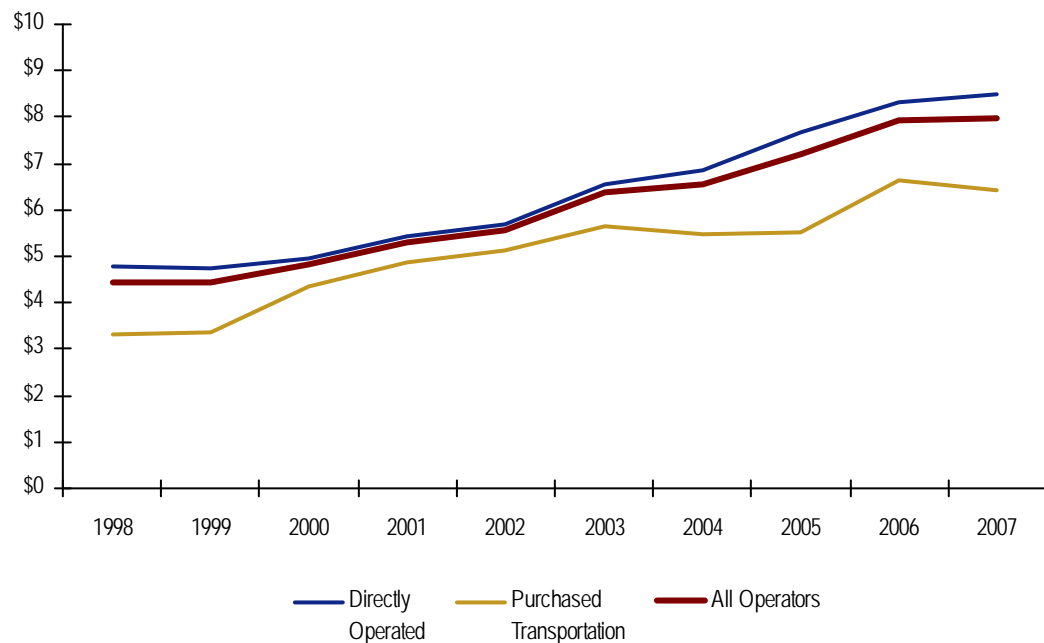
**Table 2.20 Capital Metro Operating Cost per Revenue Vehicle-Mile by Operator  
FY 1998 to 2007**

	Directly Operated	Purchased Transportation	All Operators
1998	\$4.80	\$3.31	\$4.43
1999	\$4.75	\$3.36	\$4.43
2000	\$4.97	\$4.34	\$4.83
2001	\$5.44	\$4.85	\$5.31
2002	\$5.67	\$5.14	\$5.56
2003	\$6.57	\$5.64	\$6.37
2004	\$6.86	\$5.46	\$6.57
2005	\$7.67	\$5.51	\$7.21
2006	\$8.30	\$6.65	\$7.93
2007	\$8.51	\$6.43	\$7.99
CAGR 1998-2007	6.6%	7.7%	6.8%
CAGR 2004-2007	7.4%	5.6%	6.7%
Percent Change 1998-2007	77%	94%	80%
Percent Change 2004-2007	24%	18%	22%

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

Figure 2.10 Capital Metro Operating Cost per Revenue Vehicle-Mile by Operator  
 FY 1998 to 2007



Source: NTD.

Table 2.21 presents the overall operating cost per revenue vehicle-mile for Capital Metro and the operating peer systems for fiscal years 2004 to 2007. As with revenue vehicle-hours, Capital Metro tends to under perform the peers on this measure. Overall, only Sacramento has higher operating cost per revenue mile than Capital Metro. This is probably due to the greater than peer average ridership experienced at Capital Metro. (Even with the recent drop in riders, Capital Metro has nearly twice the ridership of the operating peer average.) Because of its relatively high ridership, measures that use that factor are favorable. On unit of service measures the comparison is unfavorable due to the relatively high cost structure at Capital Metro.

**Table 2.21 Peer System Operating Cost per Revenue Vehicle-Mile**  
*FY 2004 to 2007*

	2004	2005	2006	2007	CAGR 2004-2007	Percent Change 2004-2007
Austin	\$6.57	\$7.21	\$7.93	\$7.99	6.7%	22%
Charlotte	\$5.15	\$5.14	\$5.78	\$6.14	6.1%	19%
Columbus	\$6.90	\$7.21	\$7.25	\$7.29	1.9%	6%
Indianapolis	\$4.37	\$5.31	\$5.38	\$5.08	5.2%	16%
Kansas City	\$5.52	\$5.80	\$6.15	\$6.18	3.8%	12%
Louisville	\$4.92	\$5.29	\$4.96	\$5.24	2.2%	7%
Memphis	\$5.07	\$4.97	\$5.29	\$5.60	3.3%	10%
Orlando	\$3.98	\$4.15	\$4.35	\$4.53	4.4%	14%
Sacramento	\$9.56	\$10.44	\$12.06	\$11.75	7.1%	23%
Tampa	\$5.91	\$6.21	\$6.28	\$6.57	3.6%	11%
<b>Peer Average</b>	<b>\$5.71</b>	<b>\$6.06</b>	<b>\$6.39</b>	<b>\$6.49</b>	<b>4.4%</b>	<b>14%</b>

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

## 2.4 SALES AND USE TAX RECEIPTS PER PASSENGER

Sales and use taxes per passenger are calculated by dividing the total sales and use taxes received by the agency by the number of unlinked passenger trips over the same period.

Table 2.22 and Figure 2.11 show Capital Metro's sales and use tax revenues for fiscal years 1998 to 2007.<sup>8</sup> Over the last decade, revenues have fluctuated with economic cycles (with a notable downturn in 2002 to 2003), but overall have increased at a compound annual growth rate of 5.1 percent. Recent years have shown robust growth rates of 10 percent or more per year (in both 2006 and 2007), resulting in a compound annual growth rate of 9.5 percent since 2004. This growth is primarily driven by the expansion of the Austin economy, which has led to an increase in sales tax receipts.<sup>9</sup>

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<sup>8</sup> Prior to 2004, the Capital Metro's gross sales tax receipts for each fiscal year were reduced by 25 percent to account for the share that was returned to member communities for transportation projects. Capital Metro discontinued this practice in 2004. The consultant team removed the rebate from the data to obtain a consistent time series since the tax was still collected but was allocated to other purposes.

<sup>9</sup> Although audited data is not yet available for 2008, preliminary data suggest that sales tax continued to increase through most of the year, but that economic weakness in the second half of 2008 (the final months of the fiscal year ending September 30) would reduce overall growth in 2008 and could continue into 2009.

**Table 2.22 Capital Metro Sales and Use Tax Revenues**  
*FY 1998 to 2007 (in Millions)*

	Annual Revenue
1998	\$95.7
1999	\$93.9
2000	\$112.1
2001	\$115.4
2002	\$112.3
2003	\$106.3
2004	\$114.5
2005	\$122.1
2006	\$135.9
2007	\$150.3
CAGR 1998-2007	5.1%
CAGR 2004-2007	9.5%
Percent Change 1998-2007	57%
Percent Change 2004-2007	31%

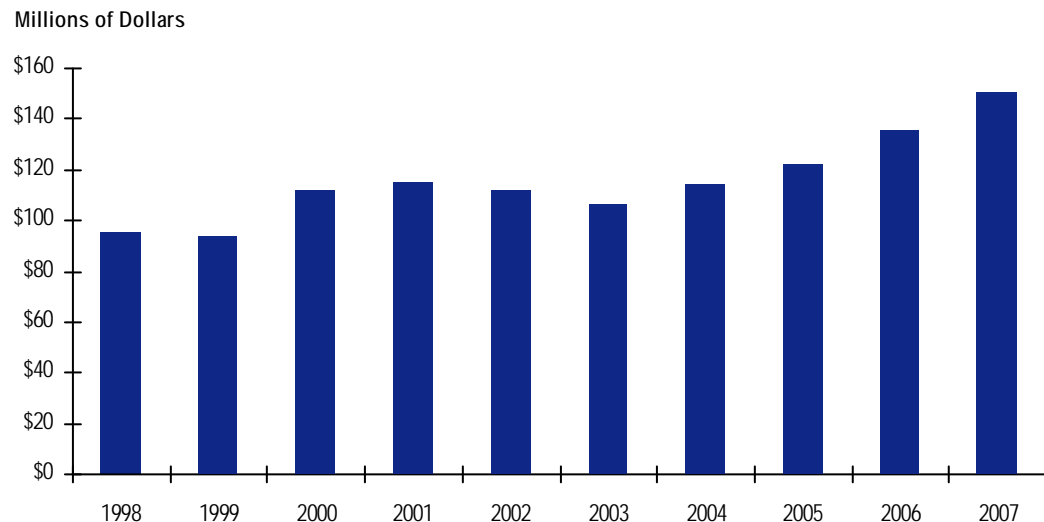
Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

The majority of sales tax revenue is collected in the City of Austin. In 2007, more than 85 percent of sales tax revenue was collected in the city limits.<sup>10</sup> This includes taxes paid by Austin residents as well as taxes paid by residents of surrounding areas who shop in Austin.

<sup>10</sup>This statistic is based on the proportion of taxable retail sales in Austin compared to the implied tax base for Capital Metro's total 2007 sales tax revenues. Estimates of taxable sales are based on 2007 data provided by the Texas Comptroller of Public Accounts, *Quarterly Sales Tax Historical Data*, available at <http://www.window.state.tx.us/taxinfo/sales/index.html>. Using a different methodology, Capital Metro's *Comprehensive Annual Financial Report for the Year Ending September 30, 2007* reports that about 97 percent of sales tax revenues were collected in the City of Austin in 2007. The report is available at [http://www.capmetro.org/docs/cafr\\_web.pdf](http://www.capmetro.org/docs/cafr_web.pdf).

**Figure 2.11 Capital Metro Sales and Use Tax Revenues**  
*FY 1998 to 2007*



Source: NTD.

Table 2.23 presents funding from local sources, such as sales taxes, for each operating peer region and Capital Metro from FY 2004 to FY 2007. As the table demonstrates, Capital Metro collects more local revenue than any of the peers, including those with light rail or streetcar systems (Charlotte, Memphis, Sacramento, and Tampa). Adjusting for service area population, Capital Metro collects nearly three times the operating peer average per capita.

**Table 2.23 Peer System Local Funding Sources**  
*FY 2004 to 2007*

	2007 Revenue (Millions)	Service Area Population (Millions)	Funding per Capita
Austin	\$150.3	1.01	\$148
Charlotte	\$76.6	0.68	\$112
Columbus	\$41.7	1.06	\$39
Indianapolis	\$17.0	0.79	\$21
Kansas City	\$46.0	0.78	\$59
Louisville	\$40.5	0.75	\$54
Memphis	\$19.0	0.89	\$21
Orlando	\$44.0	1.54	\$29
Sacramento	\$94.0	1.09	\$86
Tampa	\$32.4	0.58	\$56
<b>Peer Average</b>	<b>\$45.7</b>	<b>0.91</b>	<b>\$50</b>

Source: NTD.

Table 2.24 and Figure 2.12 show trends in sales and use tax receipts per passenger from 1998 to 2007. From 1998 to 2003, the ratio hovered between about \$2.50 and \$3.50 per passenger. It has been climbing steadily since then, reaching \$4.49 in 2007. Passenger trips were relatively stable during this period, causing the ratio to increase primarily as a result of rising tax revenues.

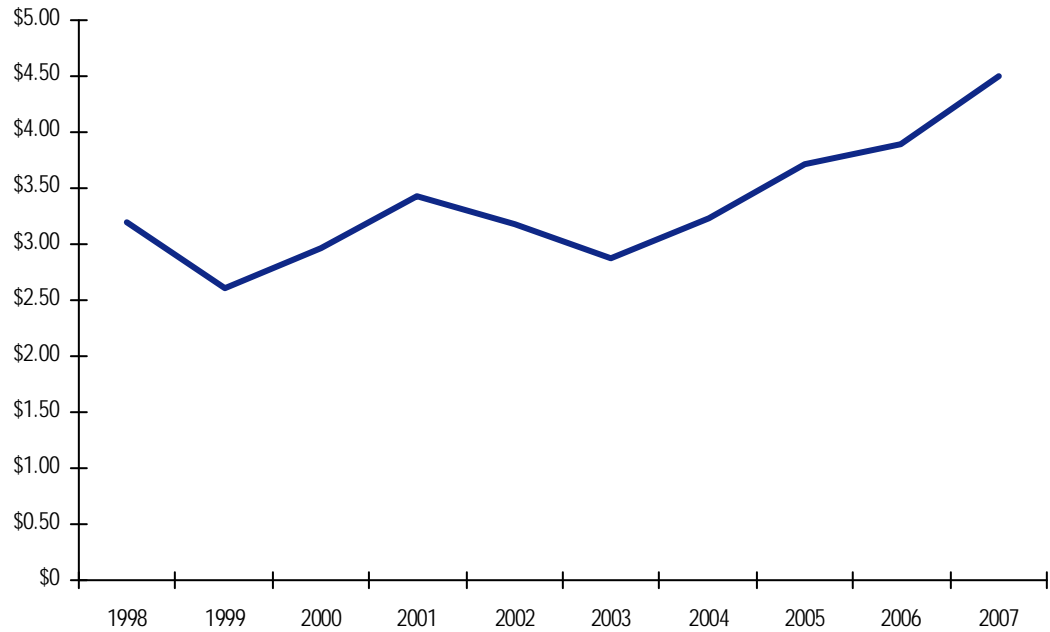
**Table 2.24 Capital Metro Sales and Use Tax Receipts per Passenger**  
*FY 1998 to 2007*

	Sales and Use Tax Receipts (Millions)	Unlinked Passenger Trips (Millions)	Tax Receipts per Passenger
1998	\$95.72	30.00	\$3.19
1999	\$93.90	36.14	\$2.60
2000	\$112.13	37.88	\$2.96
2001	\$115.43	33.72	\$3.42
2002	\$112.29	35.31	\$3.18
2003	\$106.26	36.98	\$2.87
2004	\$114.48	35.47	\$3.23
2005	\$122.11	32.91	\$3.71
2006	\$135.92	34.86	\$3.90
2007	\$150.30	33.46	\$4.49
CAGR 1998-2007	5.1%	1.2%	3.9%
CAGR 2004-2007	9.5%	-1.9%	11.6%
Percent Change 1998-2007	57%	12%	41%
Percent Change 2004-2007	31%	-6%	39%

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

Figure 2.12 Capital Metro Sales and Use Tax Receipts per Passenger  
FY 1998 to 2007



Source: NTD.

Table 2.25 shows the sales and use tax receipts per passenger for Austin and the operating peer systems from fiscal year 2004 to fiscal year 2007. Capital Metro has had among the lowest ratio of the group in each of the last four years. However, the measure has been growing faster at Capital Metro than most of the peers, except for Charlotte and Indianapolis. This has been caused by a drop in ridership (6 percent in the last four fiscal years) combined with a 31 percent increase in sales tax receipts. It should be noted, however, that several of these peer systems receive significant state funding, including Indianapolis, Orlando, Tampa, and Memphis.



**Table 2.25 Peer System Sales and Use Tax Receipts per Passenger**  
*FY 2004 to 2007*

	2004	2005	2006	2007	CAGR 2004-2007	Percent Change 2004-2007
Austin	\$3.10	\$3.66	\$3.64	\$3.97	8.6%	28%
Charlotte	\$3.23	\$3.88	\$3.67	\$4.10	8.3%	27%
Columbus	\$4.83	\$4.95	\$4.49	\$4.65	-1.2%	-4%
Indianapolis	\$4.18	\$4.69	\$4.29	\$5.07	6.6%	21%
Kansas City	\$4.17	\$4.38	\$4.63	\$4.62	3.4%	11%
Louisville	\$3.35	\$3.57	\$3.90	\$3.91	5.2%	16%
Memphis	\$3.68	\$3.77	\$3.92	\$4.20	4.5%	14%
Orlando	\$3.32	\$3.38	\$3.43	\$3.66	3.3%	10%
Sacramento	\$3.87	\$4.14	\$4.53	\$4.38	4.3%	13%
Tampa	\$3.99	\$3.94	\$3.86	\$4.27	2.4%	7%
<b>Peer Average</b>	<b>\$3.85</b>	<b>\$4.08</b>	<b>\$4.08</b>	<b>\$4.32</b>	<b>3.9%</b>	<b>12%</b>

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

## 2.5 FARE RECOVERY RATE

The fare recovery rate is a measure of the proportion of a transit agency's operating cost that is recaptured in the form of passenger fares. It is calculated by dividing the annual fare revenue (including fares, passes, tokens, tickets, and route guarantees) by the authority's operating cost for the same period. Charter revenue, interest income, advertising income, and any other operating income are excluded from fare revenues. Capital Metro's contract revenues from the UT Shuttle service and other pass programs are included in the calculation of fare recovery rate.

Detailed fare revenue data from the NTD were only available for fiscal years 2002 to 2007.<sup>11</sup> Before 2002, fare revenue was not reported by mode or operator,

<sup>11</sup>Prior to 2007, Capital Metro reported the contract revenue from the UT Shuttle service in "Other Transportation Revenues" instead of "Purchased Transportation Fare Revenues." As a result, NTD did not use the contract revenue in the fare recovery calculation, although the costs for the UT Shuttle were included in the operating costs used in its fare recovery calculation. Beginning in FY2007 Capital Metro began reporting the UT Shuttle revenue in "Purchased Transportation Fare Revenues." NTD fare revenue data

*Footnote continued*

and is thus not comparable with the more recent data. As a result, this analysis focuses on fare revenue trends since 2002.

Table 2.26 and Figure 2.13 show Capital Metro's fare revenues by mode and by operator for fiscal years 2002 to 2007. Contract revenues from the UT Shuttle service makes up the majority of Purchased Transportation fare revenues, and exceeded fare revenues from other fixed-route services in 2007. With recent increases in express bus usage and other factors, fare revenues for services directly operated by StarTran have risen sharply, up more than 30 percent since 2004. With additional changes in fare structure (e.g., base fare increase from \$0.50 to \$0.75) in October 2008, this trend is expected to continue.

**Table 2.26 Capital Metro Fare Revenues by Mode and by Operator**  
*FY 2002 to 2007 (Millions of Dollars)*

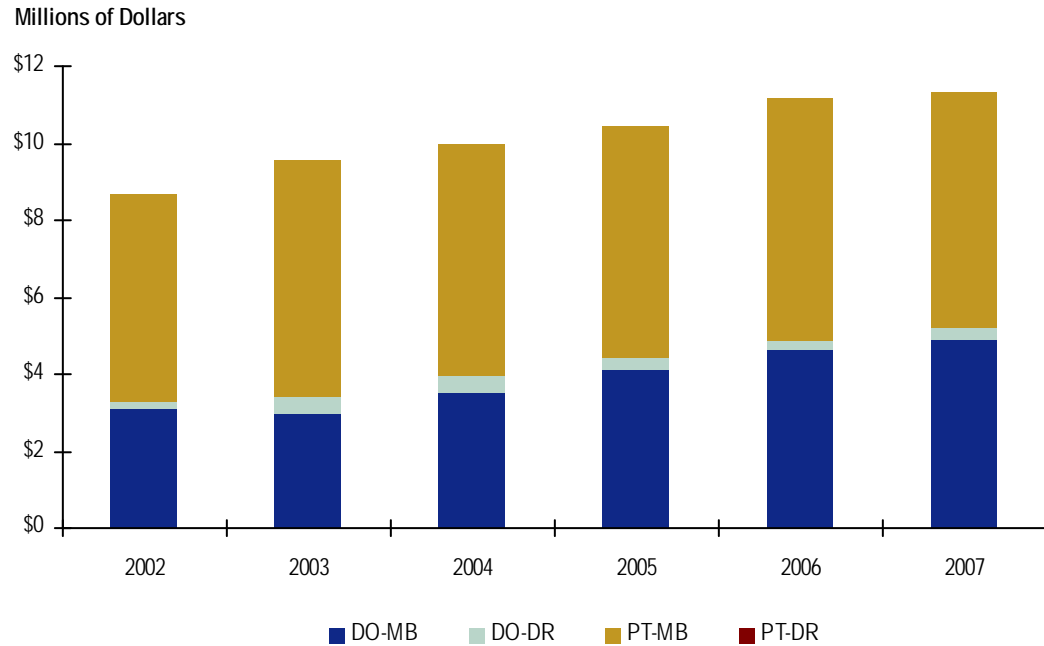
	Mode		Operator		All
	Motor Bus	Demand Response	Directly Operated	Purchased Transportation	Total
2002	\$8.5	\$0.2	\$3.3	\$5.4	\$8.7
2003	\$9.0	\$0.5	\$3.5	\$6.1	\$9.5
2004	\$9.5	\$0.4	\$3.9	\$6.0	\$10.0
2005	\$10.2	\$0.3	\$4.4	\$6.1	\$10.5
2006	\$10.9	\$0.3	\$4.9	\$6.3	\$11.2
2007	\$11.0	\$0.3	\$5.2	\$6.1	\$11.3
CAGR 1998-2007	5.3%	15.0%	9.7%	2.7%	5.5%
CAGR 2004-2007	5.0%	-10.3%	9.6%	0.7%	4.4%
Percent Change 1998-2007	30%	101%	59%	14%	31%
Percent Change 2004-2007	16%	-28%	31%	2%	14%

Source: NTD, adjusted to include contract revenues under Purchased Transportation.

Key: CAGR = Compound Annual Growth Rate.

for previous years were adjusted to include the contract revenue under fare revenue. Because disaggregate data on university pass program revenues or similar contract revenues was not available for peer systems, it was not possible to confirm whether similar reporting changes occurred at other agencies. However, the potential effect on comparability may be less significant because "Other Transportation Revenues" in 2007, as a percentage of "Passenger Fare Revenues," at the peer systems were generally less than one-quarter of those at Capital Metro.

**Figure 2.13 Capital Metro Fare Revenues by Mode and by Operator**  
*FY 2002 to 2007*



Source: NTD, adjusted to include contract revenues under Purchased Transportation.

Key:  
 DO = Directly Operated.  
 PT = Purchased Transportation.  
 MB = Motor Bus.  
 DR = Demand Response.

Table 2.27 and Figure 2.14 show Capital Metro's average fare by mode for fiscal years 2002 to 2007. Average fare is computed by dividing fare revenues by unlinked passenger trips over the same period. The statistic reflects the fare revenue per passenger after all discounts are applied, such as lower fares for disabled riders, students, monthly passes, and free shuttles (e.g., 'Dillo services).

Average fare has risen sharply over the last few years, nearly doubling since 2002. Since passenger trips have been declining slightly over the last few years, most of the change is due to increases in fare revenues, as described above. Demand-response average fare has fluctuated over the period, reaching highs of over \$1.00 per trip in 2003 and 2004, before declining to \$0.74 in 2007.

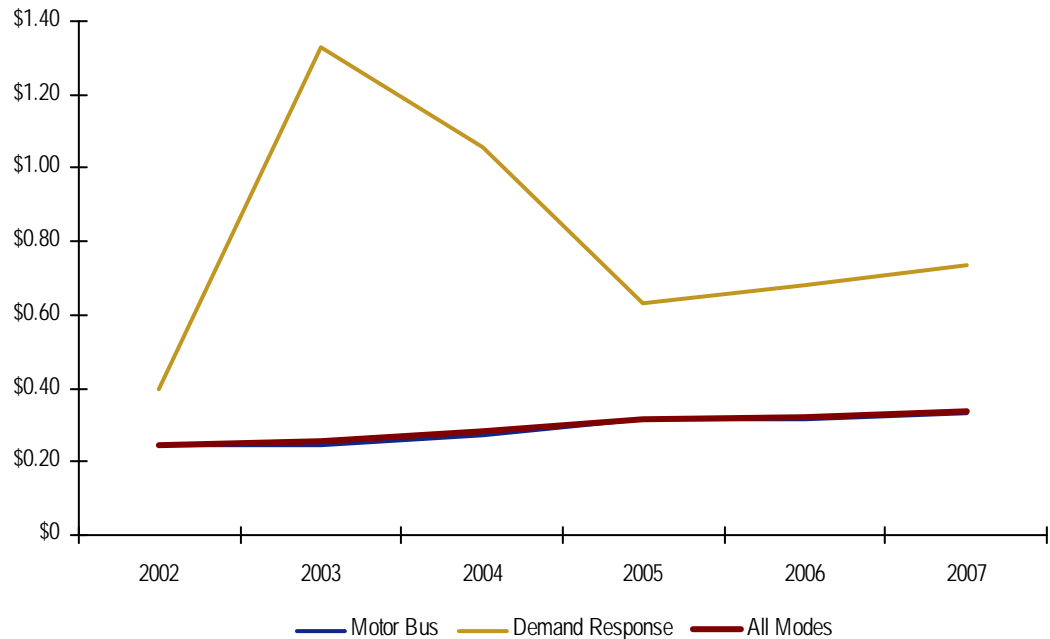
**Table 2.27 Capital Metro Average Fare by Mode**  
*FY 2002 to 2007*

	Motor Bus	Demand Response	All Modes
2002	\$0.24	\$0.40	\$0.25
2003	\$0.25	\$1.33	\$0.26
2004	\$0.27	\$1.06	\$0.28
2005	\$0.31	\$0.63	\$0.32
2006	\$0.32	\$0.68	\$0.32
2007	\$0.33	\$0.74	\$0.34
CAGR 2002-2007	6.5%	13.0%	6.7%
CAGR 2004-2007	7.0%	-11.4%	6.4%
Percent Change 2002-2007	37%	84%	38%
Percent Change 2004-2007	23%	-30%	21%

Source: NTD, adjusted to include contract revenues under Purchased Transportation.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.14 Capital Metro Average Fare by Mode**  
*FY 2002 to 2007*



Source: NTD, adjusted to include contract revenues under Purchased Transportation.

Table 2.28 and Figure 2.15 show Capital Metro's average fare by operator for fiscal years 2002 to 2007. Contract revenues dominate the Purchased Transportation revenues and illustrate the importance of the UT Shuttle and other pass programs to the agency's overall revenue structure. Fare revenues paid by riders of other fixed-route and demand-response services only generate about one-third the revenue per rider of the UT Shuttle and other pass programs.

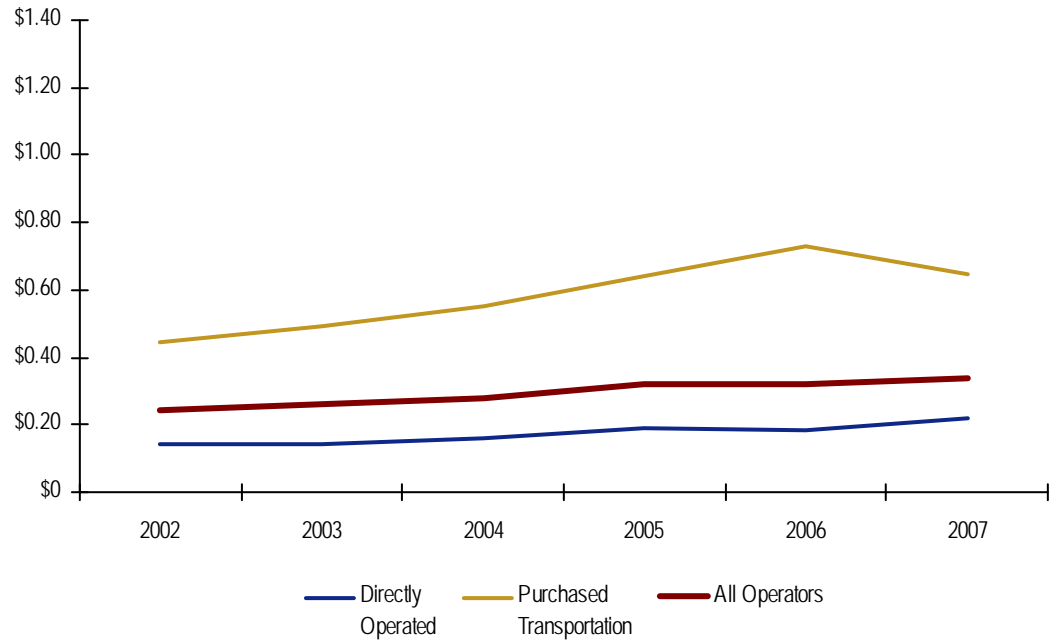
**Table 2.28 Capital Metro Average Fare by Operator**  
*FY 2002 to 2007*

	Directly Operated	Purchased Transportation	All Operators
2002	\$0.14	\$0.45	\$0.25
2003	\$0.14	\$0.49	\$0.26
2004	\$0.16	\$0.55	\$0.28
2005	\$0.19	\$0.64	\$0.32
2006	\$0.19	\$0.73	\$0.32
2007	\$0.22	\$0.64	\$0.34
CAGR 2002-2007	9.0%	7.6%	6.7%
CAGR 2004-2007	10.5%	5.3%	6.4%
Percent Change 2002-2007	54%	45%	38%
Percent Change 2004-2007	35%	17%	21%

Source: NTD, adjusted to include contract revenues under Purchased Transportation.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.15 Capital Metro Average Fare by Operator**  
*FY 2002 to 2007*



Source: NTD, adjusted to include contract revenues under Purchased Transportation.

As shown in Table 2.29, Capital Metro’s overall average fare is the lowest among the operating peer systems. In 2007, Capital Metro charged less than one-half the peer average of \$0.76 per trip. However, Capital Metro’s average fare has been increasing more quickly than most of the peers.

**Table 2.29 Peer System Average Fare**  
*FY 2004 to 2007*

	2004	2005	2006	2007	CAGR 2004-2007	Percent Change 2004-2007
Austin	\$0.28	\$0.32	\$0.32	\$0.34	6.4%	21%
Charlotte	\$0.51	\$0.59	\$0.58	\$0.63	7.4%	24%
Columbus	\$0.80	\$0.79	\$0.88	\$0.87	2.9%	9%
Indianapolis	\$0.83	\$0.87	\$0.83	\$0.95	4.5%	14%
Kansas City	\$0.55	\$0.54	\$0.62	\$0.65	5.8%	18%
Louisville	\$0.35	\$0.45	\$0.48	\$0.47	9.8%	32%
Memphis	\$0.72	\$0.67	\$0.78	\$0.78	3.1%	10%
Orlando	\$0.64	\$0.70	\$0.75	\$0.74	5.0%	16%
Sacramento	\$0.74	\$0.70	\$0.82	\$0.87	5.5%	18%
Tampa	\$0.77	\$0.78	\$0.83	\$0.84	2.8%	9%
<b>Peer Average</b>	<b>\$0.66</b>	<b>\$0.68</b>	<b>\$0.73</b>	<b>\$0.76</b>	<b>4.8%</b>	<b>15%</b>

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

Table 2.30 and Figure 2.16 show the fare recovery rate by mode from 2002 to 2007. The overall fare recovery rate has declined in recent years, reaching 8.5 percent in 2007. Fixed-route bus service has had a consistently higher recovery rate than demand-response service (about eight times as high in 2007). While the rate for fixed-route service has been relatively steady at about 10 percent since 2003, the rate for demand-response service has been declining and was only 1.2 percent in 2007. The overall rate has been increasing in line with the rate for fixed-route service, which represents the vast majority of Capital Metro's operations.

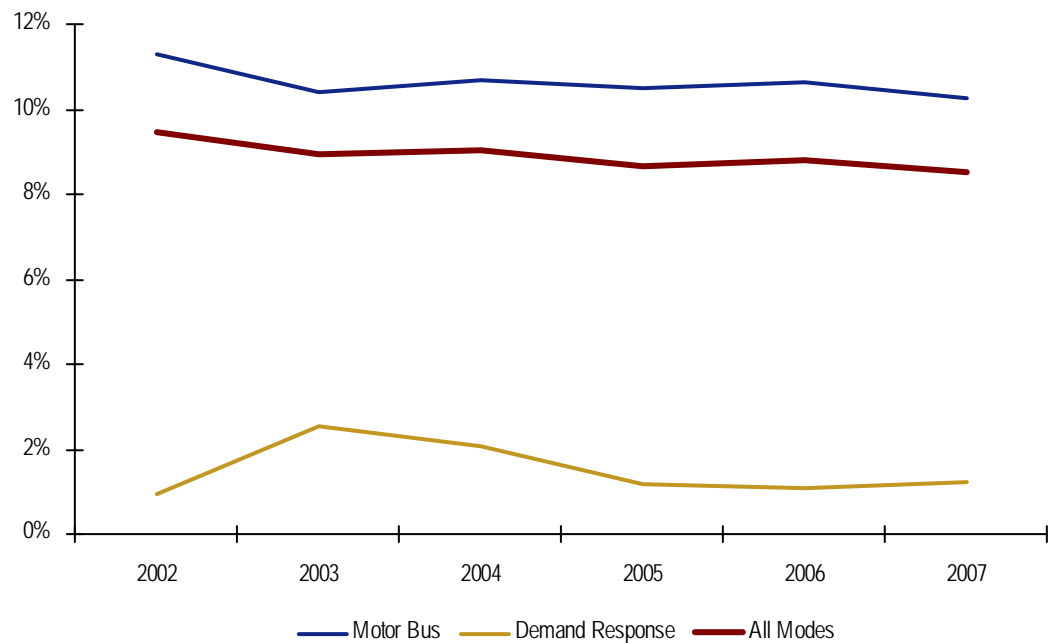
**Table 2.30 Capital Metro Fare Recovery Rate by Mode**  
*FY 2002 to 2007*

	Motor Bus	Demand Response	All Modes
2002	11.3%	0.9%	9.4%
2003	10.4%	2.6%	8.9%
2004	10.7%	2.1%	9.1%
2005	10.5%	1.2%	8.7%
2006	10.6%	1.1%	8.8%
2007	10.3%	1.2%	8.5%
CAGR 2002-2007	-1.9%	5.0%	-2.1%
CAGR 2004-2007	-1.3%	-16.4%	-2.0%
Percent Change 2002-2007	-9%	28%	-10%
Percent Change 2004-2007	-4%	-42%	-6%

Source: NTD, adjusted to include contract revenues under Purchased Transportation.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.16 Capital Metro Fare Recovery Rate by Mode**  
*FY 2002 to 2007*



Source: NTD, adjusted to include contract revenues under Purchased Transportation.



Table 2.31 and Figure 2.17 show the fare recovery rate by operator from 2002 to 2007. The difference between Directly Operated and Purchased Transportation revenues illustrates the dramatic impact of contract revenues from UT Shuttle service and other pass programs on the fare recovery rate. Without the contract revenues, fare recovery rate would decline by nearly one-half in 2007 to about 5 percent.

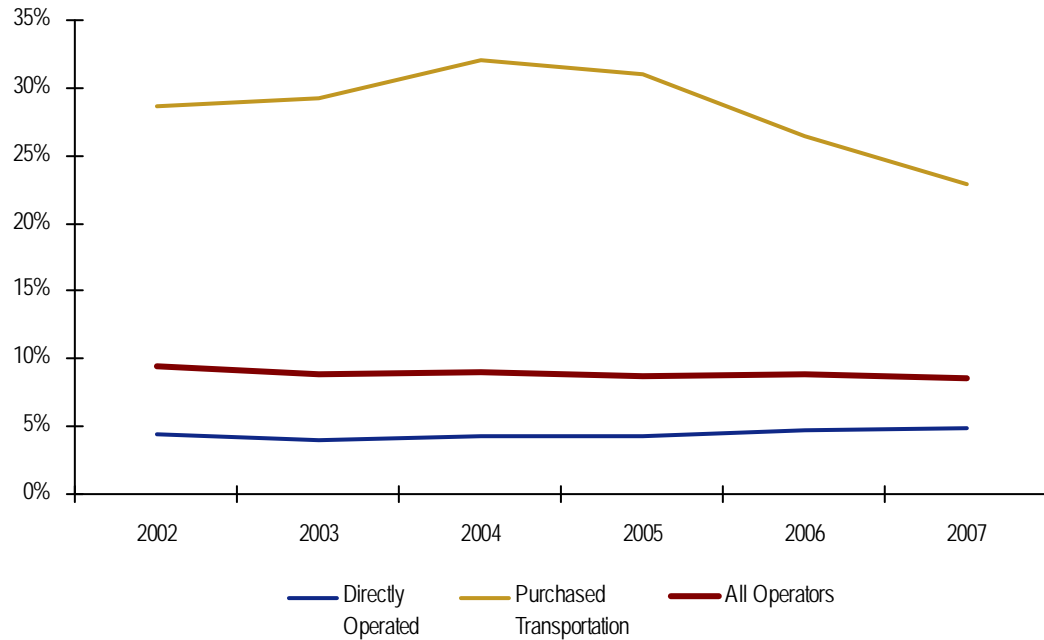
**Table 2.31 Capital Metro Fare Recovery Rate by Operator**  
*FY 2002 to 2007*

	Directly Operated	Purchased Transportation	All Operators
2002	4.5%	28.6%	9.4%
2003	4.0%	29.2%	8.9%
2004	4.3%	32.0%	9.1%
2005	4.4%	31.0%	8.7%
2006	4.8%	26.4%	8.8%
2007	4.9%	22.9%	8.5%
CAGR 2002-2007	1.7%	-4.4%	-2.1%
CAGR 2004-2007	4.1%	-10.6%	-2.0%
Percent Change 2002-2007	9%	-20%	-10%
Percent Change 2004-2007	13%	-28%	-6%

Source: NTD, adjusted to include contract revenues under Purchased Transportation.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.17 Capital Metro Fare Recovery Rate by Operator**  
*FY 2002 to 2007*



Source: NTD, adjusted to include contract revenues under Purchased Transportation.

Table 2.32 shows the fare recovery rate for Austin and the operating peer systems from fiscal year 2004 to fiscal year 2007. Capital Metro’s overall fare recovery rate is low when compared to the operating peer average. In 2007, the peer average was 17.5 percent, or more than double Capital Metro’s rate. Fares and fare recovery rates are a key indicator of local public policy. Capital Metro historically has had a liberal fare policy to encourage utilization and support other community goals.

**Table 2.32 Peer System Fare Recovery Rate**  
*FY 2004 to 2007*

	2004	2005	2006	2007	CAGR 2004-2007	Percent Change 2004-2007
Austin	9.1%	8.7%	8.8%	8.5%	-2.0%	-6%
Charlotte	15.8%	15.3%	15.9%	15.5%	-0.8%	-2%
Columbus	16.6%	16.0%	19.6%	18.8%	4.2%	13%
Indianapolis	19.9%	18.6%	19.3%	18.7%	-2.0%	-6%
Kansas City	13.1%	12.3%	13.4%	14.0%	2.3%	7%
Louisville	10.6%	12.5%	12.3%	12.0%	4.3%	13%
Memphis	19.5%	17.8%	19.8%	18.7%	-1.4%	-4%
Orlando	19.3%	20.7%	22.0%	20.3%	1.7%	5%
Sacramento	19.1%	17.0%	18.2%	19.9%	1.2%	4%
Tampa	19.3%	19.7%	21.4%	19.6%	0.5%	1%
<b>Peer Average</b>	<b>17.0%</b>	<b>16.7%</b>	<b>18.0%</b>	<b>17.5%</b>	<b>0.9%</b>	<b>3%</b>

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

## 2.6 AVERAGE VEHICLE OCCUPANCY

The average vehicle occupancy is computed by dividing annual passenger-miles by revenue vehicle-miles for the same period of time and thus generally describes “how full the buses are.” Vehicle occupancy is an aggregated indicator of how service supply relates to passenger demand. Because it reflects a year of operations at a time, the indicator cannot directly measure relatively instantaneous phenomena, such as standing passengers at the maximum load point along a route or empty buses during off-peak periods. This measure also does not include passenger-miles or vehicle-miles for vanpool operations.

Table 2.33 and Figure 2.18 present Capital Metro’s passenger-miles by mode and by operator for fiscal years 1998 to 2007. Overall, passenger-miles have fluctuated from year to year, but have grown by about 28 percent from 1998 to 2007. Since 2004, passenger-miles have reversed the trend in ridership, with an 11 percent increase (primarily in 2006 and 2007 after a drop in 2005) compared to a 6 percent decline in ridership.

**Table 2.33 Capital Metro Passenger-Miles by Mode and by Operator**  
*FY 1998 to 2007 (in Millions)*

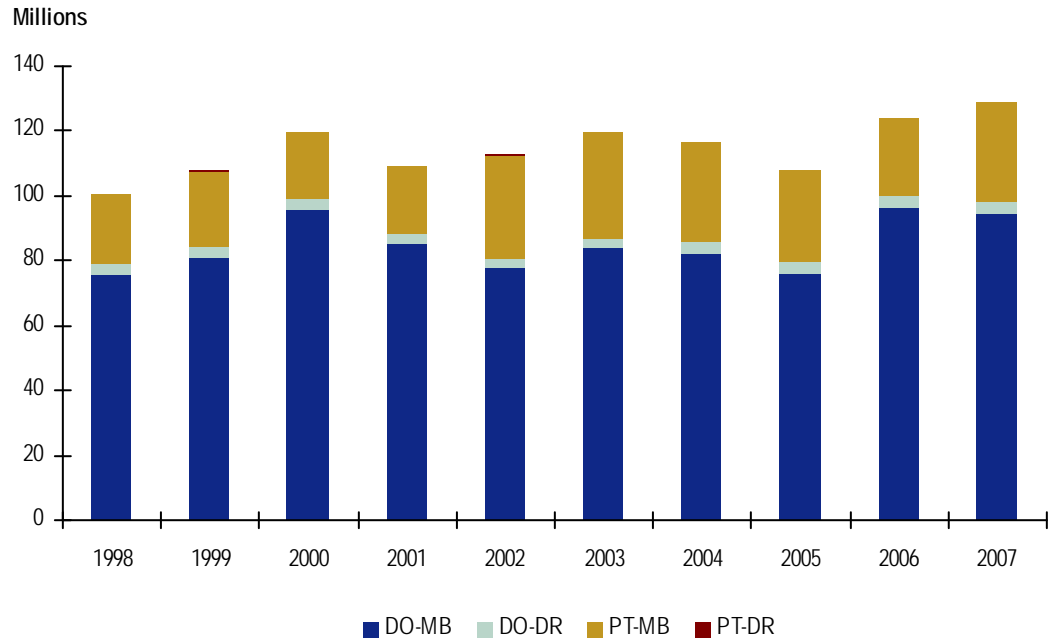
	Mode		Operator		All
	Motor Bus	Demand Response	Directly Operated	Purchased Transportation	Total
1998	97.2	3.4	79.0	21.6	100.6
1999	103.9	3.9	84.2	23.6	107.8
2000	116.0	3.5	99.1	20.4	119.5
2001	106.2	3.0	88.0	21.1	109.2
2002	109.3	3.3	80.9	31.6	112.6
2003	116.4	3.3	87.2	32.5	119.7
2004	112.9	3.6	85.9	30.7	116.5
2005	104.1	3.8	79.8	28.1	107.9
2006	120.6	3.5	99.9	24.3	124.1
2007	125.6	3.4	97.8	31.2	129.0
CAGR 1998-2007	2.9%	0.1%	2.4%	4.2%	2.8%
CAGR 2004-2007	3.6%	-2.1%	4.4%	0.5%	3.4%
Percent Change 1998-2007	29%	1%	24%	45%	28%
Percent Change 2004-2007	11%	-6%	14%	2%	11%

Source: NTD, adjusted for taxi trips.

Key: CAGR = Compound Annual Growth Rate.

As with passenger trips, the vast majority of passenger-miles are on fixed-route services. In 2007, about 97 percent of passenger-miles were on fixed-route bus services and Capital Metro carried about 76 percent of passenger-miles on the routes that it directly operates through its arrangement with StarTran, Inc. Accordingly, some of the recent increase in passenger-miles can be attributed to the success of Capital Metro's longer-distance express bus services.

**Figure 2.18 Capital Metro Passenger-Miles by Mode and by Operator**  
*FY 1998 to 2007*



Source: NTD.

Key: DO = Directly Operated.  
 PT = Purchased Transportation.  
 MB = Motor Bus.  
 DR = Demand Response.

Table 2.34 presents overall passenger-miles for each operating peer system and Capital Metro from FY 2004 to FY 2007. Capital Metro is near the top of the range in terms of passenger-miles, exceeded only by Orlando and Sacramento. In 2007, Capital Metro carried about 1.6 times the peer average passenger-miles. Capital Metro’s passenger-miles have grown at approximately the same rate as the operating peer average.

**Table 2.34 Peer System Passenger-Miles**  
*FY 2004 to 2007 (in Millions)*

	2004	2005	2006	2007	CAGR 2004-2007	Percent Change 2004-2007
Austin	116.5	107.9	124.1	129.0	3.4%	11%
Charlotte	77.7	77.3	92.9	92.0	5.8%	18%
Columbus	49.7	60.3	61.2	57.9	5.2%	17%
Indianapolis	47.3	44.2	51.1	47.3	0.0%	0%
Kansas City	49.1	52.7	56.6	58.7	6.1%	19%
Louisville	57.3	56.9	56.7	63.4	3.4%	11%
Memphis	72.5	65.0	61.3	64.6	-3.8%	-11%
Orlando	139.3	155.5	157.5	152.9	3.2%	10%
Sacramento	127.0	124.9	135.2	136.0	2.3%	7%
Tampa	50.3	54.7	61.4	63.3	7.9%	26%
<b>Peer Average</b>	<b>74.4</b>	<b>76.8</b>	<b>81.5</b>	<b>81.8</b>	<b>3.2%</b>	<b>10%</b>

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

Table 2.35 and Figure 2.19 show Capital Metro's average vehicle occupancy by mode from 1998 to 2007. Passenger-miles grew by 28 percent during this period, while revenue vehicle-miles increased by 10 percent, causing average vehicle occupancy to increase by 17 percent. Since 2004, passenger-miles grew by 11 percent while revenue miles were flat. Much of this growth occurred in 2006, when the ratio rose from about 6.5 to 7.8. This could be the result of mode shifts to transit as a result of the rising price of motor fuels. Overall vehicle occupancy averaged 7.1 passengers during the last decade and 7.2 passengers since 2004.

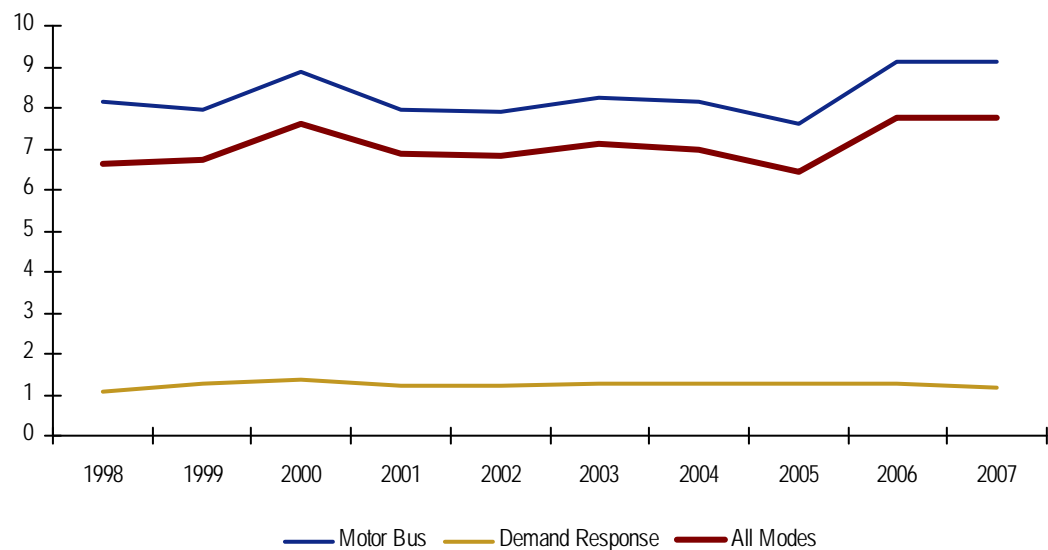
**Table 2.35 Capital Metro Average Vehicle Occupancy by Mode**  
*FY 1998 to 2007*

	Motor Bus	Demand Response	All Modes
1998	8.15	1.05	6.65
1999	7.95	1.29	6.71
2000	8.88	1.35	7.62
2001	7.93	1.23	6.89
2002	7.89	1.24	6.83
2003	8.24	1.25	7.13
2004	8.17	1.25	6.97
2005	7.62	1.26	6.46
2006	9.11	1.26	7.76
2007	9.13	1.17	7.75
CAGR 1998-2007	1.3%	1.2%	1.7%
CAGR 2004-2007	3.8%	-2.1%	3.6%
Percent Change 1998-2007	12%	12%	17%
Percent Change 2004-2007	12%	-6%	11%

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.19 Capital Metro Average Vehicle Occupancy by Mode**  
*FY 1998 to 2007*



Source: NTD.

Table 2.36 and Figure 2.20 display Capital Metro’s average vehicle occupancy by operator from 1998 to 2007. Although there has been some fluctuation over time, the directly operated services currently have somewhat fuller vehicles on average than the contracted services. In 2007, StarTran’s vehicles had about 5 percent higher occupancy than those of the private contractors.

**Table 2.36 Capital Metro Average Vehicle Occupancy by Operator**  
*FY 1998 to 2007*

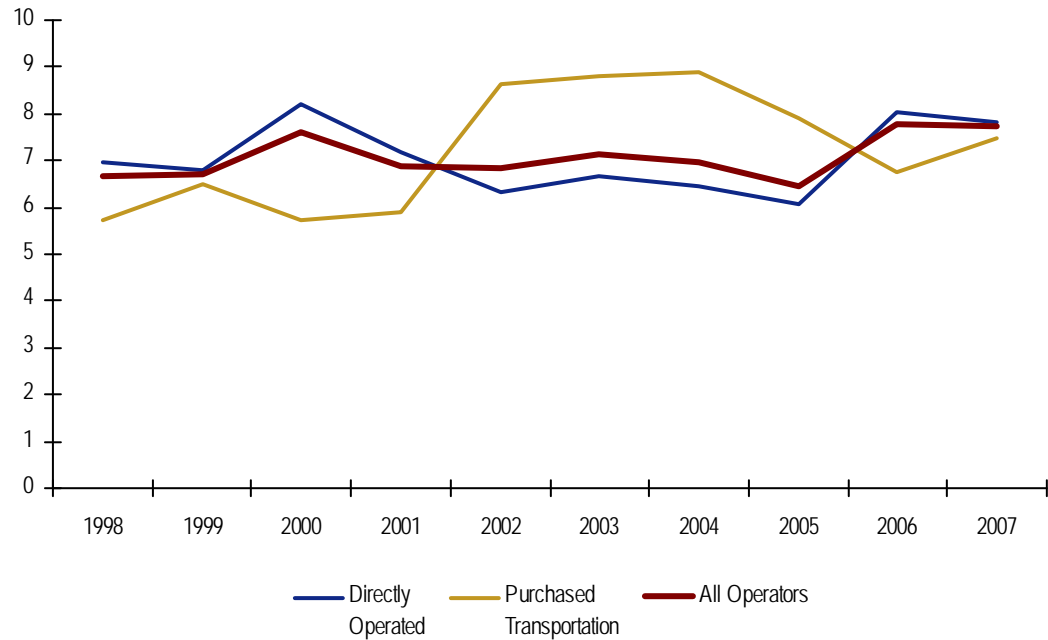
	Directly Operated	Purchased Transportation	All Operators
1998	6.95	5.73	6.65
1999	6.78	6.48	6.71
2000	8.19	5.71	7.62
2001	7.18	5.90	6.89
2002	6.31	8.64	6.83
2003	6.66	8.80	7.13
2004	6.46	8.90	6.97
2005	6.06	7.93	6.46
2006	8.05	6.77	7.76
2007	7.84	7.47	7.75
CAGR 1998-2007	1.3%	3.0%	1.7%
CAGR 2004-2007	6.6%	-5.7%	3.6%
Percent Change 1998-2007	13%	30%	17%
Percent Change 2004-2007	21%	-16%	11%

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.



Figure 2.20 Capital Metro Average Vehicle Occupancy by Operator  
FY 1998 to 2007



Source: NTD.

Table 2.37 shows the average vehicle occupancy for Austin and the operating peer systems from fiscal year 2004 to fiscal year 2007. Capital Metro compares favorably to the peers on this metric. The agency's 2007 average vehicle occupancy of 7.75 is higher than any of the peer regions except Sacramento. (Sacramento has a light rail system with greater annual passenger-miles than its bus system.) Capital Metro also has experienced greater than average growth in vehicle occupancy, outperforming all of the peers except Columbus. As ridership (reflected in passenger-miles) has grown due in part to high energy costs, Capital Metro has not added significant new service (reflected in vehicle-miles), rather "letting the buses get fuller" more so than most of the peer systems.

**Table 2.37 Peer System Average Vehicle Occupancy**  
*FY 2004 to 2007*

	2004	2005	2006	2007	CAGR 2004-2007	Percent Change 2004-2007
Austin	6.97	6.46	7.76	7.75	3.6%	11%
Charlotte	6.65	5.81	7.00	6.85	1.0%	3%
Columbus	4.83	5.93	6.59	6.07	7.9%	26%
Indianapolis	5.31	5.68	6.39	5.04	-1.7%	-5%
Kansas City	4.88	4.98	5.11	5.12	1.6%	5%
Louisville	5.41	5.47	4.81	5.42	0.1%	0%
Memphis	7.89	7.07	7.06	7.34	-2.4%	-7%
Orlando	7.18	7.75	7.95	7.32	0.6%	2%
Sacramento	10.21	10.09	11.42	11.30	3.4%	11%
Tampa	7.19	7.41	7.98	7.57	1.8%	5%
<b>Peer Average</b>	<b>6.62</b>	<b>6.69</b>	<b>7.14</b>	<b>6.89</b>	<b>1.4%</b>	<b>4%</b>

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.

## 2.7 ON-TIME PERFORMANCE

The National Transit Database does not track on-time performance. According to the statute, it is calculated by determining the annual percentage of revenue vehicle trips that depart from selected locations no earlier than the published time and no later than five minutes after that time.<sup>12</sup> Capital Metro tracks on-time performance internally using periodic field checks. Figures were only available for 2000 to 2007. Table 2.38 and Figure 2.21 show on-time performance over this period.

<sup>12</sup>Texas Transportation Code, Section 451.455(g).

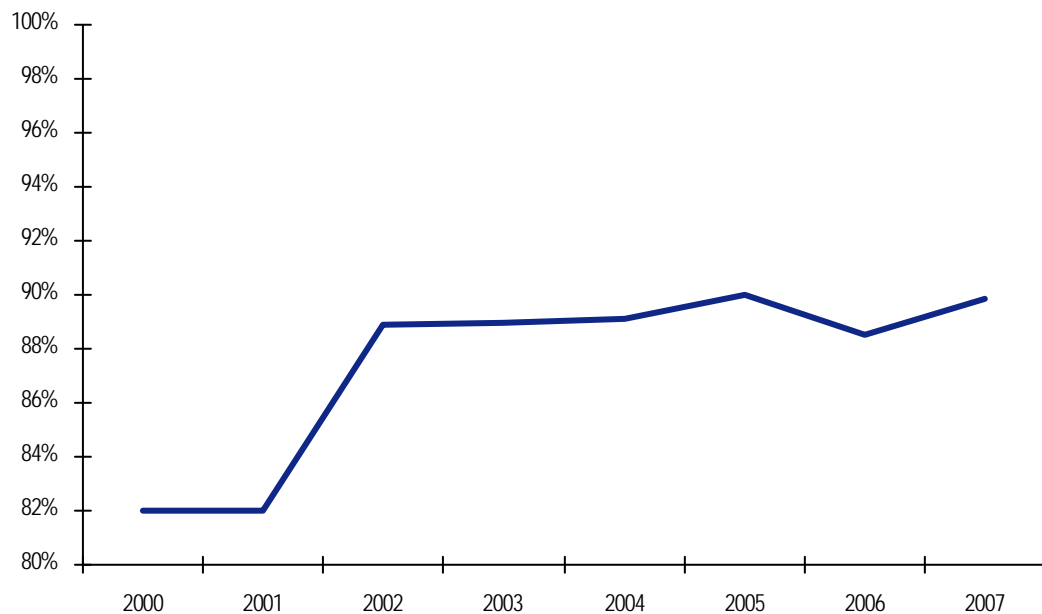
**Table 2.38 Capital Metro On-Time Performance**  
*FY 2000 to 2007*

	Schedule Adherence
2000	82.0%
2001	82.0%
2002	88.9%
2003	89.0%
2004	89.1%
2005	90.0%
2006	88.5%
2007	89.8%
CAGR 2000-2007	1.3%
CAGR 2004-2007	0.3%
Percent Change 2000-2007	10%
Percent Change 2004-2007	1%

Source: Capital Metro.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.21 Capital Metro On-Time Performance**  
*FY 2000 to 2007*



Source: Capital Metro.

On-time performance was 82 percent for 2000 and 2001, but increased to 88.9 percent in 2002 and has remained near 90 percent ever since. This level of performance is comparable to targets and results at other bus transit systems.<sup>13</sup>

Because the NTD does not provide data for on-time performance, it is not possible to compare Capital Metro to the selected peer systems on this measure.

## 2.8 NUMBER OF ACCIDENTS PER 100,000 MILES

The number of accidents per 100,000 miles is derived by multiplying the annual number of accidents by 100,000 and dividing the product by the number of miles for all service (including deadhead and charter miles) that is directly operated by the agency for the same year. This does not include miles operated by a third party under contract to the transit agency. The NTD does not report accident data after 2001, so Capital Metro accident data available for 2001 to 2007 was used in this analysis, combined with NTD service mileage totals.

Table 2.39 and Figure 2.22 show annual accidents per 100,000 miles by mode. Fixed-route accident rates have declined during this period, from about 3.6 to 2.5 accidents per 100,000 miles, representing a decrease of about 30 percent. Most of the decrease occurred before 2004, with relatively flat results in recent years. Demand-response accident rates have historically been lower than those for fixed-route service but have remained relatively stable during this period, except for 2004, when the rate dipped to about 1.2 before rising back up to about 1.9 in 2005. The overall accident rate has generally been declining along with that for fixed-route service. The rate was about 2.3 accidents per 100,000 miles in 2007. The decline in accident rates likely reflects the increasing effectiveness of Capital Metro's safety programs.

Since the NTD no longer tracks accident data, it is not possible to compare Capital Metro to the operating peer systems on this indicator.

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<sup>13</sup>While there is no industry standard or consistent goal established across transit agencies, a sample of on-time performance definitions and goals at medium to large bus systems in the United States suggests that a five-minute lateness standard and on-time performance goals between 85 percent and 95 percent are common. The quality of statistical data varies significantly as well. Sampling techniques, such as periodic field observation, are being gradually replaced by Automatic Vehicle Location (AVL) systems that record schedule adherence on many or all trips and at multiple timepoints along each route. Capital Metro is reportedly implementing an AVL system, with completion scheduled in the first half of 2009.

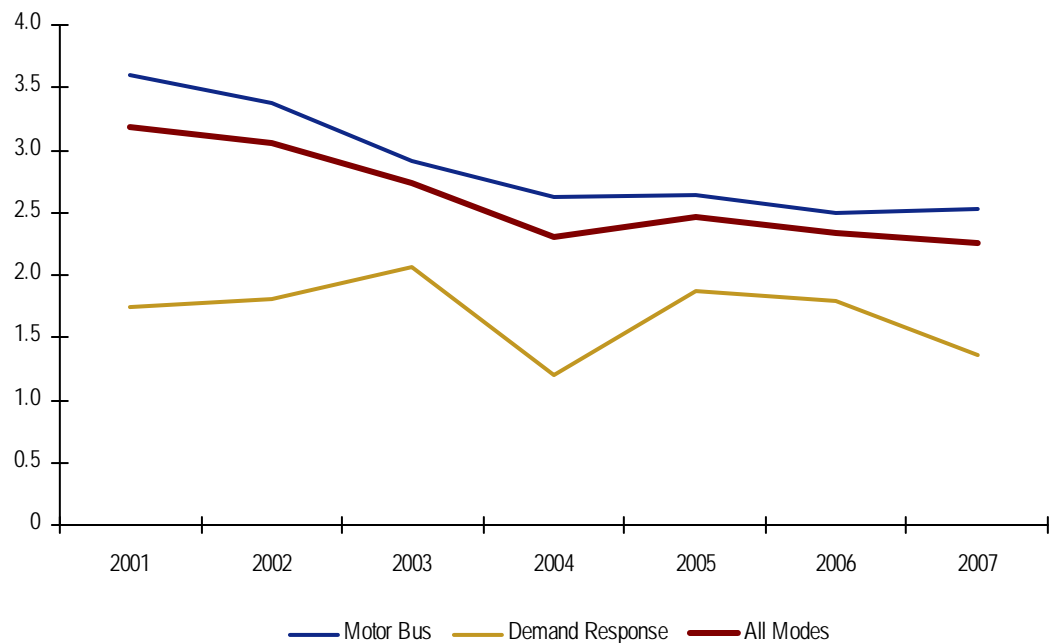
**Table 2.39 Capital Metro Accidents per 100,000 Miles by Mode**  
*FY 2001 to 2007*

	Motor Bus	Demand Response	Total
2001	3.60	1.75	3.18
2002	3.38	1.81	3.06
2003	2.92	2.07	2.74
2004	2.62	1.20	2.30
2005	2.64	1.87	2.46
2006	2.49	1.80	2.34
2007	2.52	1.35	2.25
CAGR 2001-2007	-5.8%	-4.1%	-5.6%
CAGR 2004-2007	-1.2%	4.2%	-0.7%
Percent Change 2001-2007	-30%	-22%	-29%
Percent Change 2004-2007	-4%	13%	-2%

Source: Accidents per Capital Metro, Service miles per NTD.

Key: CAGR = Compound Annual Growth Rate.

**Figure 2.22 Capital Metro Accidents per 100,000 Miles by Mode**  
*FY 2001 to 2007*



Source: Accidents per Capital Metro, Service miles per NTD.

## 2.9 NUMBER OF MILES BETWEEN MECHANICAL ROAD CALLS

The number of miles between mechanical road calls is determined by dividing the annual number of miles for all directly operated service (including charter and nonrevenue service) by the number of mechanical road calls for the same period. It is thus a measure of the reliability of a transit agency's vehicles. A mechanical road call is defined as any revenue vehicle mechanical failure that causes a service interruption and requires assistance from someone other than the vehicle operator before revenue service can be resumed.

Because of changes in the data definitions within the NTD, road call data prior to 2003 is not comparable to data after 2003. Furthermore, Capital Metro uses a more stringent definition (resulting in higher incidence) of mechanical road calls than that used by the NTD. As a result, the consultant team decided to use road call and service mileage data from Capital Metro (using the agency's definition of road calls for board reporting purposes) and has focused this analysis on fiscal years 2003 through 2007, the only years for which a consistent time series is available.<sup>14</sup>

Table 2.40 and Figure 2.23 display 2003 to 2007 trends in miles between mechanical road calls by mode. The number of miles between road calls for bus service have historically been lower than those for demand-response service. However, this metric has been rising over the last few years for bus service, reaching 6,456 miles in 2007 (a higher number is better). This has improved by 122 percent since 2004. Meanwhile, the fleetwide miles between mechanical road calls for the demand-response mode were basically unchanged during this period, declining by 5 percent to 11,886 miles in 2007. Across both modes, Capital Metro achieved 6,456 miles between road calls in 2007, up 139 percent since 2004.

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<sup>14</sup>Capital Metro does not break out non-revenue service miles or road calls by mode. The consultant team therefore calculated the ratios of bus and demand response miles and road calls to their respective totals and then applied the result to non-revenue miles and road calls. The results were added back the totals for each mode to arrive at an estimate of total directly operated miles and road calls by mode.

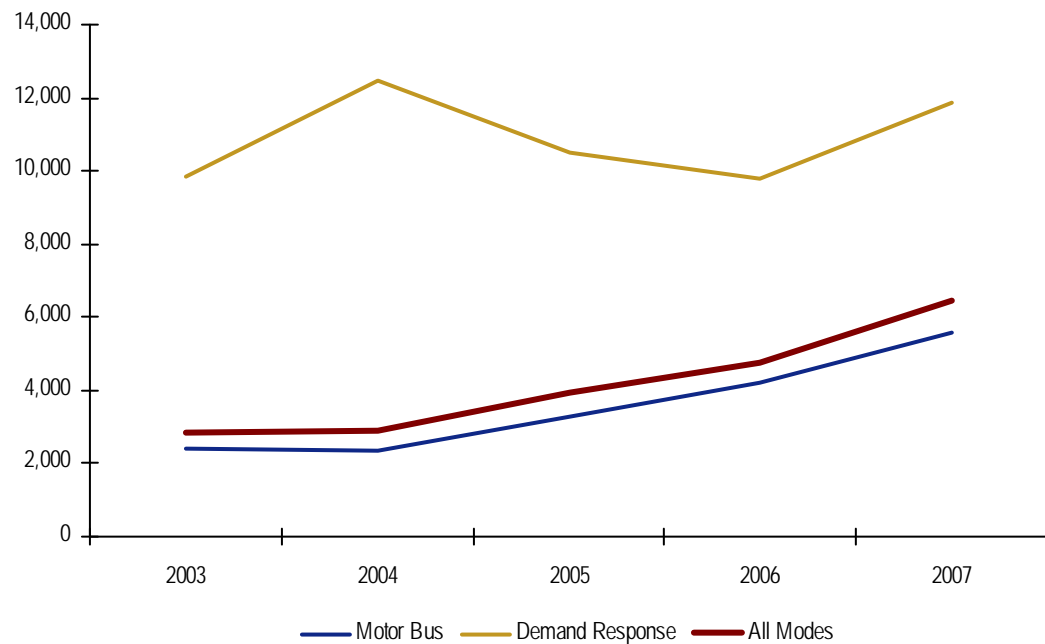
**Table 2.40 Capital Metro Miles between Mechanical Road Calls by Mode**  
*FY 2003 to 2007 (in Millions)*

	Motor Bus	Demand Response	Total
2003	2,388	9,842	2,830
2004	2,331	12,479	2,906
2005	3,284	10,507	3,918
2006	4,211	9,812	4,779
2007	5,566	11,886	6,456
CAGR 2003-2007	23.6%	4.8%	22.9%
CAGR 2004-2007	33.7%	-1.6%	30.5%
Percent Change 2003-2007	133%	21%	128%
Percent Change 2004-2007	139%	-5%	122%

Source: Mechanical incidents per Capital Metro, Service miles per NTD.

Key: CAGR = Compound Annual Growth Rate

**Figure 2.23 Capital Metro Miles between Mechanical Road Calls by Mode**  
*FY 2003 to 2007*



Source: Mechanical incidents per Capital Metro, Service miles per NTD.

Table 2.41 presents overall road calls (all modes) for Austin and the operating peers during this time period. Because the NTD uses different (less stringent) reporting criteria for mechanical road calls, Capital Metro's numbers in this analysis are not comparable with those above. The analysis suggests that Capital Metro's fleet is less reliable than the peers overall (the 2007 operating peer average was about one-third better than that of Capital Metro). However, many of the peers have been trending downward (i.e., becoming less reliable). Capital Metro has registered an impressive improvement on this measure over the last few years. This is likely a result of increasing effectiveness in the agency's vehicle preventive maintenance programs.

**Table 2.41 Peer System Miles between Mechanical Road Calls**  
*FY 2004 to 2007*

	2004	2005	2006	2007	CAGR 2004-2007	Percent Change 2004-2007
Austin	3,109	4,366	5,221	7,853	29.6%	68%
Charlotte	17,061	17,385	13,516	10,144	-11.0%	-21%
Columbus	5,623	6,652	7,127	6,469	12.6%	27%
Indianapolis	23,868	21,023	24,620	22,277	1.6%	3%
Kansas City	11,311	13,104	19,237	14,419	30.4%	70%
Louisville	5,683	5,040	3,983	5,209	-16.3%	-30%
Memphis	6,498	7,194	5,627	5,318	-6.9%	-13%
Orlando	n/a	n/a	n/a	n/a	n/a	n/a
Sacramento	6,483	6,288	7,132	10,389	4.9%	10%
Tampa	8,471	4,936	10,398	11,514	10.8%	23%
<b>Peer Average</b>	<b>9,790</b>	<b>9,554</b>	<b>10,762</b>	<b>10,399</b>	<b>4.9%</b>	<b>10%</b>

Source: NTD.

Key: CAGR = Compound Annual Growth Rate.



## 3.0 Statutory Compliance

As required by Section 451.454 of the Texas Transportation Code (Performance Audits: Certain Authorities), the consultant team performed an examination of Capital Metro's compliance with applicable state law, including sections related to Metropolitan Transportation Authorities (MTAs), collective bargaining and strikes, public work performance and payment bonds, interlocal cooperation contracts, professional and consulting services, air quality, conflicts of interest, open meetings, public information, eminent domain, and other issues. As the last performance audit found no significant problems in these areas, the review focused on changes in the law and in Capital Metro's activities since 2004 that could have implications on statutory compliance. The review also evaluated Capital Metro's progress responding to recommendations made in the last performance audit.

The consultant team developed audit procedures based on a review of the statutory amendments of Texas Transportation Code Section 451 that became effective on or after January 1, 2004. In addition, the consultant team reviewed the findings and recommendations of the previous quadrennial performance audit and included a review of the progress. Capital Metro staff were gracious and timely in providing the requested review materials. A desk review was performed, as well as one site visit.

Overall, Capital Metro has done an excellent job of responding to the issues identified in the previous performance audit. Additionally, the agency has responded to the statutory changes since 2004 that are applicable to its services.

Recommendations for Capital Metro to achieve the highest level of compliance in this audit include:

1. 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;
2. Establish a procedure for periodically requesting annexation information from each member jurisdiction; and
3. Continue to work through the software issues for both the fueling system and the inventory control components of the asset management system.

Detailed documentation of the materials reviewed, the review procedures, and findings are contained in Appendix B.



## 4.0 Stakeholder Interviews

The consultant team interviewed nearly 70 stakeholders over the course of more than 35 meetings and conference calls to gain insight on the challenges facing Capital Metro. Stakeholders included elected officials who represent Capital Metro's service area, each member of Capital Metro's Board of Directors, key members of Capital Metro's senior management team, each member of CAMPO's Transit Working Group, representatives of agencies that plan or operate transportation facilities or services in Central Texas, major employers, business and development organizations, and advocacy groups interested in regional growth issues, sustainable development, and improved public transportation services. Stakeholder interviews are summarized in Appendix C.

Each interview was conducted using a similar set of questions as a guide. The questions generally led to a conversation lasting between 30 and 90 minutes about regional growth issues, the role of public transportation and Capital Metro in supporting that growth, and the challenges facing the agency. Questions included:

1. Do you have any questions about the study or the process?
2. What is your vision of transportation in Central Texas over the next 10 years? Over the next 30 years?
3. What is the role of public transportation in the region's multimodal transportation system? What is the role of Capital Metro in the regional transportation system? What markets should Capital Metro serve?
4. Where does funding for public transportation projects and services fit within other regional mobility priorities? Within broader regional priorities?
5. What is the role of Capital Metro in regional transportation planning? Is it a key participant in strategic regional transportation system planning and decision-making? Why or why not? Should it be more involved, should it focus on refinement of its operations, or something in between?
6. How is Capital Metro viewed in the community? What is your personal view of Capital Metro?
7. What are the main challenges facing Capital Metro as a transportation agency?
8. How adequate are Capital Metro's current agency governance and operating arrangements? Are you aware of any issues with its use of an independent contractor to provide bus operators and mechanics to meet conflicting state and Federal statutory requirements? Is the board structured to represent the agency's service area and contribution to regional mobility, now and in the future? If not, how should representation on the board be changed?

9. What is your understanding of Capital Metro’s financial situation? Given that Capital Metro has been experiencing costs that are rising faster than revenues and that are expected to result in operating deficits within a few years, do you have any recommendations on how Capital Metro could resolve its imminent financial problem?
10. Do you have any suggestions of other cities that may be useful for comparison with Austin in our peer review? Any cities that may provide examples of best practices that could be helpful to Central Texas or Capital Metro?

## 4.1 KEY OBSERVATIONS

This section presents a synthesis of stakeholder perceptions on the topics described above as discussed during the stakeholder interviews. The synthesis describes in qualitative terms the relative frequency and weight of various positions expressed by the stakeholders.

### 4.1.1 Regional Vision/Public Transportation Priorities

Capital Metro seems to be suffering for lack of a regional vision for public transportation. There has been a lack of consensus around some of the basic priorities that define the role of transit, including how much transit is a safety net service for those who do not drive or a key strategy in relieving the region’s traffic congestion, and how much transit should serve everyone or focus on the densest corridors. While many agencies share responsibility for the transportation system in Central Texas, this ambiguity has left Capital Metro in the awkward position of having to formulate its own mission.

Capital Metro’s *All Systems Go!* plan, which includes the initial commuter rail Red Line and a family of services designed to increase the attractiveness of transit for commuters, was created as a proactive attempt to define a program for the agency and to fill a void not adequately addressed by regional planning efforts. Although some perceive the plan to have been largely developed internally and have criticized it as being defined by resource constraints and a rail bias, rather than a sober assessment of the needs of the community, others perceive it as a technically sound action plan.

The region has been engaged in a healthy and vigorous debate over whether Austin is a bucolic state capital with a major university, a growing metropolis destined to “double every 20 years,” or something in between. Given Austin’s strong industry and high quality of life, most stakeholders expect continued rapid growth to be inevitable and generally support CAMPO’s prediction of a population of 2.75 million in its three-county planning area by 2035. As the region matures, some see a gradual tapering of growth rates.

Regardless of one’s position on growth, there seems to be nearly universal recognition that the region is facing new problems, including worsening congestion and deteriorating air quality, which require new solutions. This seems to be

leading to broad support for more regionalism in planning and a more coordinated, systematic, and multimodal approach to transportation. Even historically less transit-supportive suburban areas are seeing rising interest in transit – both to serve residents who moved out of the city seeking more affordable housing and want alternatives to driving, as well as to get entry-level employees to jobs in outlying areas.

There seems to be broad support for transit investment in Central Texas – if not to provide an alternative to driving for themselves, at least for others to use as a means of relieving congestion. Following the region’s major highway and toll road investment programs, many see transit as the next logical step in the evolution of the transportation system. Most stakeholders see the region supplementing the Red Line with more rapid transit, particularly a central area circulator in Austin, more commuter rail between Austin and surrounding communities, bus rapid transit in key arterial corridors, and express bus service focused on activity centers – all of which correspond at least generally to elements of the *All Systems Go!* plan.

Most stakeholders see the need for CAMPO to take the lead role in facilitating consensus on the regional vision and translating it into an implementation action plan, including modal investment programs. Through the Envision Central Texas process, the CAMPO Transit Working Group, and recent CAMPO activity center planning activities, some consensus on how the region should grow and the role of transit in supporting that growth may be emerging.<sup>15</sup> The consensus, which is believed by many to have widespread and growing public support, recognizes more appealing public transportation, particularly targeted at commuters, as a significant element of a strategy to manage the region’s worsening traffic congestion and maintain competitiveness with other cities. However, implementing dense activity centers or taking lanes or land for transit may attract NIMBY (“not in my back yard”) opposition in some areas.

#### **4.1.2 Role of Capital Metro in Regional Planning**

Capital Metro is primarily viewed as an implementing agency. There is broad consensus that Capital Metro needs to be at the table as regional transit plans are being developed, but forming the vision and setting priorities are considered to be the appropriate responsibility of CAMPO. Many complaints about Capital Metro derive from its efforts to improve public transportation in the absence of regional consensus on what is needed. Clearer direction from CAMPO on what transit investments the region needs to make could relieve Capital Metro of the burden of trying to build consensus behind the agency’s mission. Most stakeholders believe that the region needs a well articulated transportation plan that

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<sup>15</sup>Through the role of then-Chairman Lee Walker as a founding member of Envision Central Texas, Capital Metro also had a significant role in building this consensus.

integrates land use and guides the development of highway, freight, and transit networks. Confidence in CAMPO's ability to provide this leadership is growing.

It was broadly suggested that Capital Metro's first priority should focus on operations, which includes designing services in corridors identified and prioritized through CAMPO's regional planning process, optimizing the route system to serve the region's travel patterns within available resources, adding bus rapid transit (BRT) features to increase the attractiveness of transit services in the corridors where such investment can be most effective, and coordinating with local governments as they improve pedestrian and bicycle access to bus stops and rail stations, including access for those with disabilities.

Capital Metro is seen to have a role in supporting the regional planning process, including technical assistance, identifying best practices, and educating decision-makers. The agency's staff is widely considered to be a very talented regional resource, but many believe that they have not contributed effectively to the regional discussion on transportation planning. Their technical knowledge of transit-supportive land use, transit operations, and project development could support CAMPO and other agencies as the region plans and implements a more multimodal transportation system.

Most stakeholders believe that Capital Metro is and should be the regional mobility manager for Central Texas - focusing on the collective ways to move people. Managing the highway system and the dominant drive-alone mode is considered the responsibility of CAMPO, the Texas Department of Transportation (TxDOT), the Central Texas Regional Mobility Authority (CTRMA), and municipalities. Although some stakeholders expressed concerns about Capital Metro's ability to manage its current system, there was broader interest in expanding the agency's regional role to include managing transit and shared ride services (either through direct operation or coordination with other operators) throughout the three-county CAMPO area, including the communities that have withdrawn from or never joined the Capital Metro service area.

### **4.1.3 Perception of Capital Metro**

Austin is remarkable in the number of people who want to engage in regional dialogue - and the quality of views that they bring. This well-educated, widely traveled, and activist community has high expectations that would be challenging for any transit agency to meet. Some stakeholders give Capital Metro the benefit of the doubt, suggesting that the agency is doomed to lackluster performance without clear guidance on priorities, regional cooperation on dedicated lanes, and municipal leadership on transit-supportive land use.

Many stakeholders are less generous. Perhaps unfairly, the perception of Capital Metro seems to be the cumulative product of a long series of public relations gaffes. The agency is generally perceived to be doing better in recent years, but it still has not fully recovered from the bus parade of the 1980s, the procurement scandal of the 1990s, or the referendum defeat of the early 2000s. Sustained

negative messages by the media and outspoken transit critics about Capital Metro's "high union labor costs" and "empty buses" have generally resonated with the public and elected officials more than the positive messages circulated by the agency.

Capital Metro's long-standing accumulation of funds for rail has created a perception that the sales tax generates more money than the agency spends to provide transit service. The image of relative wealth among public agencies has contributed to higher expectations for agency performance, as well as ongoing attempts to divert transit funds to roads or other purposes. Both results likely motivate some of the agency's critics.

Following the successful referendum in 2004, there has been some concern that Capital Metro would have to divert resources from its core responsibilities as a bus service provider to build rail transit. As a result, Capital Metro's announcement in 2007 that it may experience operating deficits within a few years of introducing rail service (see Section 4.1.4 below) was a major blow to the agency's credibility. Amplified by negative press coverage, the prospect that Capital Metro's sales tax may not be sufficient to operate the system reinforced or reignited lingering doubts about the agency's ability to manage its resources effectively.

When the agency initially backed down from a proposed fare increase in 2007, it seems to have exacerbated the problem. Instead of scoring a public relations victory by satisfying the vocal few who opposed higher fares, the decision to defer the fare increase, which would have improved its financial situation and brought Capital Metro closer to national norms for farebox recovery, may have done more to harm the agency's reputation with the public and elected officials.<sup>16</sup>

A number of stakeholders attribute many of the agency's perception problems, particularly those related to how wisely it spends public money, to a combination of a board that politicizes what should be relatively straightforward business decisions and a management team that has been "chronically clumsy" with external relations.

The board, which is dominated by elected officials, has been widely criticized for being "not good at saying no." At a series of important decision points, including those related to allocating agency funds to road improvements, approving union labor contracts, determining paratransit eligibility, or raising fares, the board has acted in a manner that is arguably not in the best financial interest of the agency.

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<sup>16</sup>Since the stakeholder interviews were conducted in spring 2008, Capital Metro has proposed and received approval from local governments for a fare increase, effective on October 13, 2008. The fare policy changes include a \$0.25 increase in base fare to \$0.75. A further \$0.25 increase is planned for fall 2010.

Capital Metro's management is perceived by many to be very competent from a technical perspective, but tends to be insular and has not fostered a sense of openness and transparency. Examples of the "bunker mentality" described by several stakeholders include taking a defensive posture in response to public questions about service changes or other matters, delays in sharing statistics and forecasts with outside stakeholders, and inadequate explanations for changes in financial forecasts and cost estimates. In Austin's strong climate of participatory democracy, this has created a lack of trust and has bolstered the position of the agency's critics.

Many believe that successful initiation of commuter rail service on the Red Line later this year could give the agency a lasting public relations boost and overcome some of the negative aspects of Capital Metro's reputation. However, rail success will need to be combined with a positive message related to long-term financial solvency.

#### 4.1.4 Challenges Facing Capital Metro

No one disputes that Capital Metro is facing some important challenges, some of which will require transformational changes to meet successfully. The stakeholder interviews identified a number of common themes, including:

- **Financial Sustainability** - Many stakeholders believe that Capital Metro's financial problems result at least in part from poor business decisions by a board that is sometimes motivated by other political concerns. It has been alleged that the desire to court an important bloc of union voters contributed to the relatively generous provisions of recent StarTran labor contracts. Since 1993, the agency has spent more than \$150 million (more than 1.5 times the nominal capital cost of the Red Line or about one year of operating expenses) on activities that are perhaps only tangentially related to its core mission of providing public transportation services, including rebates of up to one-quarter of its sales tax receipts to member communities for local road improvements (stopped after the 2004 rail referendum) and commitments to Build Central Texas and other regional mobility programs.<sup>17</sup>

There is widespread belief that the pursuit of rail has strained Capital Metro's financial resources. Projections released by the agency in 2007 suggest that, even with a fare increase, operating expenses would exceed revenues between 2010 and 2014 unless StarTran labor costs were reduced or all StarTran work (currently about 70 percent of total vehicle-hours provided by Capital Metro) were shifted to other contract operators.<sup>18</sup> As described in

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<sup>17</sup>Capital Metro. *Comprehensive Annual Financial Report for the Year Ending September 30, 2007* and summary financial data on regional mobility commitments provided by Capital Metro.

<sup>18</sup>Capital Metro. *Financial Update* presented to the Transportation Committee of the Greater Austin Chamber of Commerce, May 3, 2007.



Section 5.2.4, the agency's recent Long-Range Financial Plan suggests a more positive outlook.

There also are concerns about the contribution of paratransit operating costs (about 19 percent of the total operating budget) to the agency's financial situation. In addition, as a result of legislation in 1995 that redefined the terms of withdrawal from transit authorities, Capital Metro is uniquely required to continue to provide paratransit services in areas that have elected to withdraw, including Cedar Park, Rollingwood, West Lake Hills, and Pflugerville. While the agency is able to recover the costs of these services from the withdrawn area, the requirement to provide capacity in these areas reduces the ability of the agency to provide effective paratransit services elsewhere.<sup>19</sup>

Several of the legislative provisions enacted in the 1990s, which were intended to address some of the abuses of the preceding years, are perceived to affect the agency's financial situation. Capital Metro's ability to borrow for a regional rail program was limited by the Texas Legislature in 1997.<sup>20</sup> In addition, 1995 legislation requires Capital Metro (and certain other Texas transit agencies) to seek approval from an outside committee of local elected officials (the "Local Government Advisory Committee") for any significant changes in fare policy.<sup>21</sup>

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<sup>19</sup>Capital Metro interprets this requirement to apply only to persons who subscribed to paratransit services at the time of withdrawal. In 2008, there were reportedly 5 customers eligible for service outside the agency's service area.

<sup>20</sup>The Texas Transportation Code allows transit authorities to issue bonds to acquire, construct, repair, equip, improve, or extend their systems. Voter approval is required if taxes are pledged and terms exceed various maturities. Unlike other Metropolitan Transportation Authorities organized under Chapter 451 (Corpus Christi, Houston, and San Antonio), Austin is required to seek voter approval before using agency funds to construct or operate a rail transit system. Regional Transportation Authorities organized under Chapter 452 (Dallas and Fort Worth) have considerably more latitude to borrow for self-insurance, retirement, or pension fund reserves; to leverage federal grants; to issue short-term debt without voter approval; to allow staff to set terms of bonds sales; and to use bond financing for long-term transit investment programs.

<sup>21</sup>Certain other Metropolitan Transportation Authorities (Corpus Christi and San Antonio) are also required to seek outside approval for their fare policy. It should be noted that these agencies have little or no representation by local elected officials on their boards.

- **Labor Relations** – Capital Metro’s labor costs are broadly perceived to be higher than average. A comparison of operating costs per revenue vehicle-hour with eight other mid-sized cities places Austin near the top. Capital Metro’s labor costs also have been rising faster than many similar systems. As the operator of the majority of Capital Metro’s service, StarTran’s cost structure is a major driver of the agency’s overall operating costs. StarTran’s top bus operator wages are the highest in Texas, although they are near state and national averages when adjusted for cost of living differences. Fringe benefits appear to be a key contributor to StarTran’s relatively high labor costs. A review of health plans offered by StarTran compared with those offered by various other local and state government agencies suggests that the benefits available to StarTran’s union workforce are relatively rich.<sup>22</sup>

Despite the relatively generous labor contract terms, many stakeholders note poor relations between StarTran and the Amalgamated Transit Union (ATU) Local 1091 over the past few years. The 2005 strike was seen as a low point for both Capital Metro and the union. There seems to be serious distrust between Capital Metro’s executive management and the union, which has likely prolonged negotiations on a new contract. Some attribute the distrust to the lack of open and direct communication channels available to Capital Metro and the workforce due to the StarTran arrangement.<sup>23</sup> Recent attempts by Capital Metro to make StarTran employees direct employees of the agency (with meet and confer status to avoid the collective bargaining restrictions in Texas State law) have been rejected by the union.

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<sup>22</sup>Average annual health care costs for StarTran employees were \$16,248 in 2007. This reportedly compares to \$7,800 for the health care plan that covers employees of the City of Austin, for example. Source: *Labor Negotiations Briefing Booklet*. StarTran, May 2008.

<sup>23</sup>State law prohibits any political subdivision of the state, such as Capital Metro, from engaging in collective bargaining with a labor organization. However, the Federal Transit Act requires recipients of federal transit assistance to protect collective bargaining rights. As a result of this conflict between state and federal laws, Capital Metro has chosen to contract with an independent contractor, StarTran, Inc. for the provision of operations personnel, including bus operators and mechanics. Certain employees of StarTran, Inc. are represented by Amalgamated Transit Union (ATU) Local 1091. StarTran, Inc. is a nonprofit corporation created by Capital Metro to collectively bargain with the union.

Capital Metro will likely need to find a way to reduce its labor costs while improving the labor relations of its contractors in order to meet the needs and expectations of the region.<sup>24</sup>

- **Governance** – Many stakeholders believe that the shift to more elected officials on the Capital Metro board since the 1997 legislation has succeeded in making the agency more accountable and responsive to constituents (with the caveat that many decisions made as a Capital Metro board member do not directly affect the district that elected them), but that it also has given the board less independence to make tough business decisions. Some allege that political considerations have contributed to populist decisions contrary to the agency’s fiscal needs (such as deferring fare increases) or have given excessive influence to certain vocal special interests (such as labor unions). There also is a concern that elected officials may lack the technical skills and institutional memory needed to steer the agency through certain key decisions.

The “penalty box” provisions of the 1997 legislation, including the requirement that Capital Metro seek voter approval for any fixed rail transit investment, combined with the need for outside approval of fare increases, are seen by some as excessively constraining the agency.

Some stakeholders, particularly those in Austin, are concerned that the City of Austin is not adequately represented on the board. They cite the fact that up to 97 percent of Capital Metro’s sales tax revenues are collected in Austin (although this includes expenditures by suburban residents), yet only two of

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<sup>24</sup>In mid-November 2008, the ATU and StarTran agreed on a settlement of the collective bargaining agreement. This followed a five day strike. Highlights of the agreement include:

1. A three-year agreement ending June 30, 2011.
2. Changes to the health and dental plans to include:
  - a. Change of plans from the current plans to the most expensive plan available to Capital Metro staff employees.
  - b. 1 percent increase in amount each employee pays for family dental coverage.
  - c. Minor increase in deductibles that are phased in over three years. At the end of the contract, the current \$200 employee deductible and \$400 family will increase to \$300 and \$600, respectively.
3. Minor increases in tool and uniform allowances.
4. A one-time \$1,200 signing bonus in lieu of retroactive wage increases to the prior expiration date (June 30, 2007).
5. 1.5 percent increases in pay every six months starting July 1, 2008 and ending January 1, 2011.
6. Minor increases in maintenance shift differential pay.

The changes did settle the strike but do little to change the basic structure of the agreement.

the seven board members are appointed by the city (although several others are affiliated in some manner). To the contrary, others suggest that outlying areas need more representation, particularly if the service area is expanded. There is little interest among stakeholders in changing from the current board size of seven members.

Legislative changes would be needed to address any of the shortcomings observed in Capital Metro's governance. The debate could provide opportunities to streamline some of the provisions of current Texas law on transit authorities that apply differently to various regions.

- **Service Area** – There is increasing recognition that regional approaches are needed to solve the region's transportation problems. Even many stakeholders who have concerns about Capital Metro's effectiveness as an organization acknowledge that the agency could more effectively serve regional mobility needs if it could go beyond its current boundaries and connect fast-growing suburban communities with its regional transit system. Transit services are desired in outlying areas to provide alternatives to driving to destinations in Austin, serve the reverse commute to growing suburban employment centers, and enhance mobility for lower-income households who moved out of the city seeking lower housing costs.<sup>25</sup>

There are several structural constraints that make it difficult for the region to provide transit services in outlying areas. Because Capital Metro is the designated recipient of Federal funds, increasing Federal formula program allocations, which are based in part on population growth in fast-growing suburbs, rarely get translated into transit services in those communities. More importantly, state legislation that caps the discretionary local sales tax at 2 percent (plus the 6.25 percent statewide tax) effectively causes communities to have to choose between Capital Metro transit service and economic development, property tax relief, or other priorities. Because their 2 percent is typically already committed to other programs, the cap blocks communities from adding transit service as they mature. The all-or-nothing nature of the 1 percent transit sales tax reduces communities' flexibility to reallocate their local sales taxes to join the Capital Metro service area. There also is a concern by some that improving transit service in a newly joined area too quickly would effectively penalize other areas that have been paying into Capital Metro for some time.

While most stakeholders believe that the board is appropriately structured for Capital Metro's current service area, there also is a belief that a significant

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<sup>25</sup>The Capital Metro board adopted a service expansion policy on June 30, 2008 that allows the agency to provide service outside its member communities on a cost reimbursement basis.

expansion could require reconsideration of the jurisdictions that appoint and are represented by board members.

- **Service Competitiveness** - To be able to contribute to solving the region's growing congestion and air quality problems, and to move beyond its perception as "the ride of last resort," most stakeholders feel that Capital Metro needs to be more effective at attracting "choice riders."

There is widespread belief that the existing bus route network could be improved. Common complaints include indirect routing, excessive need to transfer, long travel times, and low service frequency.

Rail or BRT services that operate in dedicated right-of-way or managed lanes are considered to be essential to the agency's success. While corridors and priorities for such investments are seen as coming from the CAMPO planning process, most stakeholders agree that the broad strategies outlined in the *All Systems Go!* plan are appropriate for capturing greater market share.

- **Agency Perception** - Capital Metro is not perceived as positively in its home community as it is within the national transit industry. Despite its attempts to disseminate positive messages about the agency, Capital Metro has not effectively communicated what a good job it is doing - or, as suggested by several stakeholders, has focused on the wrong messages.

There has been a certain "tone deafness" to the issues that matter most to stakeholders, which mainly involve delivering excellent value for the subsidy that the agency collects. High labor costs and union tensions exacerbate the agency's public relations problems with a taxpayer population that has relatively low support for collective bargaining, especially in the more conservative suburbs.

Several stakeholders have argued that the agency, particularly its senior management, has been "reactive, not leading." Others point to Capital Metro's encouragement of the Envision Central Texas process, efforts to integrate transit and land use, and repeated efforts to introduce rail to Central Texas as evidence to the contrary. A few stakeholders have suggested that the CEO is not as assertive and outspoken ("Type A") as some other local agency heads and have speculated that the agency's weaknesses in community engagement and public relations are rooted in leadership's discomfort with external communication. Others argue that the agency has made great strides recently to address this weakness with strategic hires and growing resources dedicated to community involvement and outreach.

Regardless of their viewpoint, most agree that Capital Metro's image could be improved by more visible and open staff participation in the regional dialogue on transit needs, and more active and helpful staff participation in formulating and evaluating potential solutions. More proactive management of media relations also would help to reduce the agency's chronically negative press.

## 4.2 SUGGESTIONS FOR PEER REGIONS

Stakeholders suggested more than 30 regions as potential places in which to explore best practices and potential ways to address the challenges facing Capital Metro and Central Texas. Most suggestions were places in the United States, particularly in the Southwest and the Sun Belt, that represent areas similar to Austin today or that have transit systems and other qualities that Austin aspires to have in the future. Many are state capitals and/or have major universities.

Table 4.1 summarizes the 10 most common suggestions for peer regions to evaluate in Tasks 2 and 3. Portland, Oregon, was the most frequently suggested region, mentioned in about one-half of the interviews. However, its popularity was balanced by some weariness with seemingly constant comparisons to this model transit city. Other locations were more uniformly positive.

**Table 4.1 Most Frequently Suggested Peer Regions**

Region	Number of Interviews in Which Region Was Suggested
Portland	19
Denver	14
Dallas	13
Charlotte	10
Salt Lake City	10
San Diego	8
Seattle	8
Houston	6
Phoenix	6
San Antonio	5

Source: Cambridge Systematics, 2008.

## 4.3 ISSUES TO EXPLORE IN PEER ANALYSIS

Following the stakeholder interviews, the consultant team developed a technical approach to the review of peer systems in Task 2 and the exploration of agency challenges in Task 3. The objective of this research is to develop specific recommendations related to the issues identified above, including consideration of implementation actions that are specific to local circumstances under Texas law and current institutional arrangements. The issues and a general approach for exploring each are described in Table 4.2.

Table 4.2 Research Plan

Issue	Approach
<b><i>Governance and Management</i></b>	
What advantages and disadvantages would result from greater representation by nonelected officials on the Capital Metro board?	Compare incidence of elected officials, directly elected members, and appointees on boards of peer regions listed above.
How could board composition be structured to ensure the presence of certain skills, such as legal, financial, and transit management expertise?	Compare means used by peer regions listed above, including formal procedures or informal agreements.
What advantages and disadvantages could result from integrating some combination of Capital Metro, Austin-San Antonio Intermunicipal Commuter Rail District (ASAICRD), CAMPO, Central Texas Regional Mobility Authority (CTRMA), Capital Area Rural Transit Service (CARTS), Texas State Tram, and future transit service in Georgetown, Round Rock, and other surrounding communities?	Compare transit operating structures in peer regions listed above, including relationships with MPOs, and coordination or revenue sharing mechanisms between highway and transit programs.
Should Texas transit legislation be revised to make it more uniform across agencies, including relaxing certain punitive provisions that apply only to Capital Metro?	Compare transit agency powers in peer regions listed above, including level of independence of bonding authority, and number of referenda or legislative actions needed to carry out long-range transit plans.
<b><i>Labor Relations</i></b>	
Is there a way to streamline Capital Metro's relationship with its labor force that would create benefits for both the agency and its employees?	Compare operating arrangements in peer regions, focusing on Texas transit agencies.
How have agencies with good management – labor relations, particularly where this has not always been the case, achieved a positive culture?	Compare labor relations history in peer regions, focusing on Texas transit agencies.
<b><i>Service Area</i></b>	
What advantages and disadvantages could result from aligning Capital Metro's service area with the three-county CAMPO region or the five-county expanded CAMPO region?	Compare transit authority service areas with MSA or MPO boundaries in peer regions listed above.
Given the long reach of Capital Metro's Llano-Giddings rail line, is there any benefit to considering at least coordination of mobility services over a larger area, such as the 10-county Capital Area Rural Transit Service (CARTS) region or the 11-county Capital Area Council of Governments (CAPCOG) region?	Compare coordination mechanisms between metropolitan transit agencies and surrounding exurban or rural transit systems in peer regions listed above.
What advantages and disadvantages would be associated with a shift from municipal-level decisions on membership in transit agency service areas to county- or regional-level decisions?	Compare membership mechanisms in peer regions listed above, including one-time legislative definition and opt-in/opt-out procedures.

Issue	Approach
What options exist for lowering the barriers that prevent Capital Metro from being able to serve communities outside its current service area?	Compare regional funding approaches in peer regions listed above, focusing on types of local option taxes, conflicts between dedicated transit taxes and other taxes, requirements for communities to provide elderly and disabled transit services, and dedication of a share of regional transit funds for discretionary local services.
How could Central Texas balance transit service coverage with service productivity considerations across its diverse land uses and travel markets?	Compare policy approaches in peer regions listed above, including service standards based on activity intensity and other factors, and incentives for transit-supportive actions by other agencies.
<b>Financial Sustainability</b>	
Will maintaining the status quo of StarTran labor contract terms and its share of work require service cuts or otherwise imperil the agency?	Review assumptions and forecasts in Capital Metro’s long-range financial plan.
How much additional investment in rail transit, BRT improvements, or other elements of the CAMPO or <i>All Systems Go!</i> transit plans can Capital Metro afford?	Review assumptions and forecasts in Capital Metro’s long-range financial plan. Incorporate impacts of other projects identified in CAMPO planning process at a conceptual level using cost estimates by others.
What opportunities exist for additional revenue by expanding the service area and how would this change the agency’s financial outlook?	Estimate additional tax revenues under various tax types, tax rates, and expansion scenarios at a conceptual level.
What opportunities exist for sharing revenue or bonding authority across modes to support a regional multimodal transportation program?	Based on financing mechanisms identified through peer analysis above, assess impacts on long-range financial plan at a conceptual level.

The stakeholder interviews identified other important issues, including agency perception and service planning considerations, which are not easily explored through a peer analysis approach. In Section 6.0, the consultant team has made some general recommendations in these areas based on stakeholder comments or experience with other systems without explicit exploration in the research phase.



# 5.0 Peer Analysis

## 5.1 PEER RESEARCH METHODOLOGY

The research phase of the study (Tasks 2 and 3) consisted of detailed exploration of how 12 peer regions are addressing the challenges and issues identified in the stakeholder interviews. Issues were explored through background research and telephone interviews or written questionnaires with key contacts at agencies in each region.

In the judgment of the consultant team, the stakeholders' most commonly suggested peer regions coincidentally included the most appropriate peers based on potential insight for relevant best practices and similarities with Austin, now or in the future. It should be noted that this list is different from the peers selected for comparison on the performance indicators discussed in Section 2.0. That list was chosen for comparability of current operating characteristics. The peers discussed in this section have certain characteristics (e.g., major fixed guideway rapid transit programs) that Austin aspires to emulate in the future and were selected for broader policy comparisons. The top 10 regions listed in Table 4.1 formed the basis of the peer agency outreach. Two additional regions, San Francisco and Minneapolis-St. Paul (Twin Cities), were explored because of organizational, governance, or funding structures that the consultant team found to be potentially of interest to the Austin area. These regions were runners up to the most commonly suggested regions, mentioned in four interviews each.

The 12 peer regions include:

1. **Charlotte** - The transit division of city-county government is implementing a regional system of commuter rail, light rail, and bus rapid transit corridors based on a vision developed by the MPO in the 1990s. The first light rail line began operation in 2007. The county collects a dedicated sales tax for transit investment. There is gradual movement toward the formation of a regional transit authority with the ability to expand service into surrounding counties.
2. **Dallas** - The transit agency has moved aggressively to implement a regional light rail system, supplemented by commuter rail, express bus in high-occupancy vehicle (HOV) lanes, and local bus services. The program has been so successful that a number of nonmember cities have joined the authority. The region is seeking legislative relief to membership barriers and desires for additional transit funding.
3. **Denver** - A truly regional transit agency with a directly elected board has been successful in getting voter approval for a series of sales tax increases to fund an expanding regional transit program. The agency is currently

implementing FasTracks, one of the nation's most ambitious regional rapid transit initiatives.

4. **Houston** - The transit agency has begun to supplement its extensive express bus system with light rail.
5. **Phoenix** - A system of separate municipal transit divisions is evolving organically into a regional transit authority as the region invests in light rail. Although it administers a regional transit funding source, Valley Metro currently functions as a coordinating agency between transit operators that are primarily funded by member cities.
6. **Portland** - A directly elected regional government takes an active role in growth visioning, land use, and transit planning. A regional transit agency with broad powers is building out the transit element of the regional transportation plan.
7. **Salt Lake City** - A transit agency that serves much of the population of its state has built on the success of a comprehensive regional growth visioning effort to build support for an expansive transit investment program among a once-skeptical public.
8. **San Antonio** - The region has a unique funding arrangement among Texas transit agencies in which the central city contributes a supplemental sales tax for road and transit investment. The region is using part of the revenue from this Advanced Transportation District (ATD) to fund an initial BRT line.
9. **San Diego** - In one of the nation's farthest reaching experiments with the integration of transit planning and operating functions, the MPO effectively controls local funding for highway and transit investment, as well as manages construction of transit facilities. While some functions originally allocated to the planning agency have remained with the two transit operators in the region, it still controls key policies, including fare structure.
10. **San Francisco** - An early investment in regional rapid transit has contributed to the formation of regional planning agencies. The MPO now controls some of the local funding sources for transit, including bridge tolls. The MPO coordinates transit operations that are provided by more than a dozen agencies.
11. **Seattle** - A regional agency was formed to build a regional "high-capacity transit" system based on a plan developed through a comprehensive regional planning effort. The agency contracts its own operations to several county transit agencies, which also operate local services.
12. **Twin Cities** - A state-controlled metropolitan government provides a wide range of local services, including regional planning and transit operations. Perhaps more so than in San Diego, the integrated agency controls transit funding and operating policies. A portion of the region recently established a dedicated sales tax for building "transit ways."

In developing the interview strategy, the consultant team opted to primarily contact regional transit agencies, rather than regional planning agencies or metropolitan planning organizations (MPOs), for interviews. The rationale for this decision was that although the interview topics addressed both transit agency and MPO issues, the transit agency executives would likely possess the knowledge to discuss both (particularly when the transit agencies participate in MPO activities, such as through board representation or functional integration). It also was felt that transit agency officials would be in a position to offer a more realistic perspective on the impact of various decisions and operating arrangements on the characteristics of services provided.

Multiple interviews were conducted in several of the peer regions as a result of the transit operating structure of those regions. For example, San Diego County has two primary transit operators. In the Puget Sound region, Sound Transit is a three-county regional agency with a service area that encompasses the service areas of four local transit agencies. In the San Francisco area, the Metropolitan Transportation Commission (MTC) conducts regional planning and allocates resources to more than a dozen transit operators. In regions with multiple agencies, not every agency was necessarily interviewed.

Table 5.1 compares with Austin the characteristics of each of the 12 regions, including population, population growth, presence of a state capitol or major university, transit agency structure, and transit system scope. Table 5.2 describes the characteristics of the regional planning agencies in each region, including planning area size, board structure, planning functions, and operating functions. Table 5.3 describes the characteristics of the primary regional transit agency in each region, including service area size, board structure, agency powers, and local funding sources.

Prior to contacting the peer transit agencies, each agency was thoroughly researched to gain an understanding of the particular circumstances and structures of each one, and to learn as much as possible about the agency from available sources before talking to agency officials directly. Through this process, the consultant team developed a sense of which specific topics would be best explored in each interview, and interview questions were customized based on each agency's unique set of circumstances. However, all of the interviews were based on the same general set of questions, designed to address the following topics:

- Level of participation and engagement of transit board members, and whether a particular form of board composition (elected officials, appointees, direct election, etc) is preferable over another, and why.
- Whether there is an effort on the part of the transit agency or the board itself to attain a "strategic mix" of expertise on the board.
- The respective planning and operating roles of the transit agency, MPO, or other regional governments or agencies, and the positive and negative aspects of these arrangements.

- Whether the transit agency operates under an overarching regional transportation authority that covers more than one local transit agency and handles capital investments in transit for the region, with a separate revenue source, or whether it should.
- In regions where individual cities opt into the transit agency, whether the agency allows graduated membership levels that depend on the availability of rapid transit services or on a city's willingness to pay. Similarly, whether the transit agency has a mechanism whereby cities may purchase supplementary service beyond what the agency's standard service planning process would yield, or whether nonmember cities may purchase services outright.
- How the allocation of revenues between capital and operations spending is determined, and whether these two components are funded by separate revenue streams.
- Whether the transit agency has recently experimented with new or innovative revenue sources (new taxes, fees, etc), and the success of those ventures.
- Whether the transit agency's service area aligns with the MPO planning area, or whether it should.
- Whether the transit agency or the MPO have published standards that dictate land use patterns or levels of density of new development that would entitle them to transit services. Similarly, whether the agency takes an active role in promoting transit-friendly amenities such as curb cuts, street connectivity, and pedestrian-friendly parking lots.
- What if any role the transit agency or the MPO have on land use decisions, either in general or related to specific major developments ("developments of regional impact").
- If the region is planning for new LRT or BRT corridors, which agencies are responsible for acquiring and preserving Right-of-Way or upgrading streets.
- How fares have risen over the past 10 to 20 years, and the receptiveness of the public to recent increases.
- Whether the transit agency participates in UPASS or institutional transit ridership arrangements, and if so, how successful these programs have been, and the institutions' per-capita contributions.

Table 5.1 Characteristics of Peer Regions

Peer Region	Austin	Charlotte	Dallas	Denver	Houston	Phoenix	Portland	Salt Lake City	San Antonio	San Diego	San Francisco	Seattle	Twin Cities
<b>Population<sup>a,b</sup></b>													
MSA Population 2007	1,598,161	1,651,568	4,111,529	2,755,128	5,628,101	4,179,427	2,175,113	1,618,322	1,990,675	2,974,859	4,203,898	3,309,347	3,208,212
Ratio to Austin	1.0	1.0	2.6	1.7	3.5	2.6	1.4	1.0	1.2	1.9	2.6	2.1	2.0
20-year Growth Rate	3.5%	2.7%	2.5%	2.0%	2.2%	3.5%	2.1%	2.0%	1.8%	1.3%	0.9%	1.7%	1.4%
State Capitol	Yes	No	No	Yes	No	Yes	No	Yes	No	No	No	No	Yes
Major University <sup>c</sup>	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Regional Transit Agency	Capital Metro Transportation Authority (CMTA)	Charlotte Area Transit System (CATS)	Dallas Area Rapid Transit (DART)	Regional Transportation District (RTD)	Metropolitan Transit Authority of Harris County (METRO)	Valley Metro Regional Public Transportation Authority (Valley Metro RPTA)	Tri-County Metropolitan Transportation District of Oregon (TriMet)	Utah Transit Authority (UTA)	VIA Metropolitan Transit (VIA)	San Diego Metropolitan Transit District (MTS)	San Francisco Bay Area Rapid Transit District (BART)	Central Puget Sound Regional Transit Authority (Sound Transit)	Metro Transit
Other Transit Agencies (number)	-	-	-	-	-	3	-	-	-	1	12	4	-
Transit Operating Budget (\$millions, 2006) <sup>d</sup>													
Regional agency	\$129	\$87	\$408	\$350	\$327	\$52	\$329	\$154	\$121	\$184	\$498	\$120	\$277
Other operators						\$178				\$72	\$1,498	\$672	
<b>Total</b>	<b>\$129</b>	<b>\$87</b>	<b>\$408</b>	<b>\$350</b>	<b>\$327</b>	<b>\$231</b>	<b>\$329</b>	<b>\$154</b>	<b>\$121</b>	<b>\$256</b>	<b>\$1,998</b>	<b>\$793</b>	<b>\$277</b>
System Size <sup>e</sup>													
Rail vehicles <sup>f</sup>	0	2	104	57	17	0	81	44	0	125	799	33	24
Buses	337	263	565	921	1,106	630	526	384	367	601	2,307	1,775	702

<sup>a</sup> Metropolitan Statistical Area (MSA) geographies change over time, and the growth rates shown here are for the combined group of counties representing the MSA as of 2007. Source: U.S. Census Bureau.

<sup>b</sup> Three clarifications are necessary regarding MSA populations: The population numbers shown for the Dallas region represent only the Dallas-Irving-Plano Metropolitan Division of the Dallas-Fort Worth-Arlington MSA. The Salt Lake City regional population represents the counties of both the Salt Lake City and Ogden MSAs. Finally, the Denver population includes the counties of both the Denver and Boulder MSAs. Additionally, the Denver MSA includes the City and County of Broomfield, which did not exist in 1987, and was created from parts of Adams, Boulder, Jefferson, and Weld Counties. Weld County is not part of the Denver or Boulder MSAs, and the portion of that county now incorporated into Broomfield is not reflected in the 1987 population used to calculate the regional growth rate.

<sup>c</sup> A region is designated as having a “Major University” if it contains of the “120 largest degree-granting college and university campuses,” as of 2004, according to the Digest of Education Statistics, Institute of Education Sciences, U.S. Department of Education.

<sup>d</sup> All information regarding transit budgets, fleets, and “other agencies” come from 2006 reports to the National Transit Database (NTD). In some regions, there may be additional transit agencies that are not accounted for here, as they are not subject to NTD reporting requirements.

<sup>e</sup> System size is measured in vehicles operated in maximum service (VOMS) as defined in the NTD. Rail vehicle counts for the Austin, Phoenix, and Salt Lake City regions do not include recent expansions or services soon to be placed in operation.

<sup>f</sup> Rail vehicle counts for Dallas and San Francisco include multiple vehicle types and operating agencies. In Dallas, the count includes 83 light rail vehicles and 21 commuter rail vehicles. In San Francisco, the count includes 26 cable cars, 164 light rail vehicles, 513 heavy rail vehicles, and 96 commuter rail cars. The count for Salt Lake City only includes light rail vehicles, as the commuter rail system was not yet on-line in 2006.



Table 5.2 Characteristics of Regional Planning Agencies

Peer Region	Austin	Charlotte	Dallas	Denver	Houston	Phoenix	Portland	Salt Lake City	San Antonio	San Diego	San Francisco	Seattle	Twin Cities
Regional Planning Agency Name	Capital Area Metropolitan Planning Organization (CAMPO)	Mecklenburg-Union Metropolitan Planning Organization (MUMPO)	Regional Transportation Council, North Central Texas Council of Governments (NCTCOG)	Regional Transportation Committee, Denver Regional Council of Governments (DRCOG)	Transportation Policy Council, Houston-Galveston Area Council (H-GAC)	Maricopa Association of Governments (MAG)	Portland Area Metropolitan Service District (Metro)	Wasatch Front Regional Council (WFRC)	San Antonio – Bexar County Metropolitan Planning Organization (SA-BC MPO)	San Diego Association of Governments (SANDAG)	Metropolitan Transportation Commission (MTC)	Executive Board, Puget Sound Regional Commission (PSRC)	Metropolitan Council (Met Council)
Planning Area Share of MSA Population <sup>a</sup>	93%	60%	97% <sup>d</sup>	N/A <sup>b</sup>	97% <sup>d</sup>	90%	75%	95%	85%	100%	100% <sup>c</sup>	100% <sup>c</sup>	90%
<b>Board Structure</b>													
Voting Board Members	20	17	40	16	24	32	7	18	19	21	16	33	17
Method of selection	Appointed by member entities	Appointed by member entities	Appointed by member entities	Appointed by member entities	Appointed by member entities	Appointed by member entities	Directly elected	Member entity executives	Appointed by member entities	Appointed by member entities	Appointed by member entities	Elected by PSRC General Assembly	Appointed by member entities
<b>Appointed by Representing</b>													
State	3/0	0/0	0/0	0/0	0/0	1/0	0/0	0/0	2/0	0/0	0/0	0/0	1/0
Counties	8/7	2/2	8/8	0/0	9/9	1/1	0/0	5/5	4/4	2/2	9/14	0/6	7/7
Largest city	4/4	1/1	9/9	0/0	3/3	1/1	0/0	1/1	6/6	2/2	0/0	0/5	1/1
DOT	1/1	1/1	2/2	4/4	2/2	2/2	0/0	0/0	2/2	0/0	0/0	0/2	1/1
Transit Agency	1/1	0/0	3/3	4/4	1/1	0/0	0/0	0/0	2/2	0/0	0/0	0/0	2/2
Other cities/districts	¼	13/13	18/18	8/0	9/6	27/27	6/6	12/12	3/3	17/17	7/2	33/20	21/17
At large	0/1	0/0	0/0	0/8	0/3	0/1	1/1	0/0	0/2	0/0	0/0	0/0	0/5
<b>Planning Functions</b>													
MPO (transportation planning)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water resources planning	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No	No	Yes
Open space planning	No	No	No	No	No	No	Yes	No	No	No	No	No	Yes
Land use planning	No	No	No	Yes	No	No	Yes	No	No	No	No	Yes	Yes
Other	None	None	Public Safety, Emergency Preparedness, Workforce Development	Disaster Planning	Public Safety, Emergency Preparedness, Senior Services, Workforce Development	Human Services, Air Quality, Water and Sewer Planning	Convention centers, Parks/Zoo, Solid Waste Collection	None	None	Border Planning, Affordable Housing, Environmental Planning	None	Economic Development Planning	Aviation System Planning

Peer Region	Austin	Charlotte	Dallas	Denver	Houston	Phoenix	Portland	Salt Lake City	San Antonio	San Diego	San Francisco	Seattle	Twin Cities
Regional Planning Agency Name	Capital Area Metropolitan Planning Organization (CAMPO)	Mecklenburg-Union Metropolitan Planning Organization (MUMPO)	Regional Transportation Council, North Central Texas Council of Governments (NCTCOG)	Regional Transportation Committee, Denver Regional Council of Governments (DRCOG)	Transportation Policy Council, Houston-Galveston Area Council (H-GAC)	Maricopa Association of Governments (MAG)	Portland Area Metropolitan Service District (Metro)	Wasatch Front Regional Council (WFRC)	San Antonio – Bexar County Metropolitan Planning Organization (SA-BC MPO)	San Diego Association of Governments (SANDAG)	Metropolitan Transportation Commission (MTC)	Executive Board, Puget Sound Regional Commission (PSRC)	Metropolitan Council (Met Council)
<b>Operating Functions</b>													
Transit operations	No	No	No	No	No	No	No	No	No	No	No	No	Yes
Mobility services	No	No	No	No	No	No	No	No	No	No	No	No	Yes
Ridesharing	No	No	No	Yes	No	No	No	No	No	No	No	No	Yes
Wastewater treatment	No	No	No	No	No	No	No	No	No	No	No	No	Yes
Solid waste disposal	No	No	No	No	No	No	Yes	No	No	No	No	No	No
Parks	No	No	No	No	No	No	Yes	No	No	No	No	No	Yes
Convention center	No	No	No	No	No	No	Yes	No	No	No	No	No	No
Affordable housing	No	No	No	No	No	No	No	No	No	No	No	No	Yes

<sup>a</sup> The MPO’s share of the region is an estimate of the population within the MPO planning area divided by the 2007 MSA population.

<sup>b</sup> It was not possible to estimate the population within the DRCOG MPO area in a consistent manner as other regions, as that district excludes parts of some MSA counties, while including parts of other counties that are not within the Denver or Boulder MSAs.

<sup>c</sup> In the San Francisco and Seattle areas, the MPO planning area extends beyond the MSA boundaries.

<sup>d</sup> In Dallas and Houston, the MPO is a division of a parent council of governments (COG) and the MPO planning area differs in size from the COG planning area. In these cases, the data shown is for the MPO only. The same is true for cases where the MPO decision-making authority is held by a different board than other regional planning issues. This is the case in Denver as well as in Houston and Dallas.



**Table 5.3 Characteristics of Regional Transit Agencies**

Peer Region	Austin	Charlotte	Dallas	Denver	Houston	Phoenix	Portland	Salt Lake City	San Antonio	San Diego	San Francisco	Seattle	Twin Cities
Regional Transit Agency Name	Capital Metro Transportation Authority (CMTA)	Charlotte Area Transit System (CATS)	Dallas Area Rapid Transit (DART)	Regional Transportation District (RTD)	Metropolitan Transit Authority of Harris County (METRO)	Valley Metro Regional Public Transportation Authority (Valley Metro)	Tri-County Metropolitan Transportation District of Oregon (TriMet)	Utah Transit Authority (UTA)	VIA Metropolitan Transit (VIA)	San Diego Metropolitan Transit System (MTS)	Bay Area Rapid Transit (BART)	Central Puget Sound Regional Transit Authority (Sound Transit)	Metro Transit
Other Transit Agencies (number)	-	-	-	-	-	3	-	-	-	1	12	4	-
Service Area/ Local Membership	City opt-in	City agency, countywide service by inter-governmental agreement	City opt-in	Special district defined by state; cities can opt in and out by vote	City opt-in	Countywide, as defined by state. City opt-in for board representation.	Special district defined by the board and/or affected voters	City opt-in	City opt-in	Countywide, as defined by state	Special district defined by state	Special district defined by affected voters	Special district defined by state
Service Area Share of MSA Population <sup>a</sup>	59%	43%	57%	97%	51%	62%	59%	110%	78%	100%	78%	82%	54%
<b>Board Structure</b>													
Number of Voting Members	7	8	15	15	9	14	7	19	11	15	9	18	17
Number of Elected Officials	5	8	0	15	0	14	0	6	0	14	9	17	0
Percent Elected Officials	71%	100%	0%	100%	0%	100%	0%	32%	0%	93%	100%	94%	0%
Method of selection	Appointed by members (and groups of members) according to the allocation formula.	Cities represented by the mayors. County represented by the chair of the County Board of Commissioners.	Appointed by members (and groups of members) according to the allocation formula.	Directly elected.	Appointed by members (and groups of members) according to the allocation formula.	Elected officials appointed by member cities and County, one representative per entity.	Appointed by the governor and must reside in certain districts.	Appointed by members (and groups of members) according to the allocation formula, plus one representative from the state DOT and 1 each nominated by the state Senate, Speaker of the House, and Governor.	Appointed by members (and groups of members) according to the allocation formula. Chairman elected by the rest of the board members.	Appointed by member cities and county. Chairman elected by the rest of the board members.	Directly elected.	Elected officials appointed by executives of member counties. Proportional representation of cities is required, and one-half of the board must also serve on local transit boards. WSDOT Secretary also serves.	Appointed by the governor, representing districts, with one at-large representative.
<b>Appointed by/Representing</b>													
State	0/0	0/0	0/0	0/0	0/0	0/0	0/0	4/0	0/0	0/0	0/0	1/1	17/0
County	1/1	1/1	0/0	0/0	2/2	1/1	0/0	1/1	3/3	1/1	0/0	17/7 <sup>c</sup>	0/0
Largest city	2/2	1/1	8/8	0/0	5/5	1/1	0/0	1/1	5/5	4/4	0/0	0/2	0/0
Other/districts	2/2	6/6	7/7	15/15	2/2	12/12	7/7	13/13	3/2	10/9	9/9	0/8	0/16
At large	2/2	0/0	0/0	0/0	0/0	0/0	0/0	0/4	0/1	0/1	0/0	0/0	0/1

Peer Region	Austin	Charlotte	Dallas	Denver	Houston	Phoenix	Portland	Salt Lake City	San Antonio	San Diego	San Francisco	Seattle	Twin Cities
Regional Transit Agency Name	Capital Metro Transportation Authority (CMTA)	Charlotte Area Transit System (CATS)	Dallas Area Rapid Transit (DART)	Regional Transportation District (RTD)	Metropolitan Transit Authority of Harris County (METRO)	Valley Metro Regional Public Transportation Authority (Valley Metro)	Tri-County Metropolitan Transportation District of Oregon (TriMet)	Utah Transit Authority (UTA)	VIA Metropolitan Transit (VIA)	San Diego Metropolitan Transit System (MTS)	Bay Area Rapid Transit (BART)	Central Puget Sound Regional Transit Authority (Sound Transit)	Metro Transit
<b>Agency Powers<sup>b</sup></b>													
Set fare policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No <sup>d</sup>	Yes	Yes	Yes
Condemn property	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No <sup>d</sup>	Yes	Yes	No
Expand district	No	No	No	No	No	No	Yes	No	No	No	No	Yes	No
Increase taxes	No	No	No	No	No	No	Yes	No	No	No	No	No	No
Issue debt securities	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Dedicated Transit Funding</b>													
Tax rate and type	1% sales and use tax in member cities	0.5% countywide sales and use tax	1% sales and use tax in member cities	1% district-wide sales and use tax	1% sales and use tax in member cities	0.5% countywide sales and use tax. Municipalities also fund substantial additional services (Valley Metro funds only about 15% of service – rest is local.)	Payroll and self-employment taxes of 0.6618% for FEY throughout district	Local option sales and use tax, varies by jurisdiction (range 0.3% to 0.68375%)	0.5% sales and use tax in member cities, plus additional 1/8% in San Antonio (Advanced Transportation District)	3/4% sales and use tax (.25% statewide + 0.5% voter-approved countywide) <sup>d</sup>	0.5% sales and use tax in BART counties, also property taxes	0.4% sales and use tax and 0.3% motor vehicle excise tax (personal property tax on assessed value of vehicle) throughout service area	Portion of motor vehicle sales tax (Recent constitutional amendment will ramp up transportation allocation to 100% of the MVST, with minimum 40% for transit.)
Local tax share of operating <sup>e</sup>	79%	71%	90%	69%	77%	81%	71%	84%	80%	58%	39%	85%	34%
Local tax share of capital <sup>e</sup>	100%	72%	54%	100%	96%	94%	100%	93%	100%	0%	89%	93%	70%

<sup>a</sup> The transit service area’s share of total MSA population is estimated based on the “Service Area” statistics provided in each agency’s NTD submittal, divided by the MSA population.

<sup>b</sup> Agency powers describe the authority of the agency to unilaterally act in various ways without approval by voters or other organizations. “Set fare policy” means the ability to establish fare structure. “Condemn property” means the ability to acquire real estate through coercive means, such as eminent domain. “Expand district” means the ability to change the boundaries of the area in which dedicated local taxes are collected. “Increase taxes” means the ability to change the rate of taxation. “Issue debt securities” means the ability to issue long-term bonds or other debt securities against general agency revenues or specific local funding source.

<sup>c</sup> In the Seattle region, the current mix of representation (cities versus counties) on the Sound Transit board is not necessarily constant over time. County executives have the authority to appoint all board members subject to a number of restrictions.

<sup>d</sup> In San Diego, major capital investments are managed directly by the San Diego Association of Governments (SANDAG), the region’s MPO. SANDAG also holds the power of eminent domain and the authority to set fares for both the MTS and the region’s other significant transit operator, North County Transit District (NCTD).

<sup>e</sup> “Local tax share of capital” and “Local tax share of operating” represent the share of *non-Federal* funds that come from local taxes, fares, or other local sources. This data comes from 2006 NTD data.

## 5.2 FINDINGS ON KEY ISSUES

This section summarizes how peer regions are addressing each of the key issues identified above.

### 5.2.1 Governance and Management

#### *Board Structure*

Nationally, most transit boards range in size from 5 to 23 members, with 7- to 10-member boards typical.<sup>26</sup> Larger cities tend to have more members, especially from surrounding municipalities. All of the peer cities were within the typical range. Capital Metro, with its 7-member board, is within the typical range.

Capital Metro also is typical in the incidence of elected officials on its board. Most of the peer agencies have at least some elected officials on their boards, in many cases appointed by other elected officials. Table 5.4 reviews the board size (voting members only) and number of elected officials, and ranks each region by the share of elected officials. As the table demonstrates, Austin is in the middle of the range. Five cities (Dallas, Houston, San Antonio, Portland, and the Twin Cities) have no elected officials at all on their boards, while four others (Charlotte, Denver, Phoenix, and San Francisco) are composed entirely of elected officials. In Austin, five of the seven board members (or 71 percent) also are elected officials. In comparison to the other Texas transit agencies reviewed, the Capital Metro board is exceptional in its reliance on elected officials, which is a result of the 1997 legislation restructuring the board.

Of the transit agencies that have appointed boards (whether the appointees are elected officials or not), few agencies have any formal mechanism to attain a strategic mix of skill sets on their boards (e.g., legal, financial, or transit industry experience). Most agencies operate in a range from “luck of the draw” to informal coordination between appointing bodies. The closest example of a formal procedure lies in the enabling legislation for the Metropolitan Council in the Twin Cities. Minnesota law requires that members of the board, which are non-elected officials appointed by the governor, must be “persons knowledgeable about urban and metropolitan affairs” and “must be appointed to fairly reflect the various demographic, political, and other interests” in the region.<sup>27</sup> However, in practice, this provision places few restrictions on the governor in making selections.

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<sup>26</sup>Transit Cooperative Research Program (TCRP). *Report 85: Public Transit Board Governance Guidebook*. 2002.

<sup>27</sup>Minnesota Statutes. Section 473.123 Subdivisions 3(f) and 3(g).

Similar to a strategic skill set is the desire to have various agency boards in a given region in step with one another with regard to policy, vision, and resource allocation. The Seattle region provides an example of a proactive approach to encouraging such coordinated decision-making. Sound Transit is the regional operator, with a service area across three counties that encompasses the service areas of four local (municipal or county) transit operators. By law, one-half of the Sound Transit board appointees from each of the three counties also must serve on the board of one of the four local transit operators. State law also requires that one-half of the Executive Board members of the Puget Sound Regional Council (the Seattle region MPO) serve on the board of either a local transit operator, or Sound Transit. This type of cross-representation between relevant transportation decision-making bodies is actually quite common in practice in a number of regions, including Austin. However, this was the only case identified for this study in which it was actually required by state law.

**Table 5.4 Incidence of Elected Officials on Peer Region Boards**

Peer Region	Board Size <sup>a</sup>	Number of Elected Officials	Percent Elected Officials
Dallas	15	0	0%
Houston	9	0	0%
Portland	7	0	0%
San Antonio	11	0	0%
Twin Cities	17	0	0%
Salt Lake City	19	6	32%
Austin	7	5	71%
San Diego	15	14	93%
Seattle	18	17	94%
Charlotte	8	8	100%
Denver <sup>b</sup>	15	15	100%
Phoenix	14	14	100%
San Francisco	9	9	100%

<sup>a</sup> Board size only includes voting members.

<sup>b</sup> Board members directly elected by District.

### *MPO Relationships*

A range of approaches to sharing planning, investment, and operations responsibilities between regional planning agencies and regional transit agencies can be observed in the peer regions. Table 5.5 summarizes the range of planning agency – transit agency relationships in the peer regions, with particular emphasis on how responsibilities for fixed guideway rapid transit system implementation are allocated.

In Texas, it is common for transit agencies to lead transit system planning and implementation efforts, as has been the case with Capital Metro’s *All Systems Go!* plan, rail referendum, and ongoing implementation of the Red Line to Leander. In these cases, MPOs have provided varying levels of technical support with travel market analysis, transit-supportive land use planning, modal integration, funding identification, and priority setting. Of course, MPOs also have adopted the transit projects into their regional transportation plans and transportation improvement programs.

Outside Texas, planning agencies have frequently taken a larger role in developing a growth vision for the region and designing the transit element of the vision. In Charlotte, the MPO developed the “Corridors and Centers” vision, which identified activity centers and transit corridors radiating from the regional center. Implementation of the vision was assigned to CATS, an operating division of city-county government. In Salt Lake City, the Envision Utah growth visioning process helped UTA build consensus for transit investment. In Portland and Seattle, transit agencies described the close integration between regional planning and transit planning as “their plan is our plan.”

In a few regions, the relationship extends to organizational integration or direct financial participation. Particularly in California, regional planning agencies collect local option tax revenues for highway and transit construction programs. In San Diego, SANDAG serves as both the MPO and the Regional Transportation Commission, which administers the TransNet sales tax (0.5 percent) for transportation projects. The effect is that SANDAG not only sets priorities through its planning process, but also controls local funding to cover the region’s share of the costs of HOV lanes, LRT and BRT lines, local roads, bicycle facilities, and other elements of the region’s long-range transportation plan. In San Francisco, MTC coordinates the transit services of more than a dozen operators and administers some of the local funding sources that support transit capital investment and operations. In the Twin Cities, the Metropolitan Council collects property taxes and allocates among agency business functions, which include operating the Metro transit system and subsidizing several suburban operators.

**Table 5.5 Primary Responsibility for Rapid Transit Implementation**

Peer Region	Austin	Charlotte	Dallas	Denver	Houston	Phoenix	Portland	Salt Lake City	San Antonio	San Diego	San Francisco	Seattle	Twin Cities
<b>Actors</b>													
P Regional Planning Agency	CAMPO	MU-MPO	NCTCOG	DRCOG	H-GAC	MAG	Metro	WFRC	SA-BC MPO	SANDAG	MTC	PSRC	Met Council
T Regional Transit Agency	Capital Metro	CATS	DART	RTD	METRO	Valley Metro	TriMet	UTA	VIA	MTS	BART	Sound Transit	Metro Transit
O Other Transit Operators	-	-	-	-	-	3	-	-	-	1	12	4	-
<b>Implementation Role<sup>a</sup></b>													
Defines vision	T	P	T	P+T <sup>c</sup>	T	T	P	P+T <sup>c</sup>	T	P	P+T <sup>d</sup>	P	P=T <sup>e</sup>
Prioritizes projects	T	T	T	T	T	T	P	T	T	P	P	P	P=T <sup>e</sup>
Collects capital revenue	T	T	T	T	T	T+O <sup>b</sup>	T	T	T	P	P+T <sup>d</sup>	T	P=T <sup>e</sup>
Issues bonds	T	T	T	T	T	O <sup>c</sup>	T	T	T	P	P+T <sup>d</sup>	T	P=T <sup>e</sup>
Designs projects	T	T	T	T	T	T <sup>c</sup>	T	T	T	P	T	T	S <sup>e</sup>
Manages construction	T	T	T	T	T	T <sup>c</sup>	T	T	T	P	T	T	S <sup>e</sup>
Operates services	T	T	T	T	T	T <sup>c</sup>	T	T	T	T	T	O	P=T <sup>e</sup>
Subsidizes operations	T	T	T	T	T	T	T	T	T	T	P+T <sup>d</sup>	T	P=T <sup>e</sup>

<sup>a</sup> Implementation role describes the agency with the primary responsibility (e.g., author of planning study, manager of contract, allocator of funding) for each general phase of implementation of regional fixed guideway rapid transit. In cases of significant shared responsibility, multiple actors are listed. This summary attempts to show major patterns for comparison across regions, and may not reflect nuances of certain complex interagency relationships.

<sup>b</sup> Valley Metro contracts with Valley Metro Rail, Inc. (VMR), a nonprofit public corporation, to design, construct, and operate light rail in Phoenix. The project is funded in part by regional funds administered by Valley Metro and local option sales taxes in certain member cities. Valley Metro does not have bonding authority, but cities may issue bonds.

<sup>c</sup> In Denver, RTD led the planning and development of the initial light rail lines, but a long-range planning exercise led by DRCOG was instrumental in defining the corridors that eventually became the multilane FasTracks program, which is now under construction. In Salt Lake City, UTA developed initial plans for light rail, but major contributions were made by WFRC and the Envision Utah process to build consensus behind the regional TRAX program.

<sup>d</sup> Discussions between communities during early planning of the BART system in the 1950s established the foundation for regional cooperation and led to the formation of regional planning agencies. Since inception, BART has been funded in part by toll bridge revenues, which are now administered by MTC.

<sup>e</sup> The Met Council serves as the regional planning agency and primary transit operator, and are thus shown as equivalent. The Minnesota Department of Transportation (denoted by “S”) has managed design and construction activities for light rail.

### *Agency Powers*

There is considerable variation in the powers that regions give to their transit agencies. At one end of the spectrum are regional authorities, such as Tri-Met in Portland, with broad powers to build out the transit element of the regional transportation plan and operate the services. At the other end are emerging regional authorities that have grown organically over time. In Phoenix, Valley Metro funds and operates about 15 percent of the region's transit service. The rest is operated by municipal transit divisions, each with a dedicated local tax. The agency's role has been to improve coordination between the various services and manage the implementation of light rail, although member cities have significant financing and property acquisition responsibilities.

With few exceptions, transit agencies generally have the authority to set their own fare policies. Some have tried to maintain fares at constant levels for long periods of time. Others, including Charlotte, Denver, Portland, and Salt Lake City, have instituted policies to raise fares regularly (typically every one to three years) to track inflation. These agencies reported the least opposition to fare increases, as it was considered to be "automatic" by the public. Capital Metro's requirement to seek approval from the Local Government Advisory Committee for fare increases is exceptional, particularly outside Texas.

Most transit agencies have been required by state enabling legislation to seek voter approval to increase taxes. In Denver, the Regional Transportation District (RTD) is primarily funded by a portion of the state sales tax imposed within the transit district. Until recently, the RTD tax rate was 0.6 percent. In 2004, district voters approved an extra 0.4 percent tax to fund the FasTracks program, which is a regional system of light rail, commuter rail, and bus rapid transit corridors. Likewise, in Seattle, Sound Transit is funded by a 0.4 percent sales tax and a 0.3 percent motor vehicle excise tax. Any system expansion requires voter approval. If a proposed expansion is not approved by district voters, Sound Transit will roll back taxes to a level just sufficient to service debt and maintain the services established under the *Sound Move* regional transit plan approved in 1996.

As illustrated in the Denver and Seattle examples, public referenda frequently associate a tax increase with a specific program of transit investments. Restrictions on projects that do not require additional sales tax are rare and were not observed in any of the peer regions, including other Texas transit agencies. This suggests that Capital Metro's requirement to seek voter approval even if no new taxes are needed to construct the proposed project is exceptional. For example, the 2004 referendum to construct the Red Line to Leander required only that a share of the agency's existing sales tax revenue be set aside for rail construction.

Most transit agencies have the authority to issue revenue bonds against their dedicated funding sources (e.g., local option sales taxes) and have used this power to accelerate their fixed guideway capital investment programs. In some cases, transit divisions of larger agencies, such as in Charlotte and the Twin

Cities, have used the bonding authority of their parent organizations. Although Valley Metro in Phoenix does not have bonding authority itself, it has at least considered using lease transactions to fund certain elements of the regional transit system. The agency's member municipalities have issued bonds to fund transit improvements within their boundaries.

The authority to condemn property through eminent domain varies. In Phoenix and Salt Lake City, transit agencies have typically relied on member municipalities to acquire property for transit facilities. In Denver, Portland, and Seattle, regional transit agencies have their own power of eminent domain. Texas MTAs also have the power of eminent domain.

### **5.2.2 Labor Relations**

This section assesses the current situation in labor relations at Capital Metro with all of its employment units, but with a more specific focus on the major unit responsible for providing the majority of fixed-route and paratransit services, StarTran. To perform the analysis, the consultant team conducted a literature review of relevant studies and papers on labor relations and sought information about Capital Metro. Labor agreements with all employee groups were reviewed and analyzed. Interviews were conducted with key stakeholders including Capital Metro board members, key Capital Metro and StarTran operating staff, the President of the local union representing the majority of employees, and Capital Metro legal staff. The consultant team also acquired labor agreements from other Texas cities and a sample of the peer regions.

#### *History and Services of Capital Metro*

As a public entity, Capital Metro is prohibited by Texas law from entering into a traditional collective bargaining agreement with a union. To receive Federal funds, however, Capital Metro must recognize the collective bargaining rights of employees as they existed in the past. Prior to public operation of the transit system in Austin, employees had a union that bargained with the private company that operated the service into the 1970s. When the City of Austin assumed operations from that private company, it contracted with a private management company so the City could comply with Texas law and receive Federal funds. This relationship with the private company was maintained by Capital Metro when it was created in the 1980s. As the system grew and became more connected to the community, the relationship evolved. New services were contracted to other private companies to allow faster growth and more efficient operation. The original relationship with the private company that had historically provided most of Capital Metro's service was changed in 1991 to a contract with a private nonprofit organized by Capital Metro to serve as the operator of these services. This employer became known as StarTran, Inc. (StarTran) and serves today as the largest single contractor for Capital Metro services.



Capital Metro services are provided by the following contract operators:

- StarTran - Provides the majority of fixed-route and all nonbrokered paratransit service;
- Veolia (independent contractor) - Provides some fixed-route service (primarily lower ridership routes using smaller vehicles in the northeastern portion of the service area) and will provide future MetroRail Red Line service to Leander;
- First Transit (independent contractor) - Provides University of Texas shuttle service;
- Capital Area Rural Transportation System (CARTS) - Provides some suburban fixed-route service and demand responsive service in the northwestern portion of the service area; and
- Local taxi cab companies and other providers - Provide paratransit overflow services.

Each of the independent contractors has a separate labor agreement with its operators and mechanics with the same union, Amalgamated Transit Union (ATU). In addition, StarTran has a labor agreement with the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers (IUE) representing reservationists, schedulers, and clerical employees.

### *Labor Relations Environment*

The primary interest in labor relations is the ATU relationship with StarTran, which has the largest number of employees (almost 900 in the bargaining unit and more than 100 administrative employees). StarTran is the longest-serving contractor as well as the most controversial. Capital Metro has an Agreement for Employee Support Services with StarTran to provide all the employees necessary to operate most of the fixed route and paratransit service. Under this agreement, Capital Metro provides StarTran all the physical and financial resources needed to operate the service. StarTran provides the employees and management services. StarTran negotiates collective bargaining agreements with ATU and IUE for represented employees. All operating costs are reimbursed to StarTran based on a budget adopted by the Capital Metro board. This is very different in its basic approach compared to the relationships with the two other private providers (First Transit and Veolia) whose contracts were procured through a competitive process. Capital Metro provides some of the assets for service such as buses, but the contractors are paid for a unit of service based on their proposals and a negotiated services contract. Once the procurement and budget differences are noted, however, there are similarities in the way the private providers and Capital Metro interact. For example, Capital Metro does all of the service planning for each of the providers.

Many opportunities exist for conflict and communication lapses between Capital Metro and StarTran, which creates tension. StarTran must live within the budget adopted for its services by the Capital Metro board, which has clearly defined parameters for negotiating with its unions that often are misunderstood and not accepted by labor. Capital Metro and StarTran staff must work closely together, as Capital Metro conducts route planning for all services with input from StarTran. StarTran operates and supervises services while Capital Metro is responsible for all marketing of services. While both organizations have formal processes in place to ensure smooth coordination (i.e., regular staff meetings), many opportunities for miscommunication exist. Capital Metro staff are sometimes perceived as directing StarTran employees in violation of the intent and letter of the agreement. StarTran staff are often not included in the process of developing and implementing a multitude of promotional and marketing programs.

The relationship between StarTran and ATU is fraught with additional challenges. Since StarTran implements Capital Metro policy, ATU expresses confusion, whether real or manufactured, over who should make decisions regarding its issues. This is evidenced in recent calls by the union for the termination of the Capital Metro President/CEO even though he is not the employer of union members. Collective bargaining has reached an impasse several times because the union does not accept that StarTran has must adhere to its adopted budget. Curiously, the union does not appear to take this position with the other contractors who must operate within budgets dictated by Capital Metro. These issues clearly demonstrate that the union does not understand or refuses to accept StarTran as the decision-maker in the collective bargaining and labor relations process.

The union and Capital Metro regularly communicate outside the agreed structure, which promotes tension. The union often seeks to effect change by working directly with the Capital Metro board or by making appeals directly to local, state, and Federal officials. Actions by the Capital Metro board also create confusion such as recent attempts to make all employees public employees of the transportation authority, which suggested a desire to work more directly with the union.

It is not surprising, therefore, that the labor relations environment is unharmonious. Management feels that the union is overly confrontational and unreasonable because it pursues actions that indicate their desire for the Capital Metro board or staff to be the decision-makers on their issues. ATU feels empowered by its leadership to “push the envelope” in hopes of achieving its financial goals. This dynamic has resulted in a very public airing of labor – management issues, a one-day strike in 2005, and a five-day strike in 2008. The last two renewals of the StarTran – ATU labor agreement have passed their expiration dates in a very contentious manner. Both labor and management, however, appear to recognize that that the situation must improve.

### *Labor Agreement Analysis*

To establish a baseline for analysis and expectations, the labor agreement between StarTran and the ATU in effect at the beginning of this study in early 2008 was evaluated by making comparisons with other labor agreements, both internally and externally. The consultant team compared the StarTran – ATU agreement to those in place with IUE for other StarTran employees and the ATU agreements with Veolia and First Transit for the other Capital Metro services. Additionally, the consultant team compared the StarTran – ATU agreement with available, similar peer system agreements and sought to provide a mix of system sizes and geographic diversity. The assessment was conducted using key aspects of the StarTran – ATU agreement that are most comparable such as key cost drivers. It should be noted that the StarTran – ATU agreement used for comparison is the expired agreement still under negotiation. Anticipated changes that have emerged through collective bargaining are discussed where they can be identified.

### *Comparison with Capital Metro-Related Labor Agreements*

A detailed comparison of the StarTran – ATU labor agreement with the agreements for other StarTran employees and Capital Metro contractors is contained in Table D.1 in Appendix D. The analysis compares the StarTran – ATU agreement to three other agreements: StarTran – IUE, Veolia – ATU, and First Transit – ATU.

The labor agreements between Veolia and First Transit and the ATU are most comparable, with some caveats. In the case of First Transit, which operates the University of Texas service, many of the differences result from the different character of the work. The UT service is more seasonal and relies on large number of part-time and casual employees. The work rules are relevant to that employee population, which is very different from the employee population at StarTran. The First Transit – ATU agreement, however, does cover maintenance personnel, and these provisions are directly comparable to StarTran. The Veolia – ATU contract covers only bus operators, and comparisons to maintenance personnel are not possible.

The ATU labor agreements with First Transit and Veolia are far less costly to the employer than the StarTran – ATU agreement, as detailed below:

- Contractors' pension programs are far less expensive;
- Employees of the contractors contribute more to their health and dental insurance;
- Life insurance and disability benefits are more modest;
- Sick leave benefits are more limited and accumulation of leave is capped;

- Less vacation time is provided to contractor employees, who receive a maximum of 20 days of vacation compared to 30 days provided to senior StarTran employees;
- Contractors pay overtime on a weekly basis compared to on a daily basis at StarTran;
- Work rules and minimum work guarantees are less costly;
- Uniform and tool allowances are less; and
- Top bus operator wage rates are 14 percent to 22 percent less than StarTran wages.

While some minor benefits and work rules are similar, the above differences far outweigh the similarities.

The most generous parts of the StarTran – ATU labor agreement are health and dental insurance benefits. Table D.2 in Appendix D provides a detailed comparison of the StarTran plan to other Capital Metro and local area plans. StarTran employees have better health and dental benefits than any other public employee in the comparison. There is no deductible in the StarTran plan, and the company pays the highest percentage of the premium for family coverage at 89 percent while paying 100 percent of the employee-only coverage. In addition, StarTran’s premium for individual coverage is 49.2 percent greater than the average of all the local plans, and its premium for family coverage is 51.6 percent greater than the same average. A comparison also can be made in terms of total cost. For example, the City of Austin reportedly pays \$7,800 annually for employee health-care costs while StarTran pays \$16,248. StarTran has made revision of the health plan the central proposal in the recent negotiations.<sup>28</sup>

The other contracts are less easily compared. As expected, the IUE contract is very similar to the ATU – StarTran contract, mirroring most of the work rules and benefits contained in the ATU agreement. Because IUE does not represent bus operators, it is not possible to compare wages or operator-specific work rules.

While the contractors’ labor agreements are less costly than that of StarTran for the employer, they are reasonable in the marketplace. The best indication that the agreements are reasonable is that they have been negotiated and accepted by the union, which is same union representing StarTran employees.

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<sup>28</sup>The collective bargaining agreement reached in mid-November 2008 includes a compromise that changes the plan and gradually introduces higher deductibles and co-pays. See note in Section 4.1.4 for a more detailed discussion of the terms of the new labor agreement.

### *Comparison to Peer Transit Systems*

Table D.3 in Appendix D provides a detailed comparison of the StarTran labor agreement to a sample of peer systems: Dallas, Denver, Charlotte, Seattle, and Phoenix. In terms of work rules and some benefits, the StarTran labor agreement is comparable to the peer systems. Significant areas of similarity include:

- All have binding grievance arbitration in some form;
- Bereavement pay benefits are comparable, ranging from three to five days;
- Life insurance benefits are similar to the \$40,000 benefit available to StarTran employees;
- The number of annual sick days (12) is similar to peer benefits;
- The number of paid holidays (11) is only slightly greater than the peer average of 9.5;
- Provisions for pay for work on a holiday are comparable;
- StarTran and peer contracts generally pay daily overtime;
- Rules for termination for absences are similar;
- StarTran and each peer pay approximately the same for annual operator uniform allowances; and
- All provide for 40-hour weekly pay guarantees and comparable pay guarantees for extra board workers.

The StarTran agreement is more efficient (i.e., less costly and favorable to efficient operation) than the peer systems in several areas, including:

- StarTran has an absolute zero tolerance policy for substance abuse. Only two of the peers appear to have a comparable policy;
- StarTran retirees have a dollar limit on the amount the employer will contribute to health insurance until age 65. Three of the peer systems have more generous benefits;
- Senior StarTran employees can take pay in lieu of vacation. Only one of the peers has a comparable benefit. (This provision in the StarTran agreement promotes efficient manpower scheduling and can lead to reduced overtime expense);
- StarTran provides a reasonable attendance incentive financial bonus. Only two of the peers have a similar provision, neither of which appears to be as motivating for improved employee attendance as the StarTran provision;

- The StarTran requirement that only 50 percent of all regular operator work assignments be straight time is actually less than at least three of the peer systems; and
- The two-tier pay scale for StarTran operators is found in somewhat comparable form at only two of the peer systems.

Several provisions in the StarTran agreement are more generous than peer systems, most notably wages. Wages for StarTran are higher than peer systems, with bus operators at the top rate in Austin earning 4 percent more than their peers in those cities and top paid mechanics in Austin earning 9.2 percent more than the peer average. While these differences are not large, they do reflect increased costs for StarTran. The data in Table D.3 was adjusted for two factors. First, the proposed 3.5 percent increase in pay effective July 1, 2008 was added to the rates. (In later proposals, this was modified to 3 percent.) Second, rates at peer systems were adjusted to reflect Austin cost of living, using CNNMoney.com and the ACCRA, Inc. cost-of-living index. For example, a bus operator currently earning the top rate in Denver (\$19.45) would need to earn \$17.45 to have the same buying power in Austin. A number of other provisions of the StarTran agreement add significantly to cost, compared to peer systems, including:

- In the event of a layoff, StarTran pays a “cushioning allowance” to displaced employees. None of the peers has a similar provision;
- StarTran pays the Union to participate in collective bargaining. Only one of the peers has a similar provision;
- In addition to 11 holidays, StarTran employees receive three paid personal days. Only one of the peers pays three days, one pays one day, and three do not have a similar provision;
- StarTran pays fully for long-term disability insurance for its employees. Only two of the peers have a similar benefit;
- StarTran employees can earn an unlimited amount of sick leave. All but one of the peers cap the accumulation of sick leave;
- StarTran employees who resign in good standing after five years get paid 35 percent of their sick leave balance. None of the peers has a similar provision;
- StarTran employees who earn more than 60 days of sick leave can be paid for the excess. Only one of the peers has similar provision, and it is much less generous;
- StarTran employees on long-term injury leave maintain their benefits for 12 months. Only one of the peers allows similar extension of benefits;

- In general, the StarTran vacation schedule is more generous than the peers. Only two of the peers' employees can earn a maximum of 30 days of vacation, which is the StarTran maximum; and
- As discussed above, the cost of the StarTran health care plan is out of character with the local marketplace, which also is true of the peers, StarTran pays 50 percent more of the employee-only cost and 86 percent more of the family cost than the average of the peers.

In conclusion, several areas of StarTran's benefits are better than those of other systems. In comparison to a sample of peer transit systems, overall the StarTran – ATU labor agreement is more generous. While there are some areas of equality and even a few small areas in which the StarTran – ATU agreement is less costly, the areas of relatively generous wages and benefits outweigh any potential cost advantages. The comparison to health benefits in the local area also show the StarTran – ATU agreement to be at the upper end of the local marketplace. The details of the comparison suggest a workforce that is well compensated. There do not appear to be any impediments to a positive labor – management relationship in the StarTran – ATU labor agreement.

### **5.2.3 Service Area Expansion**

#### *Metropolitan Area Service Coverage*

The majority of regional transit systems focus on the urbanized portions of their metropolitan areas and typically serve areas in which less than 90 percent of their MSA population resides. Capital Metro's service area includes about 59 percent of the Austin-Round Rock MSA population, which places Austin near the lower end of the range of peer regions. In Portland and Seattle, the transit service areas of Tri-Met and Sound Transit are defined as the area within their respective urban growth boundaries (UGB) and thus exclude relatively undeveloped areas at the periphery of the region. In Denver, Salt Lake City, and San Diego, the transit service areas approach the entirety of the MSA.

Correspondence between transit agency service areas and MPO planning areas varies. A direct correspondence is rare. Transit officials in a few peer regions noted that close coordination between the urbanized area and the transit service area, such as through association with a UGB, can minimize unproductive service to less developed areas that are hard to serve with fixed-route service. Few transit agencies have extensive schedule, fare, or information coordination with rural and exurban transit providers at the edge of their service areas.

### *Agency Membership*

A range of methods are used to manage membership in regional transit agencies, from fixed district boundaries defined in state-enabling legislation to flexible systems in which local governments elect to join (or withdraw). In Denver, Phoenix, San Diego, and the Twin Cities, transit service areas are defined in state law, although Colorado law provides a mechanism by which municipalities can opt in or out of the RTD over time. Many states have provisions that maintain municipal obligations to repay debts incurred while they were members following their decision to withdraw.

In Portland, Tri-Met has the authority to unilaterally extend service to new areas as the UGB is expanded and collect payroll taxes in those areas. Conversely, if an area is not generating sufficient service productivity, it may petition to leave the district. At that time, the payroll taxes collected in the area can be used by the local community to fund its own transit services. As above, to maintain bond covenants, payroll taxes are raised in the remaining part of the district to compensate for lost revenues.

As in Austin, transit agencies have developed mechanisms for providing service in areas outside their tax jurisdictions. In Charlotte, seven surrounding counties purchase express bus services from CATS on a cost-reimbursement basis. In Denver, member communities have purchased supplemental service, often using Federal Congestion Mitigation and Air Quality (CMAQ) grants. When a new route proves successful, the RTD has frequently assumed responsibility for funding it after the grant expires.

### *Local Funding Sources*

As in Texas, most states allow transit agencies to levy a tax within their district boundaries. The type of tax is typically specified by statute, with some states allowing transit agencies to select from among various types of taxes (e.g., sales and use tax, property tax, motor fuel tax, vehicle registration tax, etc.). The tax rate is typically limited by statute (e.g., up to 1 percent sales tax) and frequently may be imposed only with voter consent at a referendum.

Table 5.6 displays the funding approaches employed by each peer region. As the table demonstrates, the vast majority of peer systems rely primarily on sales and use taxes. Portland is an exception because there is no sales tax in Oregon. In the Twin Cities, the state funds a large share of transit subsidies with a share of the motor vehicle sales tax, although a general sales tax in part of the region was recently introduced to fund transit capital facilities. Several peer regions use multiple funding sources to supplement sales taxes, including vehicle registration fees, motor vehicle excise taxes, toll revenues, or property taxes.



**Table 5.6 Local Transit Funding Sources in Peer Regions**

Peer Region	Primary Funding Source	Secondary Funding Source
Austin	Sales tax	None
Charlotte	Sales tax	Vehicle registration fee
Dallas	Sales tax	None
Denver	Sales tax	None
Houston	Sales tax	None
Phoenix	Sales tax	Lottery funds
Portland	Payroll tax	None
Salt Lake City	Sales tax	None
San Antonio	Sales tax	None
San Diego	Sales tax	None
San Francisco	Sales tax	Property tax, Bridge tolls
Seattle	Sales tax	Motor vehicle excise tax
Twin Cities	Motor vehicle sales tax	Property tax

States have generally permitted transit taxes in increments. For example, the Denver RTD had a 0.6 percent tax for many years before seeking voter approval for an additional 0.4 percent for the FasTracks program. Sound Transit is seeking voter approval for additional funding to expand its transit program this year. Likewise, the UTA in Salt Lake City is funded primarily by a 0.25 percent systemwide sales tax. However, the Utah Legislature set up the tax law in such a way that there are a series of 0.25 percent increments that local communities may impose for transportation purposes if they are approved by voters. So far there have been three increments enabled by the legislature, each a separate piece of legislation. They can be devoted to highways, transit, or some combination. When the regional planning process identifies a project, local officials typically put a tax increment on the ballot to move the project forward. In the UTA service area, the tax rate varies based in part on the number of increments that have been adopted in each municipality.

Each Texas transit agency described the constraints that the statewide 2 percent limit on local option sales taxes places on agency membership and transit expansion. In San Antonio, VIA has had some surrounding cities opt out of the transit district because they wanted to use their tax for other purposes such as economic development. This provision seems to be unique to Texas. No peer regions

mentioned similar limitations. The Dallas region has been debating potential solutions over the last few years.<sup>29</sup>

Statutory limitations on how an agency can spend its dedicated revenues are rare among the peer regions. Agencies are generally able to allocate resources between capital and operations at their discretion.

A number of peer city agencies participate in “rebate” programs where the agency dedicates a share of regional transit funds to local discretionary services. Such provisions are often needed to secure approval from voters or local governments.

In Texas, there has been a tradition of allocating a share of transit agency sales taxes to local roads, pedestrian improvements, and other purposes via programs like Build Central Texas in Austin. In Dallas, DART refunds each city 15 percent of its sales tax contributions through its Local Assistance Program until the cities receive light rail service. Similarly, Harris County METRO in Houston dedicates 25 percent of sales tax revenues to a General Mobility Program to be disbursed based on population across the METRO service area. This funding must be spent on street improvements, but the improvements are defined in a broad fashion and thus can be used for a variety of projects. In addition, three small cities in the region have large regional malls that generate sales taxes revenues disproportional to their share of the region’s population and they have been allocated a larger share of the sales tax rebate.

Outside Texas, there are few examples of measures that allocate revenues among multiple modes. In San Diego, the TransNet sales tax was split between highways, local roads, and transit, but the allocations were at the discretion of SANDAG, although tradition suggested approximately equal shares to each category. In contrast, the enabling legislation for the Advanced Transportation District (ATD) in San Antonio specifies that at least one-half of the revenue must be allocated to transit purposes.

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<sup>29</sup>In 2007, the region supported an initiative in the last legislative session to exempt Dallas Area Rapid Transit (DART) from the sales tax limit, but it did not pass. In 2008, a group of communities in the region developed draft legislation that would allow the MPO in a designated Transportation Management Area (eight metropolitan regions in Texas) to establish a transportation district with voter approval. The district could levy fees and taxes subject to voter approval; issue debt; fund operations, maintenance, capital and debt service expenses for passenger rail, transit, roadways and freight rail; and contract with other entities to provide mobility services and implement projects. The proposal includes a range of potential funding sources, including a vehicle registration fee, a motor fuels excise tax, a mileage fee, a property tax, a driver’s license fee, and/or a new resident impact fee. The district would manage donor/donee concerns by using revenue generated in a particular county to fund mobility needs in that county. The district would be governed by the MPO policy committee.

Another approach to managing donor/donee concerns is through “jurisdictional equity,” in which the amount of revenues generated and expenditures made are tracked in each jurisdiction. This can lead to changes in implementation timing of system components as subareas wait to accrue enough revenue to pay for their project. It also can motivate agencies to break projects at jurisdictional boundaries. Obviously, these constraints can frustrate efforts to build a regional system in logical steps, particularly when the subareas are small and numerous. Regions have addressed this by defining large subareas (Seattle has five, for example) and aggregating cash flows over multiple years (Phoenix uses 5- to 10-year periods, for example).

Some stakeholders expressed interest in adapting CTRMA’s broad powers to finance and implement transportation projects for realizing a regional rapid transit system. There are precedents for the institutional commingling of transit and toll road authorities in the New York City and San Francisco regions, although these have focused on toll bridges that are in corridors with complementary transit service.

MTA Bridges and Tunnels is a division of the Metropolitan Transportation Authority, a state agency that also operates the multimodal transit network for the greater New York City area. MTA Bridge and Tunnels operates seven toll bridges and two tunnels. Since it was merged into the MTA in 1968, more than \$122 billion in toll revenues have been used to subsidize mass transit in the region. Nearly one-half of bridge and toll revenues are currently used to support mass transit, and the authority’s total support for transit will exceed \$800 million in 2008.<sup>30</sup>

In San Francisco, the use of bridge tolls has been part of the funding strategy for BART since its inception. Over time, the management of regional transportation funding sources, including tolls and certain local option taxes, has evolved into an MPO function. The Metropolitan Transportation Commission (MTC) directly administers all toll revenue from the region’s seven state-owned toll bridges through the Bay Area Toll Authority (BATA), which was created for this purpose in 1997. Approximately 18 percent of base toll revenues are set aside by statute for transit improvements. These revenues are transferred from BATA to three MTC reserve accounts:

- **AB 664 Net Toll Revenue Reserves** are collected from the Dumbarton, San Mateo-Hayward and San Francisco-Oakland Bay bridges. The money funds transit capital projects in the vicinity of the bridges.
- **Five Percent Reserves** used to be funded by 5 percent of the 1988 toll increase on the region’s bridges and were intended for transit operating and capital projects to relieve congestion in the bridge corridors. However, since 2000,

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<sup>30</sup><http://www.mta.info/bandt/index.html>.

the transit operations portion has been funded directly by the State to make capital bridge investments eligible for Federal funds.

- **Rail Extension Reserves** are funded by 90 percent of a \$0.25 toll increase for autos on the San Francisco-Oakland Bay Bridge and have been used to fund extensions of BART rail lines as well as CalTrain and San Francisco Municipal Metro investments. More recently, they have been utilized to finance the BART to SFO Extension project, which began operations in 2003.<sup>31</sup>

In both cases, there has been a logical connection between toll corridors and transit services, with transit serving as a viable alternative to driving over the bridge. It has thus been relatively easy for proponents of cross-subsidizing transit with toll revenues to make the argument that transit is a reasonable beneficiary of road user fees. Such a linkage may be more difficult to establish in Austin, where existing and planned toll roads are primarily on the periphery of the region.

### *Land Use Coordination*

A few agencies have attempted to manage expectations and guide service planning by associating land use characteristics with transit service characteristics. In particular, those transit agencies that serve exurban areas have developed mechanisms to focus resources in the most developed areas. In the Twin Cities, the entire seven-county region is considered to be part of the Metro Transit service area. Not all parts of the region are served by fixed-route transit, but the Metropolitan Council (which is the MPO) establishes policy on farebox recovery (30 percent of operating costs on each route should come from passenger fares), which effectively limits fixed-route service to the densest corridors. This is enforced by a route review process that can lead to discontinuation of service if operating subsidies or productivity deviate too far from the average. The agency also has Transit Service Standards, which relate transit service levels (service type, frequency, and hours of operation) with population and employment density.<sup>32</sup> Denver uses a similar approach. To receive future fixed guideway rapid transit, communities are required to adopt principles supporting transit, including density, wider sidewalks, and amenities.

In San Diego, SANDAG has used an extensive market research-based service planning process to identify the most competitive corridors and concentrate resources in those areas. The two transit operators also use a route productivity review process to eliminate poorly performing services.

Many agencies, such as VIA in San Antonio and Metro in Houston, respond to requests for new service from communities and then rely on performance

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<sup>31</sup><http://bata.mtc.ca.gov/funded.htm>.

<sup>32</sup>[www.metrocouncil.org/planning/transportation/TPP/2004/TPPAppendixM.pdf](http://www.metrocouncil.org/planning/transportation/TPP/2004/TPPAppendixM.pdf).

standards, such as a minimum number of passengers per hour, to determine whether enough demand exists to maintain the route. Some agencies such as King County Metro in Seattle try to retain flexibility and allow any community to approach them if they want transit service. In cases where service is desired but density is very low, King County Metro has implemented demand-response service. Others such as Valley Metro, which has jurisdictional equity requirements on its operations as well as its capital program, face the challenge of having to provide service in certain areas even if ridership is very low.

Transit agencies commonly perform voluntary review of new developments and make recommendations on land use, design, and amenities to support transit access. Additionally, agencies regularly publish guidance for communities and developers such as UTA's advisory service standards to inform local governments what types of land uses are transit-friendly and educate localities about how they can implement policies that make transit cost-effective. SANDAG developed a guide on *Planning for Pedestrians*, and North County Transit District's *Bus Stop Development Handbook* provides details on how and why to build bus stop-related improvements as part of new development. DART is finalizing a transit-oriented development (TOD) manual for cities and developers. Other agencies, such as San Diego's MTS, have no involvement in local transit amenity or design decisions, viewing this as a local issue.

Among the peer regions, only those in Texas have programs dedicated to sales tax rebates for infrastructure development similar to the Build Central Texas program. For example, the Houston Metro General Mobility program rebates 25 percent of its 1 percent sales tax to member municipalities for local infrastructure assistance. Projects eligible to be funded under the program are any of those authorized in the Texas Transportation Code.<sup>33</sup> Each community determines the projects it desires and submits them to Metro for approval, which is granted if they are consistent with the statute. Improvements funded through the General Mobility program are not required to benefit transit. According to Metro, 95 percent of the projects are roadway improvements. In San Antonio, the transit agency has maintained somewhat greater control over the projects implemented with the sales tax funds. Some VIA rebates to communities are used to improve transit accessibility within one-quarter-mile of a fixed route. Communities are required to develop projects and obtain transit board approval to receive the VIA rebate.

Other transit agencies encourage communities to take advantage of other available funding sources. Tri-Met encourages communities to use flexible regional highway money to leverage local money to develop pedestrian amenities and improve connectivity. UTA encourages localities to use Community Development

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<sup>33</sup>Texas Statutes: Transportation Code. Title 6, Chapter 451, Section 065 A and B, and Chapter 472, Section 001, as amended through the 80<sup>th</sup> Legislature. Available at <http://tlo2.tlc.state.tx.us/statutes/index.htm>.

Block Grant (CBDG) funds to make transit-supportive improvements and state DOT grants to build sidewalks along state highways. Several agencies (including those in Denver, Dallas, San Diego, and Seattle) take an active role in TOD development through joint-development agreements, technical assistance, public-private partnerships (PPP), and infrastructure funding commitments.

### 5.2.4 Funding Sustainability

The consultant team reviewed Capital Metro's historic cost and revenue data, along with the agency's Long-Range Financial Plan (LRFP), in order to examine and compare historical versus projected future operating costs, revenues, operating statistics, and capital expenditures.<sup>34</sup> The Baseline forecast assumes introduction of MetroRail commuter rail in 2009 and MetroRapid arterial BRT in 2010. Service levels are forecast to increase by two-thirds from their current levels over the next 20 years, including introduction of six MetroRapid lines (about 37 percent of the total increase, as measured by revenue vehicle-hours). Except for improvements associated with increasing the peak frequency of the MetroRail service to every 15 minutes, the Baseline scenario assumes no further investment in rail transit.

With no change in the size of its service area, Capital Metro assumed a constant compounded annual growth in sales tax revenue of 5.3 percent per year. This compares to 5.1 percent over the 1998 to 2007 period reported in Section 2.4. However, there was considerable variation over that 10-year period, from a peak annual growth of 19.4 percent between 1999 and 2000, to a decline of 5.4 percent between 2001 and 2002. The annual growth rate exceeded 10 percent in both 2006 and 2007.

Capital Metro projects a more modest growth rate in operating costs going into the future than has been experienced over the last decade. Between 1998 and 2007, total operating costs increased by an average of 7.9 percent per year, while growth over the next 20 years is forecast to average 5.1 percent. A key assumption is that the majority of new service will be operated by private contractors. While StarTran's total workload is expected to remain relatively stable over time (declining by about 14 percent from 2008 to 2028), its share of total vehicle-hours is assumed to decline from 71 percent in 2008 to 36 percent in 2028.

The increase in operating costs is a function of service increases and unit cost (e.g., cost per vehicle-hour) increases from inflation. Capital Metro projects total vehicle-hours to increase at an average annual rate of 2.6 percent over the next 20 years, up from 1.8 percent over the past decade. Unit costs for bus services are projected to increase at an average annual rate of 3.2 percent, with spikes of 9 percent or more in 2009 and 2012 corresponding to labor agreement changes.

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<sup>34</sup>Capital Metro. Long Range Financial Plan, revised August 25, 2008. Baseline cash flow forecast, 2008-2028, as provided by agency in spreadsheet form.

Over the past decade, operating cost per revenue vehicle-hour increased at an average of 6.0 percent. While disaggregate data were not available to evaluate the relative changes in StarTran and contractor cost structures over time, Capital Metro's forecasts appear to be largely influenced by cost savings through outsourcing.

The LRFP assumes that base bus fares will increase by \$0.25 every two years beginning in 2009, reaching \$3.00 by 2027. This results in steep increases in average fare per passenger, projected fare revenues, and the fare recovery rate. Accordingly, fare revenue per bus and paratransit passenger trip is expected to increase at an average of 6.7 percent per year over the next 20 years, which is comparable to the growth in recent years when contract revenues are included.<sup>35</sup>

Traditional (non-BRT) bus ridership, which grew at a modest 1.3 percent per year over the past decade, is projected to grow at 1.8 percent per year over the next 20 years. This is a function of service increases (for every 10 percent increase in vehicle-hours of service, Capital Metro forecasts a 7.6 percent increase in ridership) and fare increases (for every 10 percent increase in vehicle-hours of service, Capital Metro forecasts a 1.6 percent decrease in ridership). The service elasticity is consistent with ranges generally accepted in the transit industry, but the fare elasticity appears to be low compared with recent industry research.<sup>36</sup>

In combination, fare increases and ridership increases are forecast to result in rapidly rising fare recovery rates. Since 2002, annual fare recovery rate has ranged between about 8 and 9 percent of operating costs (including UT Shuttle revenues). The rate is projected to increase steadily over the next 20 years, reaching a high of 27 percent by 2027.

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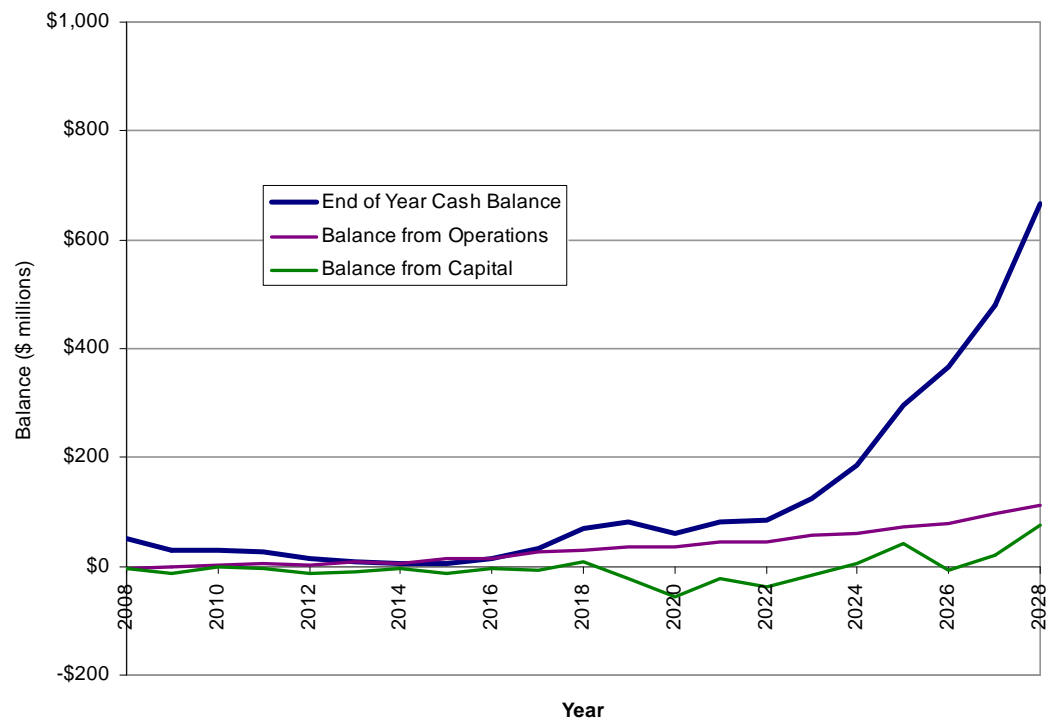
<sup>35</sup>This rate of increase would make Capital Metro's fare structure more or less consistent with national norms over the next 20 years. In 2028, Capital Metro's base fare would be about 30 percent above the current national average (as reported in APTA's *2008 Transportation Fact Book*), adjusted for inflation (extrapolated from U.S. Government Accountability Office long-term inflation projections). In terms of average fare revenue per passenger trip (after passes and other discounts are applied), Capital Metro's average fare in 2028 would be about 10 percent less than the national average, adjusted for inflation.

<sup>36</sup>Todd Litman. *Transit Elasticities and Price Elasticities*. Victoria Transportation Policy Institute (2007). According to the American Public Transportation Association (APTA) in *Fare Elasticity and Its Application to Forecasting Transit Demand* (2003), industry average fare elasticity is -0.40 (a 10 percent increase in average fare results in a 4 percent decrease in ridership).

Even with no additional investment in fixed guideway rapid transit beyond 2010, Capital Metro’s capital program corresponds to approximately one-quarter of its sales tax revenue over the 20-year period. This is consistent with the agency’s historic set aside for rail.

Based on all of the costs and revenues included in the LRFP, Capital Metro appears to be expected to accumulate a substantial surplus over the next 20 years. As illustrated in Figure 5.1 below and Table E.1 in Appendix E, Capital Metro’s total cash reserve is forecast to grow to \$664.9 million by 2028. Most of the accumulation of reserves would occur after 2022. The annual cash flow corresponds to a net present value of \$287.5 million.<sup>37</sup>

**Figure 5.1 Capital Metro Baseline Cash Flow Forecast**  
2008 to 2028



Source: Capital Metro. Long-Range Financial Plan, revised August 25, 2008.

<sup>37</sup>Net present value (NPV) is presented for comparison purposes between financial scenarios. NPV is computed on annual net cash flow from 2008 to 2028 at a discount rate of 5 percent. NPV suggests an upper limit for the magnitude of a potential capital program that the agency could afford to build today. Interest costs, debt service coverage ratio requirements, bond issuance costs, project timing, project cost escalation, and other factors would likely reduce the amount that could be used for the local share of a transit capital program. Accordingly, more detailed financial analysis should be performed before evaluating the sufficiency of agency finances for any particular project.



However, cash flow in some years is very tight, particularly around the period of concern identified in earlier financial projections. With end-of-year cash balances of less than \$10 million (plus operating reserves) on total operating expenses of \$200 million or more, this suggests that the agency will encounter periods with relatively little working capital (as little as one month of average operating costs in 2014 and 2015).

Of course, changes in any of the growth rates described above could have substantial effects on this forecast. The sensitivity of Capital Metro's financial situation to changes in certain key assumptions are described below as examples:

- **Sales Tax** - If sales tax revenues were to increase at only 4.5 percent, Capital Metro could run deficits in many years and the agency's total cash reserve could decline to about \$180 million by 2028, with a net present value of about \$170 million. As above, most of the accumulation of reserves would occur after 2022.
- **Fare Revenues** - If fare revenues were to increase at only the rate of inflation (and ridership growth were somewhat higher to reflect the lower fares), Capital Metro could run deficits in many years and the agency's total cash reserve could decline to about \$160 million by 2028, with a net present value of about \$50 million. The surplus would not accumulate until the final years of the analysis period.
- **Operating Reserves** - If Capital Metro were to establish a policy of maintaining a 60-day operating reserve, the agency would be forced to defer some capital projects to maintain adequate cash flow, particularly between 2012 and 2016.
- **Capital Projects** - Assuming that Capital Metro maintains the operating reserve described above, the agency would have positive annual cash flow to invest in additional projects, such as regional rapid transit, after 2023. Without any borrowing, a total investment of more than \$500 million could be supported over the 2023 to 2028 period.

In summary, Capital Metro's Long-Range Financial Plan suggests that the agency can likely manage the *All Systems Go!* plan elements that it already has undertaken, but that there are limited resources available for additional system expansion, at least in the near-term. With careful management (and some aggressive policies), the agency can continue to build on the already high level of service that it provides. With a less aggressive bus service development policy, some resources could be made available for other types of transit investments. However, additional revenue will likely be needed to build a regional rapid transit system.



## 6.0 Study Recommendations

The start of a new chairman and vice chair this year provides Capital Metro with an historic opportunity to set the agency on a course that addresses many of the challenges identified by stakeholders. The current zeitgeist, in which volatile energy prices and increased environmental awareness are broadening public support for investment in public transportation as a more sustainable alternative to driving, enhances the possibilities associated with this change in leadership. Taking advantage of this confluence of events, the agency has a chance to better position itself, and by extension public transportation, as a key part of the region's solution to its congestion and air quality problems. By more strongly linking its actions with solutions to the major problems facing the region, Capital Metro may be able to finally turn around its lingering perception problems.

The following recommendations provide an outline of potential actions that Capital Metro and other agencies in the region could take to adopt best practices from elsewhere while preparing for further investment in fixed guideway rapid transit facilities. These recommendations are based on insights gained from the extensive stakeholder outreach in Task 1 and:

- Focus on the most significant issue areas identified by the stakeholders;
- Incorporate best practices from a dozen peer regions and national experience; and
- Describe implementation options for consideration by Capital Metro, CAMPO, or other agencies, in some cases in coordination with the region's legislative delegation.

The recommendations focus on positioning transit as a regional solution to regional problems. Accordingly, they consider not just Austin or the current Capital Metro service area, but rather the entire three-county CAMPO region. Based on peer region's experience with transit service areas well beyond existing urbanized areas, five-county scenarios corresponding with an expanded CAMPO were not explored.

### 6.1 CONTINUE TO DEVELOP THE REGIONAL TRANSIT PLAN

Most stakeholders expressed that the next step in the development of the region's transportation system should be the development of transit services that are competitive with the automobile for trips in the region's most congested corridors. Many stakeholders also suggested that the transit services will need to operate primarily in dedicated right-of-way (separated from traffic) to provide the travel time advantage, schedule reliability, and passenger amenities needed

to coax people out of their cars. Rapid transit investment is seen as the logical follow-up to the major highway investment program of the last decade and provides an opportunity to enhance quality of life through more reliable travel, better air quality, and promotion of walkable activity centers. It also addresses concerns among stakeholders and the public about motor fuel costs, energy independence, and climate change.

The Austin metropolitan area already has made substantial progress on the development of a vision for regional rapid transit. Envision Central Texas identified through a broad stakeholder and public involvement process a growth framework for the region that included specific activity centers in which transit-supportive development should be concentrated. CAMPO has continued to build on this vision with its Regional Growth Concept and related planning activities. Capital Metro's *All Systems Go!* plan is widely considered to include many appropriate elements of a regional transit investment strategy, although it is perceived by many stakeholders to have been developed "in a vacuum." The ASACRD has completed a feasibility study of a commuter rail service from Georgetown to San Antonio. The City of Austin recently developed a concept for a streetcar or light rail service between the airport and the Mueller redevelopment via downtown Austin and the University of Texas campus. CAMPO's *Mobility 2030* long-range transportation plan includes most of these projects in one form or another. The CAMPO Transit Working Group has developed a "decision tree" process for evaluating potential projects as part of a regional transit system. Through these efforts, the form of a future network of enhanced transit services is beginning to take shape.

While the proposed projects serve most of the region's major activity centers and travel corridors, there is no clear plan for how each of these parts might eventually fit together into a cohesive regional transit system. For example, the ASACRD commuter rail line gets close to downtown Austin, but its station is at least as far out on the western fringe of downtown as the initial terminal of the MetroRail line to Leander is on the east. With the importance of making transit competitive with the automobile and the need to serve trips between many dispersed activity centers around the region, more direct connections between regional transit lines will likely be needed. Where "one-seat rides" are not possible, the ability to make a trip with at most one convenient transfer from one line to another is essential to allowing a transit network to effectively serve the dispersed travel patterns (many origins to many destinations) that dominate in places like Austin with so many suburban employment centers.

The next steps should be to integrate land use considerations, identify and prioritize corridors, optimize the network to serve as many travel markets as possible without the need to transfer between transit lines, create a phasing strategy, develop preliminary cost estimates, and prepare a financial plan that identifies local funding sources. A well-articulated concept developed through a public process and a reasonable funding strategy can help to position transit as an essential part of the solution to many of the problems facing the region. This

kind of strategic vision, with costs and benefits well defined, has translated into broad support for local funding and implementation – and referendum success where needed – in several of the peer regions.

## 6.2 CLARIFY PLANNING AND IMPLEMENTATION ROLES

Many stakeholders suggested that Capital Metro has struggled when it has attempted to both define a vision for public transportation and implement the vision. There is broad consensus that the agency should operate transit services (either directly or through contracts), but there is less consensus on its role in implementation activities, particularly related to funding and constructing regional transit facilities.

Based on the experience of the peer regions, three potential approaches to allocating responsibilities are presented for consideration with a discussion of some advantages and disadvantages. In each case, there is an attempt to create an institutional framework that applies to the entire three- or five-county region. Stakeholders noted that regional problems require regional solutions. The success of transit programs in Denver, Salt Lake City, Portland, and elsewhere illustrate the benefits of achieving regionalism in planning, funding, and implementation.

Table 6.1 describes the primary agency with responsibility for each of the key implementation phases of a regional transit investment program under three representative scenarios. Although variations on these scenarios are certainly possible, these illustrate how the major types of institutional arrangements observed in the peer regions could be applied in Austin.

**Table 6.1 Primary Agency Roles under Each Implementation Option**

Role	Option 1 Traditional	Option 2 MPO Financing	Option 3 Regional Agency
Defines vision	CAMPO	CAMPO	CAMPO
Prioritizes projects	CAMPO	CAMPO	CAMPO
Collects capital revenue	Capital Metro	CAMPO	CTRMA
Issues bonds	Capital Metro	CAMPO	CTRMA
Designs projects	Capital Metro	Capital Metro	CTRMA
Manages construction	Capital Metro	Capital Metro	CTRMA
Operates services	Capital Metro	Capital Metro	Capital Metro
Subsidizes operations	Capital Metro	Capital Metro	Capital Metro

### 6.2.1 Option 1: Traditional

This scenario reflects the traditional planning agency – transit agency relationship that is most common across the nation. The MPO is responsible for defining an overall vision for the transportation system, prioritizing projects, and developing a financially constrained regional transportation plan that balances investment in each mode. In many regions, notably Portland, Salt Lake City, and to a certain extent Austin, the transportation planning process has increasingly incorporated regional growth visioning activities as a blueprint for modal elements, such as freight or transit. These visioning activities have considered in addition to transportation other quality of life considerations, such as resource conservation, water quality, viewsheds, land use, economic development, and affordable housing, as they develop comprehensive plans for accommodating a region’s development over time. They have also included public involvement activities and quantitative performance measures to educate the public and decision-makers on the tradeoffs between alternative futures. In most cases, the result has been improved consensus on how the region should grow.

Where the vision includes enhanced public transportation, a regional transit agency has generally been assigned the responsibility to implement and operate the transit element of the plan. This frequently involves a public referendum to approve a local funding source for the construction costs and incremental operating costs. The regional transit agency typically administers the revenues from the local transit tax, issues bonds as necessary, allocates resources between capital and operations, prepares the environmental documentation, conducts engineering and design, manages construction, and operates the services.

CAMPO is integrating the results of the Envision Central Texas visioning activities into its long-range scenario planning and related documents. Its Transit Working Group (TWG) was formed to evaluate potential transit projects as part of a comprehensive regional transportation plan. CAMPO is thus carrying out the role of regional planning agency in this arrangement.

Capital Metro obtained voter approval for its MetroRail Red Line, is currently collecting the local tax revenues to finance the investment in the MetroRail Red Line and the MetroRapid BRT services in the *All Systems Go!* plan, is leading the design and construction activities, and will operate and subsidize the services. Capital Metro is carrying out the role of regional transit agency in this arrangement.

This scenario thus describes an extension of the current institutional arrangement as it has evolved in Austin. Major actions needed to expand these institutional roles to allow for expansion of the current regional transit investment program to other proposed projects include expanding Capital Metro’s tax district to contain additional regional corridors and to generate revenues for additional investment. Options for expanding the service area and generating additional revenue are described in Section 6.3.

## **6.2.2 Option 2: MPO Financing**

In some peer regions, particularly those in California, regional planning agencies collect local option tax revenues for highway and transit construction programs. In San Diego, SANDAG serves as both the MPO and the Regional Transportation Commission, which administers the TransNet sales tax (0.5 percent) for transportation projects. The effect is that SANDAG not only sets priorities through its planning process, but also controls local funding to cover the region's share of the costs of HOV lanes, LRT and BRT lines, local roads, bicycle facilities, and other elements of the region's long-range transportation plan. In Minneapolis-St. Paul, the Metropolitan Council collects property taxes and allocates among agency operating functions, including transit.

In this scenario, CAMPO would become the administrator of a new dedicated funding source for transit investment. As the MPO, the agency would have the theoretical latitude to allocate investment between highways, transit, and other transportation purposes as needed to meet the region's needs and realize the long-range transportation plan. In practice, however, dedicated funding sources in other regions have frequently had statutory limitations on the purposes for which revenues can be used, such as transit capital and operations only.

CAMPO would issue revenue bonds to accelerate the implementation of the program. In contrast to Option 1, this would likely eliminate the need to revisit Capital Metro's statutory limit on long-term borrowing. Capital Metro would be responsible for all design, construction, and operating activities associated with the regional transit facilities.

This scenario also builds on existing institutional relationships in the region, but greatly expands CAMPO's ability to associate project funding with actions by local governments that support its regional transportation plan. In particular, this scenario would give CAMPO considerably more leverage in encouraging land use that supports transit projects, such as through transit-oriented development. Implementing a regional tax through CAMPO would not necessarily require any expansion of Capital Metro's service area, although there would be greater justification for expanding Capital Metro service to cover the entire district paying the tax. Any additional use of sales tax funding would require relaxation of the statewide sales tax cap.

### 6.2.3 Option 3: Regional Agency

In San Diego, San Francisco, Seattle, and Phoenix, there is a regional agency that collects local option tax revenues to implement transit projects and is at least somewhat independent of the transit operating agency or agencies. The CTRMA, with its broad powers to “study, evaluate, design, finance, acquire, construct, maintain, repair, and operate [a turnpike, a passenger or freight rail facility, or a transit system] individually or as one or more systems,” could serve as a regional agency in Austin.<sup>38</sup>

With its membership based on county (rather than municipal) decisions to join, aligning its district with that of CAMPO could be relatively straightforward. As CTRMA currently consists of Travis and Williamson Counties, aligning with CAMPO’s current three-county region would require only the addition of Hays County.

CTRMA has the power to acquire an existing transportation provider, such as Capital Metro, with the consent of the transit provider’s board. The board decision must follow a public hearing and may follow a referendum on whether to dissolve the transit authority and transfer its assets and liabilities to CTRMA. If CTRMA acquires a transit provider in this manner, it may impose a sales tax similar to that which Capital Metro currently imposes.<sup>39</sup>

Some of the possibilities for how CTRMA could relate with CAMPO and Capital Metro include:

- **CTRMA as Rapid Transit Builder** - CTRMA has the power to “enter into a contract, agreement, interlocal agreement, or other similar arrangement under which the authority may plan, design, construct, or operate a transportation project on behalf of [another] governmental entity.”<sup>40</sup> Under this scenario, CTRMA could build on its expertise in delivering transportation projects by assuming responsibility for implementing the fixed guideway transit elements of CAMPO’s regional transportation plan. Either CTRMA or Capital Metro could operate the services. Because CTRMA only has power to levy a sales tax if it acquires a transit provider with taxing authority, funding for the development of the transit system would need to come from another

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<sup>38</sup>Texas Statutes: Transportation Code. Title 6, Chapter 370 *Regional Mobility Authorities*, Section 033 *General Powers*, Subsection (3), as amended through the 80<sup>th</sup> Legislature. Available at <http://tlo2.tlc.state.tx.us/statutes/index.htm>.

<sup>39</sup>Texas Statutes: Transportation Code. Title 6, Chapter 370 *Regional Mobility Authorities*, Subchapter J *Acquiring Transit Systems*, as amended through the 80<sup>th</sup> Legislature. Available at <http://tlo2.tlc.state.tx.us/statutes/index.htm>.

<sup>40</sup>Texas Statutes: Transportation Code. Title 6, Chapter 370 *Regional Mobility Authorities*, Section 033 *General Powers*, Subsection (15) (f), as amended through the 80<sup>th</sup> Legislature. Available at <http://tlo2.tlc.state.tx.us/statutes/index.htm>.



source, such as the CAMPO sales tax described in Option 2 or Capital Metro funds.

- **CTRMA as Regional Transit Operator** - If CTRMA were to acquire Capital Metro, it could assume responsibility for operating the existing transit system as well as building the rest of the transit element of CAMPO's regional transportation plan. Under this scenario, CTRMA would become the regional transit provider across the three-county CAMPO region. As such, there would be some justification for expanding the transit sales tax to the remainder of the region outside the current Capital Metro service area. Financing options that could be used under this institutional framework are described in Section 6.3.

In each of these scenarios, there are governance issues that must be addressed. CTRMA is controlled by a seven-member board composed of nonelected officials. The Chairman is appointed by the Governor. The County Commissioners of Travis and Williamson counties each appoint three board members. If Hays County were added, enabling legislation suggests that it could have less representation than the founding counties.<sup>41</sup> Given that the majority of the region's transit service will likely continue to be provided within the City of Austin (even with an expanded regional system), there will likely be concerns about the local accountability of CTRMA. Given the current share of elected officials on Capital Metro's board, there also may be concerns about the accountability of nonelected directors on CTRMA's board.

## 6.3 IDENTIFY FUNDING FOR REGIONAL TRANSIT

As evidenced by stakeholder concerns and the consulting team's assessment of Capital Metro's Long-Range Financial Plan, it is apparent that the region needs to find a balance between the community's expectations (service level, investments in more attractive services, fare policy) and available resources (sales tax, fare revenues, and other potential sources of capital and operating funds) that is sustainable over the long-term. With Capital Metro's decision to raise fares this

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<sup>41</sup>Texas Statutes: Transportation Code. Title 6, Chapter 370 *Regional Mobility Authorities*, Section 251 *Board of Directors*, as amended through the 80<sup>th</sup> Legislature. Founding counties may each appoint two or more directors, with the number determined at the time of initial formation by agreement of the counties. (CTRMA currently has three directors from each of its two counties.) A county that is subsequently added to the authority (e.g. Hays County) appoints one director. The Governor appoints one or two directors as needed to maintain an odd number of board members. (The Governor currently appoints one director, the Chairman.) Unless the counties of the authority unanimously agree otherwise, each county that contains an operating transportation project of the authority appoint one additional director. (This provision could allow Hays County an extra representative, and thus potentially diminish the number of directors appointed by the Governor.)

year and its financial planning assumptions of continued fare increases, the agency will likely improve its financial situation and more closely align its fare policy with typical national practice.

However, even with a surplus of more than \$500 million over the next 20 years (mostly accruing in the latter years), Capital Metro has limited ability to implement a regional rapid transit program of the scale envisioned in recent planning efforts under its current funding structure. Building in an organic manner from existing state law and institutional arrangements, three potential approaches to funding a major regional investment in rapid transit are presented for consideration with a discussion of some implementation options, advantages, and disadvantages. Each approach is designed to address stakeholder interests in promoting a regional solution to regional congestion and air quality problems while adopting best practices from other regions.

Table 6.2 shows the potential funding that could be raised across the three-county CAMPO region from various types of dedicated taxes used in the peer regions, including sales taxes, motor vehicle registration fees, property taxes, and income taxes. For comparison, tax rates for the latter types of taxes are selected to provide the same total regional revenue as each sales tax option. In each case, Travis County bears about two-thirds of the regional tax burden. Likewise, Williamson County generates about one-quarter of regional revenues.

Some of these tax options may not be realistic in Texas, but are shown for illustrative purposes. For example, imposing an income tax or payroll tax to fund transit (similar to the local revenue source in Oregon) would require a major change in state tax policy. Just as Texas (which has no state or local income tax) has built on its state sales tax to fund transit, Oregon (which has no sales tax) has opted to build on its payroll tax to fund transit. The development of entirely new tax systems, with their associated tax collection infrastructures, to fund specific local purposes is rare.

A result of increased regional funding and cooperation in the development of a rapid transit system is likely to be the desire to ensure regional representation in the organization managing the dedicated funding source(s). While most stakeholders found Capital Metro's board to be appropriately structured for the present situation and consistent with national practice, there was some openness to adding members or adjusting representation if the agency's service area (and tax district) were to be expanded significantly. If CAMPO were to manage the dedicated funding source, as described in Section 6.2.2 above, its board structure may already be adequate. If CTRMA were to assume control as in Section 6.2.3 above, its board may need to be extensively restructured to reflect its new service area.

**Table 6.2 Potential Revenue from Various Potential Dedicated Transit  
2007 (Dollars in Millions)**

Tax Type and Rate	Hays County	Travis County	Williamson County	Region Total
<b>Sales and Use Tax</b>				
Taxable Sales (2007)	\$1,731.4	\$14,678.1	\$5,263.3	\$21,672.8
0.25%	\$4.3	\$36.7	\$13.2	\$54.2
0.50%	\$8.7	\$73.4	\$26.3	\$108.4
0.75%	\$13.0	\$110.1	\$39.5	\$162.5
1.00%	\$17.3	\$146.8	\$52.6	\$216.7
<b>Motor Vehicle Registration Fee</b>				
Registered Vehicles (2007)	121,361	789,361	318,915	1,229,637
\$44.06	\$5.3	\$34.8	\$14.1	\$54.2
\$88.13	\$10.7	\$69.6	\$28.1	\$108.4
\$132.19	\$16.0	\$104.3	\$42.2	\$162.5
\$176.25	\$21.4	\$139.1	\$56.2	\$216.7
<b>Property Tax</b>				
Assessed Value (2007)	\$9,170.6	\$85,783.3	\$29,359.3	\$124,313.2
0.044%	\$4.0	\$37.4	\$12.8	\$54.2
0.087%	\$8.0	\$74.8	\$25.6	\$108.4
0.131%	\$12.0	\$112.2	\$38.4	\$162.5
0.174%	\$16.0	\$149.6	\$51.2	\$216.7
<b>Income Tax</b>				
Personal Income (2007)	\$3,158.4	\$29,193.7	\$9,451.0	\$41,803.1
0.13%	\$4.1	\$37.8	\$12.2	\$54.2
0.26%	\$8.2	\$75.7	\$24.5	\$108.4
0.39%	\$12.3	\$113.5	\$36.7	\$162.5
0.52%	\$16.4	\$151.4	\$49.0	\$216.7

## Sources:

1. Taxable Sales data from Texas Comptroller of Public Accounts "Quarterly Sales Tax Historical Data" for calendar year 2007.
2. Registered vehicles data from Texas Department of Transportation "Statistical Comparison of Texas Counties" for fiscal year 2007.
3. Property tax assessed value from Texas Comptroller of Public Accounts.
4. Personal income based on 2007 population estimates from the Texas State Data Center and 2006 per capita income from the U.S. Bureau of Economic Analysis, as compiled by CAPCOG.

### 6.3.1 Option 1: Expand Transit Sales Tax

The sales tax is the most common source of local funding for transit projects throughout the United States and in the peer regions. The sales tax also is currently being used throughout Texas to fund transit agencies and their capital programs. Under this option, several scenarios are discussed that propose a regional sales tax in one form or another to fund regional rapid transit. Each scenario builds on the current arrangement of member and nonmember jurisdictions in the three-county CAMPO region. To prevent economic shifts associated with differential sales tax rates throughout the region, the scenarios provide an opportunity to maintain the generally uniform sales tax rates that are currently in place.

Table 6.3 shows 2007 sales tax revenues in three geographic areas of the region under the four rate scenarios illustrated above. The geographic areas include the City of Austin, the current Capital Metro service area (not including unincorporated areas for which no data was available), and the entire three-county CAMPO planning area. This analysis shows the dominance of Austin within the current Capital Metro service area, where more than 85 percent of revenues are generated, although some of these taxes are paid by residents of surrounding areas who shop in Austin. The analysis also suggests that such an expansion of the Capital Metro service area could increase current annual revenues available for regional transit by about 44 percent.

As noted above, any sales tax increase would require relaxation of the state law that limits any combination of local option sales taxes in a location to a total rate of 2 percent. This could be accomplished by exempting the transit portion of the sales tax in MTA areas, repealing the limit altogether, or other means. The approach discussed herein assumes that the state legislature exempts MTA sales taxes up to a rate of 1 percent from the statewide limit. In effect, MTA members would be able to raise sales taxes to a local total of 3 percent, which in combination with the state sales tax, would amount to 9.25 percent. This concept is based on a proposal by the Dallas region to seek relief from the limit in the 2007 legislative session. The proposal was not enacted.

The approach also assumes that the legislature enables a local option sales tax for building rapid transit as a supplement to the existing MTA sales tax. By creating an additional approved purpose for local option sales taxes, Texas would follow the practice of other states, such as Colorado, Utah, and Washington in allowing metropolitan regions to incrementally raise additional revenues for transit investment programs. This tax is assumed not to be subject to the 2 percent limit.

The Advanced Transit District (ATD) in San Antonio could serve as a model for this new rapid transit sales tax. The ATD provides a mechanism by which certain MTA members (currently the City of San Antonio) can contribute more than other members and implement rapid transit in the most urbanized areas of a metropolitan region.

**Table 6.3 Potential Sales Tax Revenue by Location**  
*2007 (Dollars in Millions)*

	City of Austin	← increment →	Capital Metro Service Area	← increment →	Entire Three-County Region
Taxable Sales (2007)	\$12,947.6	\$2,081.9	\$15,029.5	\$6,643.3	\$21,672.8
0.25 percent	\$32.4	\$5.2	\$37.6	\$16.6	\$54.2
0.50 percent	\$64.7	\$10.4	\$75.1	\$33.2	\$108.4
0.75 percent	\$97.1	\$15.6	\$112.7	\$49.8	\$162.5
1.00 percent	\$129.5	\$20.8	\$150.3	\$66.4	\$216.7

## Notes:

1. Estimates of taxable sales and potential revenues for Austin and the three-county region are based on 2007 data provided by the Texas Comptroller of Public Accounts, “Quarterly Sales Tax Historical Data,” available at <http://www.window.state.tx.us/taxinfo/sales/index.html>.
2. Taxable sales and potential revenues for the Capital Metro service area are based on actual 2007 sales tax receipts as reflected in Capital Metro’s *Comprehensive Annual Financial Report for the Year Ended September 30, 2007*. Available at [http://www.capmetro.org/docs/cafr\\_web.pdf](http://www.capmetro.org/docs/cafr_web.pdf).

The ATD was passed by referendum in November 2004, and collects a 0.25 percent sales tax in San Antonio, at least one-half of which is statutorily designated for “advanced transportation,” which includes “light rail, commuter rail, fixed guideways, traffic management systems, bus ways, bus lanes, technologically advanced bus transit vehicles and systems, bus rapid transit vehicles and systems, passenger amenities, transit centers, stations, electronic transit-related information, fare, and operating systems, high-occupancy vehicle lanes, traffic signal prioritization and coordination systems, monitoring systems, and other advanced transportation facilities, equipment, operations, systems, and services, including planning, feasibility studies, operations, and professional and other services in connection with such facilities, equipment, operations, systems, and services.” The other half may be used for “advanced transportation” or “mobility enhancement” purposes, which include “streets, roads, highways, high-occupancy vehicle lanes, toll lanes, sidewalks, and infrastructure designed to improve mobility” as well as “traffic signal prioritization and coordination systems.”<sup>42</sup>

A new rapid transit program would likely require new enabling legislation. While language in the enabling legislation for the ATD could serve as a foundation, some deviations from the precedent in San Antonio would be required, including:

<sup>42</sup>Texas Statutes: Transportation Code. Title 6, Chapter 451, Subchapter O *Advanced Transportation Districts*, Section 701 *Definitions*, as amended through the 80<sup>th</sup> Legislature. Available at <http://tlo2.tlc.state.tx.us/statutes/index.htm>.

- Enabling legislation currently only authorizes VIA to order an election to create an ATD within its boundaries. To apply in Austin or elsewhere, the language would need to be changed that currently restricts ATDs based on the size of principal city and the rate of MTA sales tax imposed.
- Enabling legislation currently does not appear to provide a means to impose different allocations between “advanced transportation” and “mobility enhancement” within an ATD. To allow Austin to potentially allocate a greater share to transit than other areas, it may be necessary to clarify such a mechanism in the language or to create multiple districts. The advantage of allowing flexibility in uses is that larger districts can avoid some of the problems of “jurisdictional equity” described in Section 5.2.3. ATD legislation includes a provision which requires at least 25 percent of revenues collected in each participating community to be used for projects within that community. This partial guarantee provides more flexibility for system implementation than would be possible if individual districts were created in each municipality.
- Enabling legislation places control of ATDs with MTA boards. If there is a desire to provide CAMPO or CTRMA with control of rapid transit program revenues as described in Section 6.1.2, the language describing elections and governance would need to be changed.

In combination, the relaxation of the 2 percent limit and the creation of a new local option sales tax purpose would allow communities that already are members of MTAs to “backfill” their local sales taxing authority with other local purposes. Some of the communities may choose to use all or part of the new taxing authority to fund rapid transit. Each nonmember community in the three-county region also would be able to join Capital Metro at the full 1 percent rate without any effect on their other local sales tax programs.

Six suboptions for allocating portions of the new sales tax authority in the current Capital Metro member communities are presented for discussion. Table 6.4 shows the breakdown of local sales tax purposes and rates under each option and compares them to the status quo. Under five of the scenarios, a “doughnut” of communities around Austin with higher sales tax rates could be created if current Capital Metro member communities do not “backfill” their unused taxing authority with taxes for other approved purposes.

Consistent with agency precedent to set aside one-quarter of the penny for rail, each option assumes that 25 percent of the new revenue in the nonmember communities would be allocated to rapid transit as well. Three-quarters of the new revenue would be available for operations and other capital needs associated with expanding Capital Metro service into the new communities. Each option also assumes that Capital Metro uses its projected future surplus for construction and operation of rapid transit, which amounts to approximately 25 percent of projected sales tax revenues.

The consultant team estimated future sales tax revenues available for transit capital investment under each option. Table 6.5 shows estimated 2008 revenues and the net present value of the forecast revenue stream over the next 20 years, and compares each option with Capital Metro's baseline capital program. Forecasts assume that taxable sales increase at the same rate in each jurisdiction as they have over the last five years. Annual revenue from current Capital Metro member areas describes the relative amount available to CAMPO, CTRMA or Capital Metro for rapid transit depending on the scenario selected in Section 6.1.2. Annual revenue from current nonmembers shows the relative amount that would likely remain under control of Capital Metro under any of those scenarios.

Sales tax revenues in the current Capital Metro service area are assumed to grow as reflected in Capital Metro's Long-Range Financial Plan, which is described in Section 5.2.4. Revenues in the City of Austin and the three-county CAMPO region are forecast to grow based on growth rates in each area over the last five years. Based on state tax statistics, sales tax revenues in the City of Austin increased at a compound annual growth rate of 5.1 percent from 2002 to 2007. Total tax revenues in the three-county CAMPO region increased somewhat more rapidly at a rate of 7.3 percent.

#### *Suboption 1: Expand Capital Metro Service Area*

As noted in Table 6.3, expanding the district in which transit sales taxes are collected to the three-county CAMPO area could expand the total funding available for transit by about two-thirds. This scenario assumes that each nonmember community in the three-county region would join Capital Metro at the full 1 percent rate. Consistent with agency precedent to set aside one-quarter of the penny for rail, 25 percent of the new revenues would be allocated to a rapid transit capital program. Three-quarters of the new revenue would be available for operations and other capital needs associated with expanding Capital Metro service into the new communities. In this scenario, the new money for rapid transit capital investment would be effectively coming from areas that are not currently members of Capital Metro.

This scenario would generate about \$18.6 million of additional revenue in 2008 and more than triple the net present value of total funding available for a transit capital program from about \$288 million to more than \$900 million.

**Table 6.4 Breakdown of Local Option Sales Tax Rates**

	Baseline	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
	Capital Metro Long-Range Financial Plan	Expand Capital Metro 1% Sales Tax to Three-County Region Designate 25% of Capital Metro Revenues in New Areas to Rapid Transit Add New Local Option Sales Taxes in Current Capital Metro Member Areas for Various Purposes					
<b>Share of New Sales Tax Revenues Allocated to Rapid Transit</b>							
In City of Austin	–	0%	50%	50%	100%	100%	100%
In rest of Capital Metro service area (member cities)	–	0%	0%	50%	0%	50%	100%
In rest of Three-County CAMPO region (nonmember cities)		25%	25%	25%	25%	25%	25%
<b>Local Sales Tax Rates</b>							
In City of Austin							
Capital Metro Sales Tax	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Rapid Transit Capital Program	–	0%	0.50%	0.50%	1.00%	1.00%	1.00%
Current Other Local Purposes	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Possible New Local Purposes	–	0% – 1.00%	0% – 0.50%	0% – 0.50%	0%	0%	0%
<b>Total</b>	<b>2.00%</b>	<b>2.00% – 3.00%</b>	<b>2.50% – 3.00%</b>	<b>2.50% – 3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>
In rest of Capital Metro service area (member cities)							
Capital Metro Sales Tax	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Rapid Transit Capital Program	–	0%	0%	0.50%	0%	0.50%	1.00%
Current Other Local Purposes	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Possible New Local Purposes	–	0% – 1.00%	0% – 1.00%	0% – 0.50%	0% – 1.00%	0% – 0.50%	0%
<b>Total</b>	<b>2.00%</b>	<b>2.00% – 3.00%</b>	<b>2.00% – 3.00%</b>	<b>2.50% – 3.00%</b>	<b>2.00% – 3.00%</b>	<b>2.50% – 3.00%</b>	<b>3.00%</b>
In rest of Three-County CAMPO region (nonmember cities)							
Capital Metro Sales Tax	0%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Rapid Transit Capital Program	–	0%	0%	0%	0%	0%	0%
Current Other Local Purposes	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Possible New Local Purposes	–	0%	0%	0%	0%	0%	0%
<b>Total</b>	<b>2.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>



Table 6.5 Incremental Sales Tax Revenue Available for Rapid Transit Capital Program

	Baseline	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
	Capital Metro Long-Range Financial Plan		Expand Capital Metro 1% Sales Tax to Three-County Region Designate 25% of Capital Metro Revenues in New Areas to Rapid Transit Add New Local Option Sales Taxes in Current Capital Metro Member Areas for Various Purposes				
<b>Share of New Sales Tax Revenues Allocated to Rapid Transit</b>							
In City of Austin		0%	50%	50%	100%	100%	100%
In rest of Capital Metro service area (member cities)		0%	0%	50%	0%	50%	100%
In rest of Three-County CAMPO region (nonmember cities)		25%	25%	25%	25%	25%	25%
<b>Total Transit Sales Tax Rate</b>							
In City of Austin	1.00%	1.00%	1.50%	1.50%	2.00%	2.00%	2.00%
In rest of Capital Metro service area (member cities)	1.00%	1.00%	1.00%	1.50%	1.00%	1.50%	2.00%
In rest of Three-County CAMPO region (nonmember cities)	0%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
<b>Annual revenue, 2008 (millions)</b>							
Revenue from Current Member Areas		\$0.0	\$68.0	\$79.0	\$136.1	\$147.0	\$158.0
Revenue from Current Nonmembers		\$18.6	\$18.6	\$18.6	\$18.6	\$18.6	\$18.6
<b>Total</b>		<b>\$18.6</b>	<b>\$86.7</b>	<b>\$97.6</b>	<b>\$154.7</b>	<b>\$165.7</b>	<b>\$176.6</b>
<b>Net present value, 2008 to 2028 (millions)</b>							
Baseline Surplus	\$287.5	\$287.5	\$287.5	\$287.5	\$287.5	\$287.5	\$287.5
Incremental Sales Tax Revenue	\$0.0	\$641.6	\$2,015.5	\$2,264.1	\$3,389.3	\$3,637.9	\$3,886.6
<b>Total</b>	<b>\$287.5</b>	<b>\$929.1</b>	<b>\$2,303.0</b>	<b>\$2,551.6</b>	<b>\$3,676.8</b>	<b>\$3,925.5</b>	<b>\$4,174.1</b>
Percent Increase from Baseline		223%	701%	787%	1,179%	1,265%	1,352%

*Suboption 2: Add Rapid Transit Tax in Austin*

As with the Advanced Transit District (ATD) in San Antonio, the City of Austin would add an incremental sales tax to fund rapid transit. This scenario assumes that Austin would use one-half of its new taxing authority to construct the central area light rail system and other elements of CAMPO's regional transit plan, many of which are primarily located in Austin.

This scenario would generate about \$86.7 million of additional revenue in 2008 and increase the net present value of total funding available for a transit capital program by about eight times from about \$288 million to more than \$2.3 billion.

*Suboption 3: Add Rapid Transit in Other Member Communities*

This scenario assumes that other communities that are currently members of Capital Metro follow Austin's lead and designate one-half of their new taxing authority for rapid transit.

This scenario would generate about \$97.6 million of additional revenue in 2008 and increase the net present value of total funding available for a transit capital program by nearly nine times from about \$288 million to more than \$2.5 billion.

*Suboption 4: More Rapid Transit in Austin*

This scenario assumes that Austin allocates all of its unused taxing authority to rapid transit.

This scenario would generate about \$154.7 million of additional revenue in 2008 and increase the net present value of total funding available for a transit capital program by nearly 13 times from about \$288 million to more than \$3.6 billion.

*Suboption 5: More Rapid Transit in Other Member Communities*

This scenario assumes that Austin allocates all of its unused taxing authority to rapid transit and other communities that are currently members of Capital Metro designate one-half of their new taxing authority for rapid transit.

This scenario would generate about \$165.7 million of additional revenue in 2008 and increase the net present value of total funding available for a transit capital program by nearly 14 times from about \$288 million to more than \$3.9 billion.

*Suboption 6: Even More Premium Transit in Other Member Communities*

This scenario assumes that each of the communities that are currently members of Capital Metro designate all of their unused taxing authority to rapid transit. No taxing authority is used for other purposes.

This scenario would generate about \$176.6 million of additional revenue in 2008 and increase the net present value of total funding available for a transit capital program by more than 14 times from about \$288 million to nearly \$4.2 billion.

### 6.3.2 Option 2: Introduce Motor Vehicle Registration Fee

Several peer regions have used a vehicle registration fee or motor vehicle excise tax to fund at least a share of regional transit expenses, including Charlotte and Seattle. This scenario describes the effects of a regional motor vehicle registration surcharge dedicated for rapid transit investment purposes. The fee would avoid the obstacles associated with removing the statewide 2 percent limit on sales tax revenues. This concept is consistent with a recent proposal by Dallas-area communities to allow certain MPOs to form transportation districts with a range of funding options. Its direct correspondence with automobile ownership, which is a key driver of the region's congestion and air quality problems, as well as a mechanism by which generally lower-income zero-car households could avoid the tax, could be selling points.

Four suboptions were developed to illustrate the potential revenues associated with motor vehicle registration fees at various rates. The suboptions assume that the surcharge would be applied at a uniform rate across the region. To address concerns about donor/donee status in outlying areas where less transit investment is likely, a regional transit program could include an investment component appropriate for those areas, such as local roads or nonmotorized transportation facilities. While not a best practice, differential rates and jurisdictional equity mechanisms could be considered as well.

Table 6.6 shows estimated 2008 revenues and the net present value of the forecast revenue stream over the next 20 years, and compares each suboption with Capital Metro's baseline capital program. The table also compares the current typical vehicle registration fee in each county with the new rate under each suboption. Typical rates are based on model year 2004 passenger cars. Older or newer vehicles would be less or more, respectively. Light trucks vary based on gross weight, with a 5,700-pound vehicle having approximately the same fee as a passenger car. Forecasts are based on the assumption that vehicle registrations in each county increase with population, as forecast by the Texas State Data Center and CAMPO.

Suboption 1 describes an approximate doubling of the local component of the current vehicle registration fee, which is \$11.50 in Travis County and Williamson County (and \$10 in Hays County). This scenario would generate about \$14.5 million of additional revenue in 2008 and increase the net present value of total funding available for a transit capital program by about 80 percent from about \$288 million to more than \$500 million.

Suboption 2 describes a new \$25 fee across the region. This scenario would generate about \$31.6 million of additional revenue in 2008 and nearly triple the net present value of total funding available for a transit capital program from about \$288 million to nearly \$800 million.

**Table 6.6 Potential Motor Vehicle Registration Fee Revenue Available for Rapid Transit Capital Program**  
*in Millions of Dollars*

	Baseline	Suboption 1	Suboption 2	Suboption 3	Suboption 4
<b>Annual Average Fee</b>		\$11.50	\$25.00	\$50.00	\$100.00
<b>Typical Registration Fee</b>					
Hays County	\$60.80	\$72.30	\$85.80	\$110.80	\$160.80
Travis County	\$62.30	\$73.80	\$87.30	\$112.30	\$162.30
Williamson County	\$62.30	\$73.80	\$87.30	\$112.30	\$162.30
<b>Annual Revenue, 2008</b>					
Hays County		\$1.5	\$3.2	\$6.3	\$12.6
Travis County		\$9.3	\$20.2	\$40.4	\$80.7
Williamson County		\$3.8	\$8.2	\$16.5	\$32.9
<i>Total</i>		<i>\$14.5</i>	<i>\$31.6</i>	<i>\$63.1</i>	<i>\$126.3</i>
<b>Net Present Value, 2008 to 2028</b>					
Baseline Surplus	\$287.5	\$287.5	\$287.5	\$287.5	\$287.5
Incremental Sales Tax Revenue	\$0.0	\$234.9	\$510.6	\$1,021.3	\$2,042.5
<i>Total</i>	<i>\$287.5</i>	<i>\$522.4</i>	<i>\$798.1</i>	<i>\$1,308.8</i>	<i>\$2,330.1</i>
Percent increase from Baseline		82%	178%	355%	710%

Suboption 3 describes a new \$50 fee across the region. This scenario would generate about \$63.1 million of additional revenue in 2008 and increase the net present value of total funding available for a transit capital program by about 4.5 times from about \$288 million to more than \$1.3 billion.

Suboption 4 describes a new \$100 fee across the region. This scenario would generate about \$126.3 million of additional revenue in 2008 and increase the net present value of total funding available for a transit capital program by about eight times from about \$288 million to more than \$2.3 billion.

### 6.3.3 Option 3: Introduce Regional Property Tax

Several peer regions use property tax levies to fund at least a share of regional transit expenses, including San Francisco and the Twin Cities. This scenario describes the effects of a regional property tax surcharge dedicated for rapid transit investment purposes. Like the motor vehicle registration fee, this approach also would avoid the obstacles associated with removing the statewide 2 percent limit on sales tax revenues and is consistent with a recent proposal by

Dallas-area communities to allow certain MPOs to form transportation districts with a range of funding options. However, unlike the tax on automobiles, the property tax lacks the nexus with the congestion and air quality problems that the regional rapid transit system would be designed to address. While transit investment can increase property values, the effect is generally concentrated near stations. Combined with a resistance to property taxes in general, it could be difficult to build public support for this approach, but it is discussed herein as an illustrative example.

Four suboptions were developed to illustrate the potential revenues associated with property taxes at various rates. As above, the suboptions assume that the property tax would be applied at a uniform rate across the region. To address concerns about donor/donee status in outlying areas where less transit investment is likely, a regional transit program could include an investment component appropriate for those areas, such as local roads or nonmotorized transportation facilities. While not a best practice, differential rates and jurisdictional equity mechanisms could be considered as well.

Table 6.7 shows estimated 2008 revenues and the net present value of the forecast revenue stream over the next 20 years, and compares each suboption with Capital Metro's baseline capital program. Forecasts assume that property tax revenues increase at the same rate as the national Consumer Price Index.

**Table 6.7 Potential Property Tax Revenue Available for Rapid Transit Capital Program**  
*In Millions of Dollars*

	Baseline	Suboption 1	Suboption 2	Suboption 3	Suboption 4
Levy per \$1,000 Assessed Value		\$0.10	\$0.25	\$0.50	\$1.00
<b>Annual Revenue, 2008</b>					
Hays County		\$0.9	\$2.4	\$4.7	\$9.4
Travis County		\$8.8	\$22.0	\$44.1	\$88.2
Williamson County		\$3.0	\$7.5	\$15.1	\$30.2
<i>Total</i>		<i>\$12.8</i>	<i>\$31.9</i>	<i>\$63.9</i>	<i>\$127.8</i>
<b>Net Present Value, 2008 to 2028</b>					
Baseline Surplus	\$287.5	\$287.5	\$287.5	\$287.5	\$287.5
Incremental Sales Tax Revenue	\$0.0	\$196.5	\$491.3	\$982.6	\$1,965.2
<i>Total</i>	<i>\$287.5</i>	<i>\$484.0</i>	<i>\$778.8</i>	<i>\$1,270.1</i>	<i>\$2,252.7</i>
Percent increase from Baseline		68%	171%	342%	684%

Suboption 1 describes a 0.10 million property tax levy across the region, which is comparable to the levy in some areas for the Northwest Travis County Road District 3 or Austin Community College. This scenario would generate about \$12.8 million of additional revenue in 2008 and increase the net present value of total funding available for a transit capital program by about 70 percent from about \$288 million to nearly \$500 million.

Suboption 2 describes a 0.25 million property tax levy across the region. This scenario would generate about \$31.9 million of additional revenue in 2008 and nearly triple the net present value of total funding available for a transit capital program from about \$288 million to nearly \$800 million.

Suboption 3 describes a 0.50 million property tax levy across the region. This scenario would generate about \$63.9 million of additional revenue in 2008 and increase the net present value of total funding available for a transit capital program by about 4.5 times from about \$288 million to nearly \$1.3 billion.

Suboption 4 describes a 1.00 million property tax levy across the region, which is comparable to the levy in some areas for the Austin Independent School District. This scenario would generate about \$127.8 million of additional revenue in 2008 and increase the net present value of total funding available for a transit capital program by nearly eight times from about \$288 million to nearly \$2.3 billion.

## 6.4 STREAMLINE THE STARTRAN RELATIONSHIP

The purpose of this analysis is to answer the question: Is there a way to streamline Capital Metro's relationship with its labor force that would benefit both the agency and its employees?

As described in Section 5.2.2, the arrangement for complying with Texas law and receiving Federal funds has evolved over time. The current model is a contract with a nonprofit corporation that was organized by Capital Metro to provide "Employee Support Services," which is StarTran, Inc. This relationship is governed by an agreement with an open-ended term. In addition, separate contractual agreements are in place between Capital Metro and private contractors for other services.

Historically, StarTran and Capital Metro have had a very close relationship. When StarTran was first created, its officers were Capital Metro employees. StarTran is cohoused with most Capital Metro staff at the East Fifth Street headquarters, and employees of StarTran and Capital Metro are in daily contact with one another on a wide variety of issues. At the same time, a perception based on state law and regulations exists, that a more "arm's length" relationship is needed between Capital Metro and StarTran. Capital Metro staff do not treat StarTran exactly as the other contractors. Rather, they work diligently to support independent decision-making by StarTran.

Issues have been created by the very nature of the Capital Metro-StarTran relationship and by the tense atmosphere of labor relations and collective bargaining.

In 2007, the Capital Metro board adopted a resolution desiring to establish more direct and unified control over its operations and workforce for all services, including the new rail service. Explicit in the relationship was the understanding that this change must “maintain Capital Metro’s financial viability.”

Capital Metro desires a more harmonious partnership that maintains the financial benefits of contracting service while allowing them to focus on broader community, planning, and service development issues. StarTran seeks improvement in the day-to-day relationship, which will enhance its ability to focus on service delivery and quality. The ATU seeks to protect its current position, particularly the health insurance benefits. Union members in the Veolia and First Transit units also would likely benefit from consolidation into a unified Capital Metro workforce.

It is instructive to observe how other transit systems in Texas, particularly the Regional Transportation Authorities (RTA) and Metropolitan Transit Authorities (MTAs), manage the same relationship. Many of the urban systems in the state face the identical issue of how to recognize an existing union with collective bargaining rights while complying with state law and the need for Federal assistance. Many of the small urban systems (i.e., Lubbock, Abilene, etc.) have no union and either operate with public employees as a city department or contract with a private management company to provide the employees and labor relations services. This approach is taken more to gain transit expertise than to recognize collective bargaining rights. None of the small urban areas contracts for service on a unit cost basis like the Veolia and First Transit contracts with Capital Metro.

The transit agencies utilize a combination of methods to manage the relationship with the employees. Dallas, Corpus Christi, and Houston use private contractors in a cost-per-unit-of-service mode to provide some of their services. El Paso hires a private management company to manage its service and employees, who are public employees. Dallas, Corpus Christi, and San Antonio directly manage their services and employees under a “meet and confer” model with their local unions. Fort Worth hires a private management company to provide its operating employees and negotiate with a union that has full collective bargaining rights. The Fort Worth authority maintains a nonunion staff for most administrative functions. Houston operates its services and manages its noncontracted employees directly. None of the transit agencies has organized a company similar to StarTran to provide employee support services.

In the final analysis, only four real options exist for changing the labor force relationship at Capital Metro:

- **Option 1** - Unify all employees as Capital Metro employees under a “meet and confer” model to recognize the existing unions;
- **Option 2** - Continue and/or modify the existing relationship with StarTran;

- **Option 3** – Hire a private management company to replace StarTran; and
- **Option 4** – Contract all services on a unit cost basis as is currently done with Veolia and First Transit.

Of the four options, two have little or no impact on streamlining the relationship between Capital Metro and its workforce. A continuation of the existing StarTran relationship in Option 2, even in a modified form, would probably not simplify the relationships or be beneficial to contractor employees or Capital Metro. Conversely, modifications to provide more direct control by Capital Metro could further complicate the relationship. It also is important to understand that the length of the current relationship will make change difficult.

Option 3, hiring a private management company to replace StarTran, would create an even more “arm’s length” relationship between Capital Metro and its workforce. These additional barriers would clarify the situation but do little to reduce the complexities that exist in the current model.

Option 1 would streamline the relationship. In Option 1, all employees would become public employees of Capital Metro. All StarTran, Veolia, and First Transit employees would transition to Capital Metro employment. Benefits to Capital Metro would be that the contractor’s management and supervisory staff could be eliminated. Removal of these layers of management by the contractor could create economies of scale for Capital Metro through better utilization of current employees who have responsibilities similar to the managers at StarTran, Veolia, and First Transit. This change also would give managers at Capital Metro more direct control over employee performance. Benefits would be expected in several areas including, but not limited to, customer service, service quality, and human resources administration. Consolidation also could create a better labor – management relationship by building a cohesive team around a unified employer. Creating the opportunity for a direct relationship between Capital Metro staff and union leaders could lead to improved communication, trust, and consensus building. Compared to the current situation, this scenario could have dramatic benefits for the agency.

The disadvantage of Option 1 for Capital Metro is cost. Any consolidation of employment groups most likely would be at the higher compensation levels in the StarTran/ATU agreement, although some logical exceptions to that change are possible. For example, the different nature of the UT service is recognized by the union, and the union should be willing to allow work rules and compensation differences reflecting the work and current agreement with First Transit. Given the benefits of being public employees, the union also might agree to reasonable changes in some benefits. The area of health insurance is one in which the parties may be able to compromise around a comprehensive plan that would cover a much larger workforce than the current Capital Metro plan. As a larger group, experience-based cost reductions and volume discounts may be possible. Overall, however, the higher pay rates and more expensive benefits and work



rules in the ATU/StarTran agreement probably would overwhelm any potential cost savings.

In summary, from Capital Metro's perspective, making all employees public employees could result in:

1. The non-StarTran contract employees being paid higher wages;
2. Higher overhead to Capital Metro to manage a much larger employment group; and/or
3. Capital Metro currently sponsors the StarTran pension plan because it has been historically underfunded. Resolution of the StarTran pension issue if all employees were to become public employees could bring some immediate financial exposure to Capital Metro.

Another disadvantage to Capital Metro could be difficulty in implementation. Employee resistance would make implementation challenging. There also would be a myriad of organizational, financial, benefit and physical facility issues that would contribute to implementation difficulties.

From the employees' perspective, consolidation would have some benefits, such as enhanced status as public employees, opportunities for advancement, and improved morale. Of course, a key benefit is that the option assumes increased wages and benefits for some contractor employees.

The primary disadvantage of consolidation for the employees is losing traditional collective bargaining rights. Under Texas law, employees and their unions might have to agree to the "meet and confer" model to allow implementation of this option. The primary downside to this for the union is losing the right to strike and wanting binding arbitration in return. While this is a substantial concession on the part of the union, precedent exists as the "meet and confer" model is in place with the ATU in Dallas. In addition, the fact that the union would be relying on a politically appointed board to protect its rights in many areas gives them the ability to influence decision-making at a level even beyond traditional binding arbitration. Finally, the current labor agreement appears to contain a provision (Article 3 Impasse Procedure) presumably agreed to by the union that would allow implementation of this option.

Option 1 was, however, pursued vigorously by Capital Metro in the last year, and the union effectively vetoed the process. No action is planned to pursue this option any further.

Option 4, contracting all services in a manner similar to the Veolia and First Transit contracts, also would provide a streamlining of the relationship. The best evidence that streamlining would occur is to observe the difference in the collective bargaining process for contractor employees and StarTran employees. The StarTran process has been protracted and controversial while the contractor process has been relatively routine.

The benefits to Capital Metro of Option 4 are at least twofold. First, treating all contractors in the same way, as unit-cost-of-service providers, will eliminate the current complexity and tension in the StarTran relationship. When employees know that their company has had to competitively bid on the work and is paid a defined amount for the services it provides, the labor-relations dynamic changes. Again, the best evidence is the current relationships with the other contractors. Secondly, Option 4 could lead to substantially lower costs for Capital Metro. The comparison of the StarTran labor agreement to the agreements with Veolia and First Transit in Section 5.2.2 suggests the magnitude of that savings.

The disadvantage of this option to Capital Metro is the difficulty of implementation. Aggressive pursuit of the option could appear to be an attempt to diminish the power of the union and reduce employee wages and benefits. The union is likely to object to the proposal and use all of the political, legal, and public relations resources at its disposal to prevent implementation. Capital Metro also would have to increase its staff, to a small degree, to provide monitoring of an increased number of unit-cost-of-service contractors. Oversight of this type of contractor is more intensive than oversight of StarTran. Use of this option might also lead to some coordination issues depending on the number of contractors used to provide the current StarTran service.

The benefit of this option to employees is a reduction in the tension and uncertainty in the StarTran relationship. More clarity would exist in the relationship between employees and employers in this contractor mode. Clearly knowing who they work for and what the rules are should make for a more cohesive and motivated employee experience. Another benefit is that employees would retain their traditional collective bargaining rights. The obvious disadvantage for employees is the potential loss of wages and benefits.

#### **6.4.1 Summary**

Four options for streamlining the Capital Metro-employee relationship were identified and discussed. Only two of the options would actually streamline the relationship by either providing direct employee control to Capital Metro or establishing a more defined contractor relationship. However, neither of the options that would provide streamlining has mutually agreeable benefits to both Capital Metro and the employees involved.

## **6.5 CONTINUE EFFORTS TO IMPROVE LABOR-MANAGEMENT RELATIONS**

The purpose of this section is to answer the question: How can industry experience and lessons learned from comparable systems enable Capital Metro to achieve a more positive culture for labor – management relations?

In assessing this issue, it is important to fully understand the current state of labor – management relations and the devices in place to promote a positive

culture. The best way to provide that understanding is to identify the issues at Capital Metro that are barriers to a more positive culture, which can be summarized as follows:

- Mistrust between Capital Metro staff leadership and union leadership;
- Contentious collective bargaining;
- Lack of agreement on the critical issue of health insurance; and
- Community perception of poor labor relations.

If a less-than-positive culture for labor - management relations is the disease, then the symptoms are usually poor system performance and customer dissatisfaction. Curiously, these symptoms do not seem severe at Capital Metro. As discussed earlier in this report, the key indicators of system performance that can be tied to employee satisfaction are actually improving over time. On-time performance is good and getting better. Average vehicle occupancy is stable. The accident rate is declining and vehicle reliability is increasing. Customer satisfaction with Capital Metro also appears high. In a 2008 customer satisfaction survey of more than 1,200 users, Capital Metro received high marks. The survey company stated, "Capital Metro customers have a high satisfaction level compared to those evaluated on a national level." On a 10 point scale, with 10 being the highest satisfaction, Capital Metro scored an 8.6 compared to the national rating of 6.69. Ninety-one percent of customers indicated a willingness to recommend Capital Metro to others. Very little in this data suggests a serious problem with labor - management relations. It is more likely that the underlying issues in the relationship between Capital Metro, StarTran and the union described above, are the root cause of the perception of poor labor-management relations. Prolonged negotiations, sparring about issues in the media, and the related charges and counter charges paint a picture of poor labor - management relations.

Improvement of the labor - management relationship is always possible and is an ongoing effort at all systems, including StarTran and Capital Metro. Analysis of how the labor - management relations culture at Capital Metro can be improved is conducted in this section. The consultant team evaluated whether mechanisms other transit systems use to maintain and improve a positive culture are in place at Capital Metro. While myriad approaches exist, the traditional and most common mechanisms used in fostering a positive culture for labor - management relations are:

- Open and frequent communication between leaders on both sides and the rank and file;
- Clear rules and regulations that establish reasonable expectations for employee performance;
- Firm but fair discipline;
- Formal mechanisms for employee involvement;

- Formal incentive programs to encourage and reward performance; and
- Training and organizational development programs aimed at team building.

All of these mechanisms exist in some form at StarTran and Capital Metro and are discussed in detail below.

### **6.5.1 Communication**

Communication is a complex issue at Capital Metro and must occur successfully at two levels: between StarTran management, its employees and the union, and internally among StarTran and Capital Metro staff. Mechanisms are in place to facilitate this communication at both levels. At the staff level, regular staff meetings are held at both StarTran (weekly) and Capital Metro (weekly) to keep staff current and identify and resolve issues. StarTran management also is present at Capital Metro weekly staff meetings. The Capital Metro Chief Operating Officer also holds separately weekly meetings with each contractor, including StarTran.

Both staffs have daily contact and work jointly on projects. An appropriate level of communication and feedback seems to be occurring. Continuing the current practices and ensuring that meetings are held regularly with the proper participants are the best ways to use this device to maintain a positive labor - management culture. More frequent (currently monthly) staff meetings between Capital Metro and StarTran also could alleviate some of the coordination issues discussed above. Inclusion of more key StarTran managers at the Capital Metro staff meetings may also be helpful.

Several mechanisms are also in place at StarTran to promote open and frank communication. The new StarTran General Manager recognized at the beginning of her tenure that internal communications could be improved and established several new procedures to address the issue. She maintains and advertises an “open door” policy so every employee is free to discuss issues with her. Each month a series of roundtable meetings are held on each shift to share current events, hear employee concerns and discuss key issues. She holds informal “meet and greet” sessions with employees on various shifts. These are informal chats in the operator report area to demonstrate management’s commitment to employee concerns. StarTran regularly publishes information bulletins that are posted, put in employee mailboxes, and in some cases mailed to employees at home. StarTran also has plans to start monthly “town hall” meetings during the next fiscal year. The agency has even innovated by starting and maintaining a “blog” to disseminate information. Computers are available for employee use in the operator report room to facilitate access to the blog and other information sources. All of these communication mechanisms are appropriate and comprehensive. The innovative practice of establishing and maintaining a blog further demonstrates the commitment of management to good communication. However, the union appears reluctant to participate in some of these mechanisms. Persistence by management and resolution of the collective

bargaining issues should allow these practices to seep into the culture and improve relations with union leadership.

### **6.5.2 Rules and Regulations**

The StarTran labor agreement contains clear rules and regulations in key areas. StarTran also publishes an employee handbook that is clear and comprehensive. Employee and union comment is sought on changes and incorporated as appropriate. Continuation of these practices is recommended.

### **6.5.3 Discipline**

Disciplinary practices at StarTran do not appear to be an impediment to a positive labor – management relationship. The labor agreement has clear guidelines for discipline. A specific and reasonable schedule is in place for attendance violation penalties, a key area at all transit systems. The number of grievances does not appear excessive. Based on McDonald Transit’s experience in labor relations, this is a relatively low number for a workforce of almost 900 employees. Management and the union also have agreed to an informal mediation process to help resolve issues and avoid costly arbitration for both sides.

### **6.5.4 Employee Involvement**

StarTran and Capital Metro use several devices to involve employees. Capital Metro involves all its employees and contractor employees at the broad planning level. On a regular basis, the Capital Metro President/CEO holds a meeting with employees called “Breaking Bread with Fred.” Employees from across the organization are invited to hear updates on current events affecting Capital Metro, plans for services, and general policy changes (i.e., changes in fares) and have the opportunity to ask questions. Issues raised regarding employment matters with contract employees are referred to the appropriate contractor. The President/CEO and StarTran General Manager also address all new StarTran employees at orientation. Capital Metro also is hosting employee information and input sessions on development of the 2025 Plan.

StarTran also utilizes employee involvement techniques. In addition to the communication devices and input received on employment rules and policies described above, StarTran has several formal mechanisms for employee involvement. The first is the Accident Review Board (ARB), the composition and role of which is defined in the labor agreement. The ARB is composed of two management representatives, two employees appointed by the union, and one neutral party who may be recalled by the company or the union. The purpose of the ARB is to provide an appeal process for accident preventability decisions by the company. The ruling of the ARB is final. At least quarterly, all employees are paid to attend a safety meeting. In addition to getting training and reminders about safety, employees are given an opportunity to ask questions, provide input, and raise issues with company representatives.

StarTran and its union also have a very formal labor – management committee structure. Three labor – management committees (maintenance, fixed-route bus, and paratransit) are required by the labor agreement. Up to six union representatives are paid to attend for a maximum of two hours per meeting. Agendas and bylaws are maintained in writing. The groups appear to be meeting on a regular basis and discussing specific issues related to the details of each type of operation. In addition to the three committees, StarTran has organized the Star Labor Management Council. Membership is composed of the top leadership of the company and the union. According to the bylaws of the Council, its commitments and objectives are to:

- Enhance the labor – management relationship;
- Improve problem identification and resolution;
- Maximize labor – management communications; and
- Achieve a best-in-class workplace environment.

The group meets monthly, records meetings minutes, and keeps an up-to-date list of issues. Review of the minutes indicates robust discussion of timely and appropriate issues.

While the mechanisms for employee involvement in decision-making are evident and in use, they do not appear to be functioning in the best possible way. Previous StarTran management attended meetings but did not appear to take actions to address identified issues. Union representatives appear to have been more interested in confrontation than solutions, to the point that they threatened a boycott of the meetings. In the last few months, both parties have agreed to bolster the Council. Management has agreed to be accountable by publishing an issues list with dates and specific action plans for each issue. The union has continued discussions and proposed a combination of the labor – management committees to streamline the process. The parties also have negotiated new procedures for assignment of extra workers through this process. These efforts must continue to build so that trust can be established. Only time and the commitment of the parties will tell if Council efforts will succeed.

### **6.5.5 Incentive Programs**

Recognition and incentive opportunities are available to StarTran employees. The labor agreement has a specific provision for an attendance incentive. Under the provisions, employees with good attendance can earn an additional 3.75 percent of pay.

The Company also seeks recognition opportunities for employees. Commendations are regularly given and celebrated. Employees participate in annual skills “rodeos” that bring recognition at the state and national level.

The devices in place at StarTran to bolster employee morale are consistent with practices at transit systems with positive cultures for labor – management relations.

### **6.5.6 Training and Organizational Development**

StarTran provides ongoing training for its employees and also takes advantage of resources made available by Capital Metro to develop trust and enhance team building within the organization. Supervisors and managers are encouraged to participate in regular leadership training facilitated by an outside expert that teach management, human relations and leadership skills. Sessions are conducted in an environment in which employees can get feedback and share real work life experiences. The training also promotes coordination because StarTran and Capital Metro employees participate jointly.

StarTran and Capital Metro have embarked on an ambitious program of employee seminars aimed at “a vision of success and action strategies in the areas of customer satisfaction, employee communication and teamwork, personal professionalism, and improvements for safe, reliable and efficient transportation service.” This two-part program, entitled “The Human Side of Metro,” seeks employee volunteers as participants. The program is open to all Capital Metro and StarTran employees and is facilitated by the same outside expert used in the leadership program.

It appears that both Capital Metro and StarTran are committed to the personal growth of their employees. Skills, leadership and team building training opportunities are made available to all employees. Training is delivered in a way that fosters coordination and team building across and within organizational lines of authority.

### **6.5.7 Summary**

Analysis of the current situation shows that the culture for labor – management relations at Capital Metro is not as bad as perceived outside the organization. This is documented with specific examples of mechanisms in place that produce positive results inside the organization. It also is bolstered by key indicators of system performance that suggest the relationship is getting better. New leadership at StarTran and the currently demonstrated willingness of the union to work with management should achieve results.

An even more positive culture for labor – management relations can be created by continuing and enhancing the sound mechanisms that already are in place at StarTran and at other transit systems that have improved their labor – management relations culture. Commitment by labor and management to utilize these mechanisms in a spirit of trust and a customer-oriented vision for the organization will create and maintain the desired culture.

In addition to the positive use of traditional and innovative ways to improve the labor – management relations culture currently in use at Capital Metro, two other actions would be helpful. First, the current impasse in collective bargaining must be resolved. These adversarial proceedings can and will undermine the hard work of both sides in building a positive culture. There is no easy solution and neither party should sacrifice reasonable positions for the sake of settlement. But, at some point, the parties must understand that the continuing impasse and confrontation hurt the ability of the entire organization to focus on its core mission of providing much needed public transportation service in the community. The ultimate result can only be negative for both sides.

Second, the organization should invest in professional development/team building training specifically aimed at clearing the air regarding the future organizational structure of Capital Metro. It appears clear from the record that the Capital Metro – StarTran and StarTran – ATU relationships will survive in some form. Every employee should be paid to attend a one-day forum aimed at demonstrating the organizations’ commitment to that model, a description of how it will work, and guidance for working together as a team. The outside expert currently in use by Capital Metro is excellent and a logical choice as the facilitator for such a forum. Culmination of the training should be a personal commitment by every participant to make the relationship work to the benefit of Capital Metro’s customers.

## **6.6 ENGAGE STAKEHOLDERS MORE OPENLY**

Many stakeholders described the defensive stance that Capital Metro frequently takes to external relations. The start of a new chairman this year provides Capital Metro with an historic opportunity to change the dynamic. Although success is often largely a function of one’s personal communication style, there appear to be opportunities to more proactively engage both supporters and critics.

As the region develops its vision for transit and the transit element of the CAMPO long-range transportation plan takes shape, Capital Metro has an opportunity to be at the table. Increased staff-level involvement in Transit Working Group activities could leverage Capital Metro’s considerable skills in transit planning and bolster the influence that the agency already has through the participation of key board members on the TWG. As the agencies take the regional transit plan public in preparation for a possible future referendum, Capital Metro has an opportunity to promote the regional plan as its long-range strategic plan for growing the regional transit system. As the plan is being implemented, Capital Metro has an opportunity to broadly promote its progress. Regular meetings with key stakeholders, the media, and the public can be an effective means to create a greater sense of openness and to avoid some of the criticism that has plagued the agency for most of its life.



As a symbol of change at the agency, one possibility may be for the chairman to institute monthly “Ask me anything you want” meetings with the media. This provides an opportunity to build trust and rapport, help reporters understand in frank terms the challenges that the agency is facing, and communicate how the agency is addressing those challenges.

The sense of openness also could be fostered by making operating statistics more available to the public. The *Comprehensive Annual Financial Report* already includes a statistical section. The annual report could be enhanced by including many of the performance indicators that are the subject of this Quadrennial Performance Audit. In this manner, rather than preparing and releasing this information every four years, it could be released annually as part of the agency’s routine reporting process. Going even further, it may be possible to post some data, such as route-level ridership and cost driver operating statistics, on the agency web site monthly. This information could support an ongoing regional conversation on the allocation of service resources, potentially helping the agency and the public identify and prioritize service changes.



## 7.0 Next Steps

Nearly a year has passed since the consultant team began collecting information from stakeholders. There have been some major changes in that time, including the departure of Chairman Lee Walker after 11 years at Capital Metro, his replacement with Chairwoman Margaret Gomez and Vice Chair Jamie Jatzlau, the departure and arrival of several senior management staff at Capital Metro and StarTran. The agency also has addressed many of the issues that concerned stakeholders earlier in the year, including passing the agency's first-ever base fare increase, establishing a service expansion policy to provide transit outside the service area, and reaching a StarTran – ATU labor agreement with significant changes to health care benefits. The agency already carries more riders than systems in many similar cities and is on track to introduce rail transit to the Austin region in the coming months.

Recognizing the positive momentum of the agency and the resolution of many of the concerns that led to various provisions of the 1990s legislation, the findings and recommendations of this study suggest some potential changes to Capital Metro's enabling legislation. These changes would eliminate some statutory provisions that apply only to Capital Metro and would improve consistency across Metropolitan Transportation Authorities in Texas law.

1. **Create a regional funding source.** As discussed in Section 6.0, the development of a regional rapid transit program would likely require additional funding. Because of the 2 percent local limit on sales and use taxes, new sources of funding may need to be considered. Many such changes would require enabling legislation, with terms that would depend on the type of tax, the geography of the tax district, and the governance of the district. Depending on the level of integration with Capital Metro's current source of funding, some restructuring of the Capital Metro board could be needed.
2. **Remove the outside fare review requirement.** Capital Metro is the only transit agency in Texas that has a board composed mostly of local elected officials and is required to seek approval from an outside committee of local elected officials for any significant changes in fare policy. Other agencies (Corpus Christi and San Antonio) are required to coordinate with some form of Local Government Advisory Committee for fare increases, but their boards are not composed of elected officials. Although such requirements were not observed outside Texas, there is a rationale that the outside committee helps to protect the public interest. However, the review requirement could be considered to be duplicative in Capital Metro's case.

3. **Remove the opt-out paratransit service requirement.** Capital Metro is the only transit agency in Texas and among the peer regions to be required to continue to provide paratransit service to areas that have withdrawn from its service area. With about 5 people remaining in the program, the number of clients is relatively small. Because Capital Metro collects the cost of service from the communities served, the financial impact is near zero. And with so few trips in comparison to the entire demand-response system, the effect on resource allocation is minor. This requirement could be relaxed with little inconvenience to anyone by allowing surrounding areas to contract with Capital Metro or another provider for these trips. Particularly if the region moves toward a three-county transit service area, the requirement could become unnecessary.
4. **Remove the rail referendum requirement.** The requirement for voter approval is common a transit agency is seeking a tax increase for a specific program of transit investments. In this context, Capital Metro's requirement to seek voter approval even if no new taxes are needed to construct the proposed project appears to be unique to the agency. Given the constraints on Capital Metro's finances and the likely need to identify new taxes or fees to fund any major new rail transit investment, this requirement could be considered to be duplicative. Particularly if the region moves toward a regional funding program for regional rapid transit and other investments, this requirement could become unnecessary.

# **A. Operating Peer Agency Performance Data**



# Capital Metropolitan Transportation Authority (CMTA)

## General Information

### Urbanized Area (UZA) Statistics - 2000 Census

Austin, TX	
Square Miles	318
Population	901,920
Population Ranking out of 465 UZAs	41
Other UZAs Served	

### Service Area Statistics

Square Miles	567
Population	1,012,638

### Service Consumption

Annual Passenger Miles	136,591,444
Annual Unlinked Trips	34,039,638
Average Weekday Unlinked Trips	115,554
Average Saturday Unlinked Trips	47,830
Average Sunday Unlinked Trips	39,901

### Service Supplied

Annual Vehicle Revenue Miles	19,645,490
Annual Vehicle Revenue Hours	1,424,750
Vehicles Operated in Maximum Service	697
Vehicles Available for Maximum Service	858
Base Period Requirement	285

## Financial Information

**Fare Revenues Earned** \$11,697,775

<b>Sources of Operating Funds Expended</b>	
Fare Revenues ( 9%)	\$11,697,775
Local Funds ( 72%)	98,388,087
State Funds ( 0%)	0
Federal Assistance ( 9%)	12,162,343
Other Funds ( 10%)	14,114,127
<b>Total Operating Funds Expended</b>	<b>\$136,362,332</b>

**Total Operating Funds Expended** \$136,362,332

<b>Sources of Capital Funds Expended</b>	
Local funds ( 90%)	\$42,104,445
State Funds ( 2%)	995,290
Federal Assistance ( 8%)	3,701,649
Other Funds ( 0%)	0
<b>Total Capital Funds Expended</b>	<b>\$46,801,384</b>

**Total Capital Funds Expended** \$46,801,384

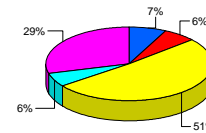
## Summary of Operating Expenses

Salary, Wages and Benefits	\$79,169,893
Materials and Supplies	18,349,464
Purchased Transportation	18,700,183
Other Operating Expenses	18,173,910
<b>Total Operating Expenses</b>	<b>\$134,393,450</b>
Reconciling Cash Expenditures	\$1,968,882

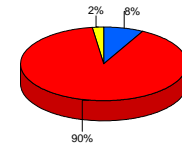
## Vehicles Operated in Maximum Service and Uses of Capital Funds

	Directly Operate	Transportation Purchased	Revenue Vehicle	Systems and Guidelines	Facilities and Station	Other	Total
Bus	212	119	\$867,720	\$5,687,451	\$1,295,352		\$15,012,382
Commuter Rail	0	0	\$14,547,303	\$11,648,597	\$5,434,955	\$0	\$31,630,855
Demand Response	78	126	\$0	\$0	\$0	\$9,715	\$9,715
Vanpool	162	0	\$148,432	\$0	\$0	\$0	\$148,432
<b>Total</b>	<b>452</b>	<b>245</b>	<b>\$15,563,455</b>	<b>\$17,336,048</b>	<b>\$12,596,814</b>	<b>\$1,305,067</b>	<b>\$46,801,384</b>

## Sources of Operating Funds Expended



## Sources of Capital Funds Expended

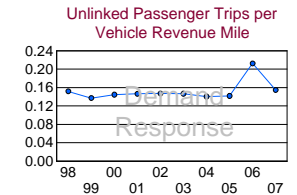
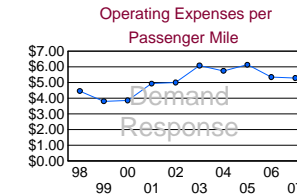
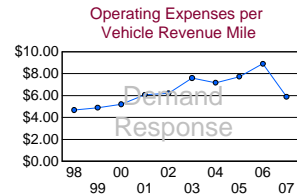
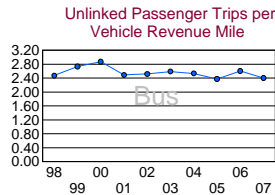
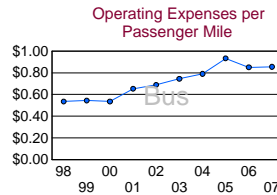
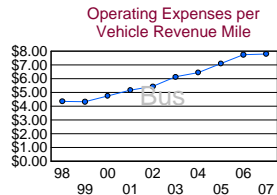


## Modal Characteristics

	Operating Expense <sup>1</sup>	Revenue Fare <sup>1</sup>	Uses of Capital Fund:	Passenger	Annual Vehicle Revenue Mile	Annual Unlinked Trips	Annual Vehicle Revenue Hour	Fixed Guideway Direction Route Miles	Vehicles Available for Maximum Service	Average Fleet Age in Year	Vehicles Operated Maximum Service	Peak to Base Ratio	Percent Spares
Bus	\$107,292,793	\$11,015,534	\$15,012,382	125,669,690	13,755,187	33,040,661	1,086,772	0.0	420	7.3	331	1.15	27%
Demand Response	\$25,697,893	\$310,609	\$9,715	4,865,862	4,357,171	674,534	285,962	N/A	273	5.1	204	N/A	34%
Vanpool	\$1,402,764	\$371,632	\$148,432	6,125,892	1,533,132	324,443	52,016	N/A	165	3.2	162	N/A	2%

## Performance Measures

	Service Efficiency: Operating Expense   Vehicle Revenue M	Service Efficiency: Operating Expense   Vehicle Revenue Hc	Cost Effectiveness: Operating Expense   Passenger Mi	Cost Effectiveness: Operating Expense   Unlinked Passenger T	Service Effectiveness: Unlinked Passenger Trips Vehicle Revenue M	Service Effectiveness: Unlinked Passenger Trips Vehicle Revenue Hc
Bus	\$7.80	\$98.73	\$0.85	\$3.25	2.40	30.40
Demand Response	\$5.90	\$89.86	\$5.28	\$38.10	0.15	2.36
Vanpool	\$0.91	\$26.97	\$0.23	\$4.32	0.21	6.24



1 Excludes data for purchased transportation reported separately

# Charlotte Area Transit System (CATS)

## General Information

### Urbanized Area (UZA) Statistics - 2000 Census

Charlotte, NC-SC	
Square Miles	435
Population	758,927
Population Ranking out of 465 UZAs	48
Other UZAs Served	199, 229, 338

### Service Area Statistics

Square Miles	445
Population	681,310

### Service Consumption

Annual Passenger Miles	105,920,069
Annual Unlinked Trips	20,398,306
Average Weekday Unlinked Trips	70,108
Average Saturday Unlinked Trips	31,489
Average Sunday Unlinked Trips	19,517

### Service Supplied

Annual Vehicle Revenue Miles	15,388,314
Annual Vehicle Revenue Hours	973,232
Vehicles Operated in Maximum Service	434
Vehicles Available for Maximum Service	545
Base Period Requirement	140

## Financial Information

**Fare Revenues Earned** \$13,283,728  
**Sources of Operating Funds Expended**

Fare Revenues	( 13%)	\$13,283,728
Local Funds	( 74%)	76,641,028
State Funds	( 12%)	12,580,935
Federal Assistance	( 0%)	100,000
Other Funds	( 0%)	471,720

**Total Operating Funds Expended** \$103,077,411

### Sources of Capital Funds Expended

Local funds	( 33%)	\$59,453,918
State Funds	( 18%)	32,651,621
Federal Assistance	( 49%)	86,855,591
Other Funds	( 0%)	0

**Total Capital Funds Expended** \$178,961,130

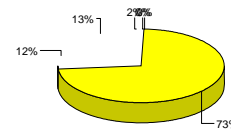
## Summary of Operating Expenses

Salary, Wages and Benefits	\$55,105,558
Materials and Supplies	14,874,733
Purchased Transportation	366,732
Other Operating Expenses	12,898,983
<b>Total Operating Expenses</b>	<b>\$83,246,006</b>
Reconciling Cash Expenditures	\$19,831,405

## Vehicles Operated in Maximum Service and Uses of Capital Funds

	Directly Operate	Transportation Purchases	Revenue Vehicle	Systems and Guidelines	Facilities and Infrastructure	Other	Total
Bus	261	7	\$5,083,721	\$1,990,063	\$8,669,748	\$373,806	\$11,407,338
Demand Response	75	0	\$0	\$50,631	\$70,214	\$90,201	\$211,046
Light Rail	0	0	\$21,213,881	\$133,156,246	\$6,229,696	\$6,583,071	\$167,182,894
Vanpool	91	0	\$159,852	\$0	\$0	\$0	\$159,852
<b>Total</b>	<b>427</b>	<b>7</b>	<b>\$26,457,454</b>	<b>\$135,196,940</b>	<b>\$10,259,658</b>	<b>\$7,047,078</b>	<b>\$178,961,130</b>

## Sources of Operating Funds Expended



## Sources of Capital Funds Expended

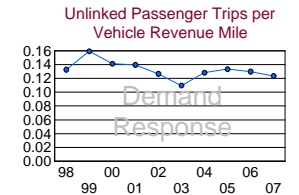
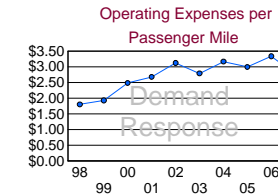
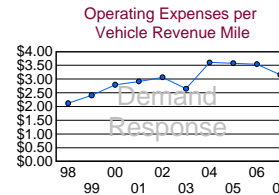
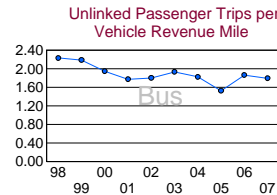
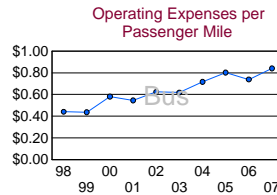
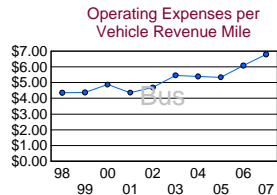


## Modal Characteristics

	Operating Expense <sup>1</sup>	Revenue Fare <sup>1</sup>	Uses of Capital Fund:	Passenger Mile	Annual Vehicle Revenue Mile	Annual Unlinked Trips	Annual Vehicle Revenue Hour	Fixed Guideway Directional Route Miles	Vehicles Available for Maximum Service	Average Fleet Age in Year	Vehicles Operated Maximum Service	Peak to Base Ratio	Percent Spares
Bus	\$74,986,805	\$12,087,939	\$11,407,338	89,664,788	11,040,484	19,851,092	775,432	2.0	335	5.8	268	1.91	25%
Demand Response	\$7,559,363	\$683,039	\$211,046	2,727,269	2,396,571	296,001	160,591	N/A	113	3.2	75	N/A	51%
Vanpool	\$699,838	\$512,750	\$159,852	13,928,012	1,951,259	251,213	37,209	N/A	97	4.3	91	N/A	7%

## Performance Measures

	Service Efficiency: Operating Expense   Vehicle Revenue M	Operating Expense   Vehicle Revenue Hc	Cost Effectiveness: Operating Expense   Passenger Mi	Operating Expense   Unlinked Passenger T	Service Effectiveness: Unlinked Passenger Trips Vehicle Revenue M	Unlinked Passenger Trips Vehicle Revenue Hc
Bus	\$6.79	\$96.70	\$0.84	\$3.78	1.80	25.60
Demand Response	\$3.15	\$47.07	\$2.77	\$25.54	0.12	1.84
Vanpool	\$0.36	\$18.81	\$0.05	\$2.79	0.13	6.75



<sup>1</sup> Excludes data for purchased transportation reported separately



## General Information

### Urbanized Area (UZA) Statistics - 2000 Census

Columbus, OH	
Square Miles	398
Population	1,133,193
Population Ranking out of 465 UZAs	37
Other UZAs Served	

### Service Area Statistics

Square Miles	325
Population	1,057,915

### Service Consumption

Annual Passenger Miles	57,932,499
Annual Unlinked Trips	14,969,847
Average Weekday Unlinked Trips	50,928
Average Saturday Unlinked Trips	24,596
Average Sunday Unlinked Trips	12,106
Service Supplied	9,541,102
Annual Vehicle Revenue Miles	693,547
Annual Vehicle Revenue Hours	241
Vehicles Operated in Maximum Service	294
Vehicles Available for Maximum Service	129
Base Period Requirement	

## Financial Information

<b>Fare Revenues Earned</b>		\$13,071,440
<b>Sources of Operating Funds Expended</b>		
Fare Revenues	( 19%)	\$13,071,440
Local Funds	( 60%)	41,650,630
State Funds	( 2%)	1,416,616
Federal Assistance	( 16%)	11,479,652
Other Funds	( 3%)	2,163,072
<b>Total Operating Funds Expended</b>		<b>\$69,781,410</b>
<b>Sources of Capital Funds Expended</b>		
Local funds	( 20%)	\$2,461,232
State Funds	( 17%)	2,131,335
Federal Assistance	( 63%)	7,953,804
Other Funds	( 0%)	0
<b>Total Capital Funds Expended</b>		<b>\$12,546,371</b>

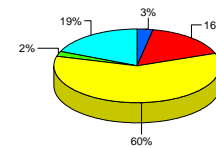
## Summary of Operating Expenses

Salary, Wages and Benefits	\$46,832,555
Materials and Supplies	10,085,202
Purchased Transportation	5,030,132
Other Operating Expenses	7,624,683
<b>Total Operating Expenses</b>	<b>\$69,572,572</b>
Reconciling Cash Expenditures	\$208,838

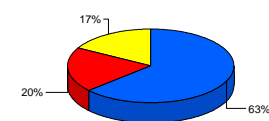
## Vehicles Operated in Maximum Service and Uses of Capital Funds

	Directly Operated	Transportation <sup>1</sup>	Revenue Vehicles	Systems and	Facilities and	Other	Total
	195	0	\$10,405,544	\$550,760	\$68,264	\$549,628	\$11,568,196
Bus	195	0	\$10,405,544	\$550,760	\$68,264	\$549,628	\$11,568,196
Demand Response	0	46	\$975,228	\$0	\$2,947	\$0	\$978,175
<b>Total</b>	<b>195</b>	<b>46</b>	<b>\$11,380,772</b>	<b>\$550,760</b>	<b>\$65,211</b>	<b>\$549,628</b>	<b>\$12,546,371</b>

## Sources of Operating Funds Expended



## Sources of Capital Funds Expended

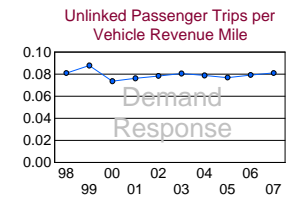
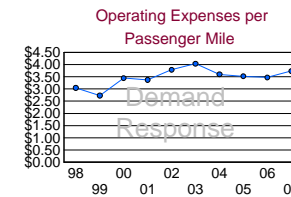
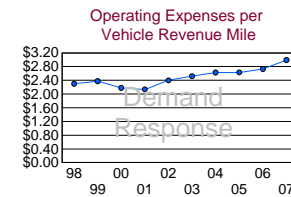
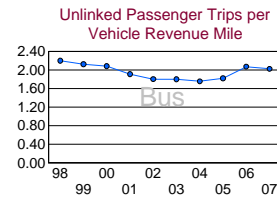
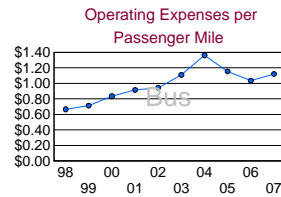
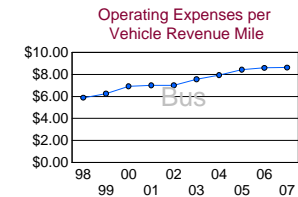


## Modal Characteristics

	Operating Expenses <sup>1</sup>	Revenues <sup>1</sup>	Uses of Capital Funds	Passenger Miles	Annual Vehicle Revenue Miles	Annual Unlinked Trips	Annual Vehicle Revenue Hours	Fixed Guideway Directional Route Miles	Vehicles Available for Maximum Service	Average Fleet Age in Years	Vehicles Operated in Maximum Service	Peak to Base Ratio	Percent Spares
Bus	\$62,845,738	\$12,694,406	\$11,568,196	57,932,499	7,292,170	14,787,666	577,336	0.0	234	7.2	195	1.50	20%
Demand Response	\$6,726,838	\$377,034	\$978,175	1,802,332	2,248,932	182,181	116,211	N/A	60	1.6	46	N/A	30%

## Performance Measures

	Service Efficiency: Operating Expense per Vehicle Revenue Mile	Service Efficiency: Operating Expense per Vehicle Revenue Hour	Cost Effectiveness: Operating Expense per Passenger Mile	Cost Effectiveness: Operating Expense per Unlinked Passenger Trip	Service Effectiveness: Unlinked Passenger Trips per Vehicle Revenue Mile	Service Effectiveness: Unlinked Passenger Trips per Vehicle Revenue Hour
Bus	\$8.62	\$108.85	\$1.12	\$4.25	2.03	25.61
Demand Response	\$2.99	\$57.88	\$3.73	\$36.92	0.08	1.57



<sup>1</sup> Excludes data for purchased transportation reported separately

# Indianapolis and Marion County Public Transportation (IndyGo)

## General Information

### Urbanized Area (UZA) Statistics - 2000 Census

Indianapolis, IN	
Square Miles	553
Population	1,218,919
Population Ranking out of 465 UZAs	34
Other UZAs Served	

### Service Area Statistics

Square Miles	373
Population	791,926

### Service Consumption

Annual Passenger Miles	47,307,441
Annual Unlinked Trips	9,409,066
Average Weekday Unlinked Trips	31,583
Average Saturday Unlinked Trips	17,173
Average Sunday Unlinked Trips	9,444
Service Supplied	9,380,723
Annual Vehicle Revenue Miles	620,974
Annual Vehicle Revenue Hours	204
Vehicles Operated in Maximum Service	241
Vehicles Available for Maximum Service	82
Base Period Requirement	

## Financial Information

<b>Fare Revenues Earned</b>		\$8,911,670
<b>Sources of Operating Funds Expended</b>		
Fare Revenues	( 18%)	\$8,911,670
Local Funds	( 35%)	17,016,339
State Funds	( 20%)	9,628,888
Federal Assistance	( 22%)	10,711,837
Other Funds	( 5%)	2,638,923
<b>Total Operating Funds Expended</b>		<b>\$48,907,657</b>
<b>Sources of Capital Funds Expended</b>		
Local funds	( 57%)	\$2,586,712
State Funds	( 0%)	0
Federal Assistance	( 43%)	1,983,690
Other Funds	( 0%)	0
<b>Total Capital Funds Expended</b>		<b>\$4,570,402</b>

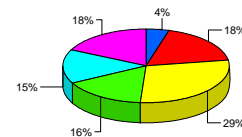
## Summary of Operating Expenses

Salary, Wages and Benefits	\$29,388,372
Materials and Supplies	8,204,083
Purchased Transportation	4,584,770
Other Operating Expenses	5,520,339
<b>Total Operating Expenses</b>	<b>\$47,697,564</b>
Reconciling Cash Expenditures	\$1,210,093

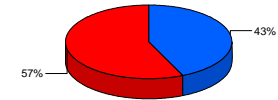
## Vehicles Operated in Maximum Service and Uses of Capital Funds

	Directly Operate	Purchased Transportation <sup>1</sup>	Revenue Vehicle	Systems and Guidelines	Facilities and Infrastructure	Other	Total
Bus	123	7	\$340,765	\$1,563,115	\$2,520,437	\$90,209	\$4,514,526
Demand Response	32	42	\$0	\$26,400	\$29,476	\$0	\$55,876
<b>Total</b>	<b>155</b>	<b>49</b>	<b>\$340,765</b>	<b>\$1,589,515</b>	<b>\$2,549,913</b>	<b>\$90,209</b>	<b>\$4,570,402</b>

## Sources of Operating Funds Expended



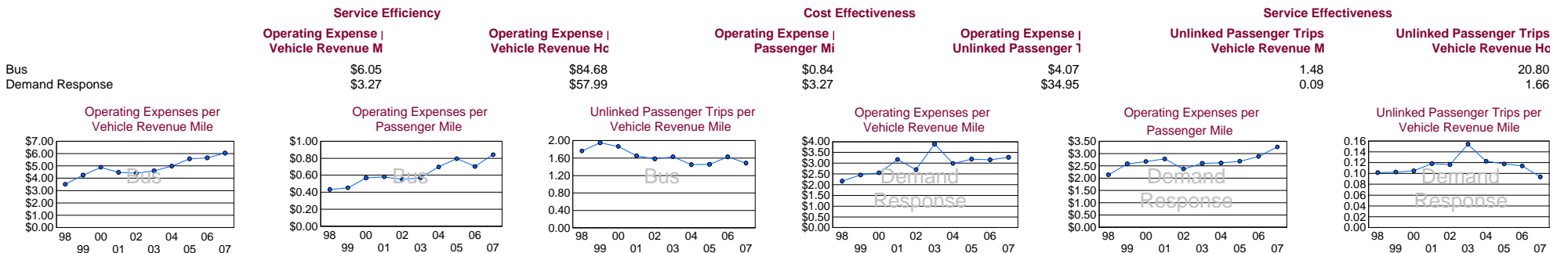
## Sources of Capital Funds Expended



## Modal Characteristics

	Operating Expense <sup>1</sup>	Revenue per Fare <sup>1</sup>	Uses of Capital Funds	Passenger Mile	Annual Vehicle Revenue Mile	Annual Unlinked Trips	Annual Vehicle Revenue Hour	Fixed Guideway Directional Route Miles	Vehicles Available for Maximum Service	Average Fleet Age in Year	Vehicles Operated in Maximum Service	Peak to Base Ratio	Percentage Spares
Bus	\$37,078,362	\$8,464,844	\$4,514,526	44,059,896	6,132,767	9,105,201	437,853	0.0	159	6.7	130	1.59	22%
Demand Response	\$10,619,202	\$446,826	\$55,876	3,247,545	3,247,956	303,865	183,121	N/A	82	2.2	74	N/A	11%

## Performance Measures



<sup>1</sup> Excludes data for purchased transportation reported separately

**General Information**

**Urbanized Area (UZA) Statistics - 2000 Census**

Kansas City, MO-KS	
Square Miles	584
Population	1,361,744
Population Ranking out of 465 UZAs	30
Other UZAs Served	412

**Service Area Statistics**

Square Miles	398
Population	781,159

**Service Consumption**

Annual Passenger Miles	61,315,850
Annual Unlinked Trips	15,417,134
Average Weekday Unlinked Trips	52,156
Average Saturday Unlinked Trips	26,847
Average Sunday Unlinked Trips	12,359
<b>Service Supplied</b>	
Annual Vehicle Revenue Miles	11,997,645
Annual Vehicle Revenue Hours	791,583
Vehicles Operated in Maximum Service	375
Vehicles Available for Maximum Service	459
Base Period Requirement	170

**Financial Information**

<b>Fare Revenues Earned</b>	\$10,132,628
<b>Sources of Operating Funds Expended</b>	
Fare Revenues ( 14%)	\$10,132,628
Local Funds ( 65%)	45,955,135
State Funds ( 1%)	906,790
Federal Assistance ( 15%)	10,853,606
Other Funds ( 5%)	3,320,597
<b>Total Operating Funds Expended</b>	<b>\$71,168,756</b>
<b>Sources of Capital Funds Expended</b>	
Local funds ( 18%)	\$2,282,498
State Funds ( 0%)	0
Federal Assistance ( 82%)	10,385,519
Other Funds ( 0%)	0
<b>Total Capital Funds Expended</b>	<b>\$12,668,017</b>

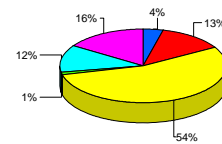
**Summary of Operating Expenses**

Salary, Wages and Benefits	\$49,262,438
Materials and Supplies	9,345,207
Purchased Transportation	5,852,767
Other Operating Expenses	6,791,438
<b>Total Operating Expenses</b>	<b>\$71,251,850</b>
Purchased Transportation Reported Separately	\$7,974
Reconciling Cash Expenditures	\$(83,094)

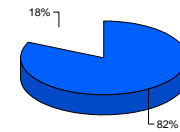
**Vehicles Operated in Maximum Service and Uses of Capital Funds**

	Directly Operate	Transportation Purchased <sup>1</sup>	Revenue Vehicle	Systems and Guideway	Facilities and Equipment	Other	Total
Bus	216	0	\$7,458,567	\$647,088	\$3,140,256	\$1,255,157	\$12,501,068
Demand Response	13	112	\$166,949	\$0	\$0	\$0	\$166,949
Vanpool	34	0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>263</b>	<b>112</b>	<b>\$7,625,516</b>	<b>\$647,088</b>	<b>\$3,140,256</b>	<b>\$1,255,157</b>	<b>\$12,668,017</b>

**Sources of Operating Funds Expended**



**Sources of Capital Funds Expended**

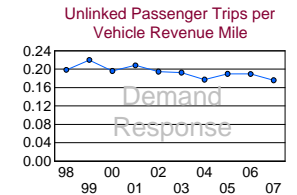
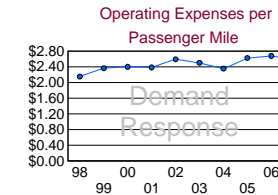
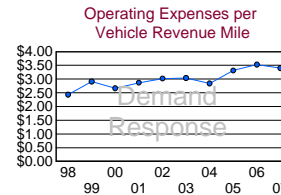
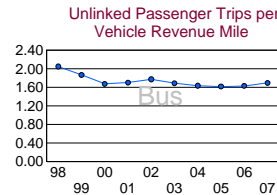
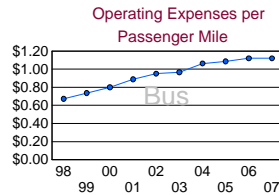
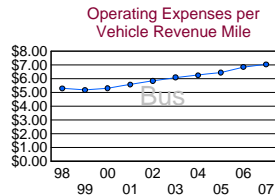


**Modal Characteristics**

	Operating Expense <sup>1</sup>	Revenue Earned <sup>1</sup>	Uses of Capital Fund	Passenger Mile	Annual Vehicle Revenue Mile	Annual Unlinked Trips	Annual Vehicle Revenue Hour	Fixed Guideway Directional Route Miles	Vehicles Available for Maximum Service	Average Fleet Age in Year	Vehicles Operated Maximum Service	Peak to Base Ratio	Percent Spares
Bus	\$61,690,127	\$9,342,955	\$12,501,068	55,414,408	8,768,771	14,871,717	643,883	7.3	250	5.5	216	1.25	16%
Demand Response	\$9,150,211	\$594,562	\$166,949	3,538,753	2,690,339	473,607	134,289	N/A	169	4.5	125	N/A	35%
Vanpool	\$403,338	\$192,621	\$0	2,662,689	538,535	71,810	13,411	N/A	40	4.4	34	N/A	18%

**Performance Measures**

	Service Efficiency: Operating Expense   Vehicle Revenue M	Service Efficiency: Operating Expense   Vehicle Revenue Hc	Cost Effectiveness: Operating Expense   Passenger Mi	Cost Effectiveness: Operating Expense   Unlinked Passenger T	Service Effectiveness: Unlinked Passenger Trips Vehicle Revenue M	Service Effectiveness: Unlinked Passenger Trips Vehicle Revenue Hc
Bus	\$7.04	\$95.81	\$1.12	\$4.15	1.70	23.10
Demand Response	\$3.40	\$68.14	\$2.59	\$19.32	0.18	3.53
Vanpool	\$0.75	\$30.08	\$0.15	\$5.62	0.13	5.35



<sup>1</sup> Excludes data for purchased transportation reported separately

# Transit Authority of River City (TARC)

## General Information

### Urbanized Area (UZA) Statistics - 2000 Census

Louisville, KY-IN	
Square Miles	391
Population	863,582
Population Ranking out of 465 UZAs	45
Other UZAs Served	

### Service Area Statistics

Square Miles	283
Population	754,756

### Service Consumption

Annual Passenger Miles	63,358,786
Annual Unlinked Trips	15,684,026
Average Weekday Unlinked Trips	52,500
Average Saturday Unlinked Trips	26,749
Average Sunday Unlinked Trips	15,964
Service Supplied	11,687,488
Annual Vehicle Revenue Miles	873,815
Annual Vehicle Revenue Hours	279
Vehicles Operated in Maximum Service	303
Vehicles Available for Maximum Service	99
Base Period Requirement	

## Financial Information

<b>Fare Revenues Earned</b>		\$7,357,342
<b>Sources of Operating Funds Expended</b>		
Fare Revenues	( 12%)	\$7,357,342
Local Funds	( 65%)	40,450,896
State Funds	( 2%)	972,933
Federal Assistance	( 19%)	11,634,695
Other Funds	( 3%)	1,672,705
<b>Total Operating Funds Expended</b>		<b>\$62,088,571</b>
<b>Sources of Capital Funds Expended</b>		
Local funds	( 10%)	\$236,360
State Funds	( 0%)	0
Federal Assistance	( 90%)	2,125,833
Other Funds	( 0%)	0
<b>Total Capital Funds Expended</b>		<b>\$2,362,193</b>

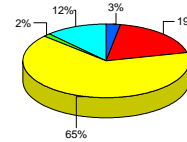
## Summary of Operating Expenses

Salary, Wages and Benefits	\$39,643,237
Materials and Supplies	9,322,284
Purchased Transportation	8,239,027
Other Operating Expenses	4,071,933
<b>Total Operating Expenses</b>	<b>\$61,276,481</b>
Reconciling Cash Expenditures	\$1,215,048

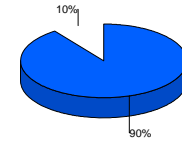
## Vehicles Operated in Maximum Service and Uses of Capital Funds

	Directly Operate	Transportation Purchased	Revenue Vehicle	Systems and Guidelines	Facilities and Equipment	Other	Total
Bus	190	7	\$2,022,596	\$378,682	\$503,382	\$137,666	\$3,042,326
Demand Response	4	78	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>194</b>	<b>85</b>	<b>\$2,022,596</b>	<b>\$378,682</b>	<b>\$503,382</b>	<b>\$137,666</b>	<b>\$3,042,326</b>

## Sources of Operating Funds Expended



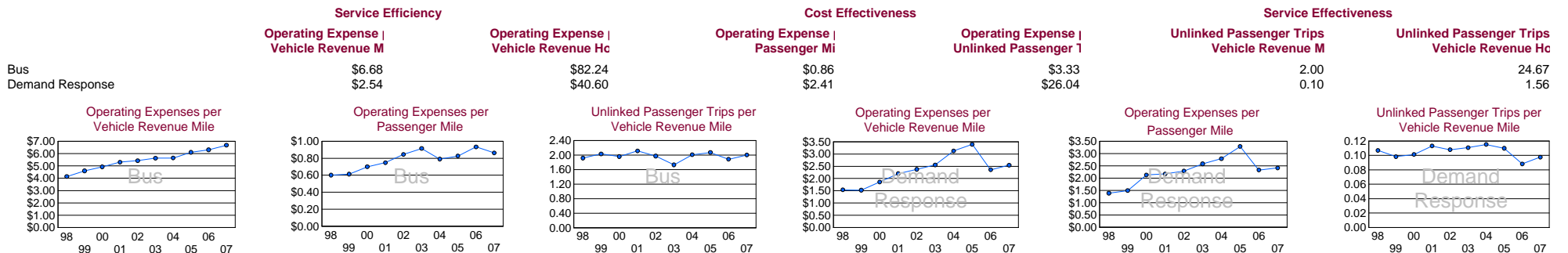
## Sources of Capital Funds Expended



## Modal Characteristics

	Operating Expense <sup>1</sup>	Revenue Fare <sup>1</sup>	Uses of Capital Funds	Passenger Mile	Annual Vehicle Revenue Mile	Annual Unlinked Trips	Annual Vehicle Revenue Hour	Fixed Guideway Directional Miles	Vehicles Available for Maximum Service	Average Fleet Age in Year	Vehicles Operated Maximum Service	Peak to Base Ratio	Percent Spares
Bus	\$50,955,548	\$6,629,924	\$3,042,326	59,082,438	7,626,158	15,287,627	619,577	0.0	215	8.5	197	1.99	9%
Demand Response	\$10,320,933	\$727,418	\$0	4,276,348	4,061,330	396,399	254,238	N/A	88	3.0	82	N/A	7%

## Performance Measures



<sup>1</sup> Excludes data for purchased transportation reported separately

# Memphis Area Transit Authority (MATA)

## General Information

### Urbanized Area (UZA) Statistics - 2000 Census

Memphis, TN-MS-AR	
Square Miles	400
Population	972,091
Population Ranking out of 465 UZAs	40
Other UZAs Served	

### Service Area Statistics

Square Miles	288
Population	888,627

### Service Consumption

Annual Passenger Miles	64,610,925
Annual Unlinked Trips	11,741,292
Average Weekday Unlinked Trips	41,396
Average Saturday Unlinked Trips	18,252
Average Sunday Unlinked Trips	5,321
Service Supplied	8,803,325
Annual Vehicle Revenue Miles	589,875
Annual Vehicle Revenue Hours	194
Vehicles Operated in Maximum Service	244
Vehicles Available for Maximum Service	83
Base Period Requirement	

## Financial Information

<b>Fare Revenues Earned</b>		\$9,215,357
<b>Sources of Operating Funds Expended</b>		
Fare Revenues	( 19%)	\$9,215,357
Local Funds	( 39%)	19,004,382
State Funds	( 17%)	8,451,088
Federal Assistance	( 21%)	10,325,479
Other Funds	( 5%)	2,283,145
<b>Total Operating Funds Expended</b>		<b>\$49,279,451</b>
<b>Sources of Capital Funds Expended</b>		
Local funds	( 10%)	\$255,256
State Funds	( 10%)	255,169
Federal Assistance	( 79%)	1,940,357
Other Funds	( 0%)	0
<b>Total Capital Funds Expended</b>		<b>\$2,450,782</b>

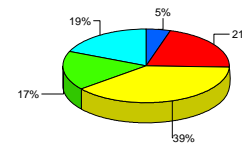
## Summary of Operating Expenses

Salary, Wages and Benefits	\$33,074,195
Materials and Supplies	9,167,008
Purchased Transportation	0
Other Operating Expenses	7,038,248
<b>Total Operating Expenses</b>	<b>\$49,279,451</b>
Reconciling Cash Expenditures	\$0

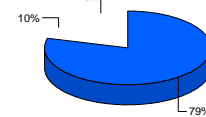
## Vehicles Operated in Maximum Service and Uses of Capital Funds

	Directly Operated	Transportation <sup>1</sup>	Revenue Vehicles	Systems and Facilities and	Other	Total
	138	0	\$199,502	\$475,412	\$213,731	\$1,877,040
Bus	138	0	\$199,502	\$475,412	\$213,731	\$1,877,040
Demand Response	44	0	\$2,856	\$0	\$0	\$2,856
Light Rail	12	0	\$256,927	\$139,834	\$109,541	\$570,886
<b>Total</b>	<b>194</b>	<b>0</b>	<b>\$459,285</b>	<b>\$615,246</b>	<b>\$1,097,936</b>	<b>\$2,450,782</b>

## Sources of Operating Funds Expended



## Sources of Capital Funds Expended

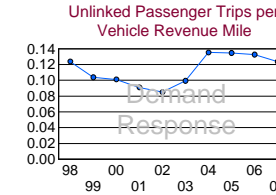
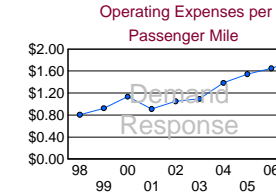
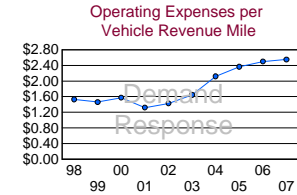
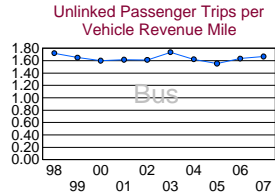
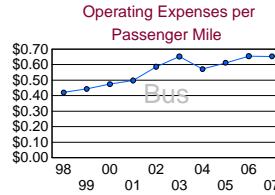
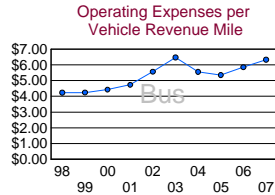


## Modal Characteristics

	Operating Expenses <sup>1</sup>	Revenues <sup>1</sup>	Uses of Capital Funds	Passenger	Annual Vehicle Revenue Miles	Annual Unlinked Trips	Annual Vehicle Revenue Hours	Fixed Guideway Directional Route Miles	Vehicles Available for Maximum Service	Average Fleet Age in Years	Vehicles Operated in Maximum Service	Peak to Base Ratio	Percent Spares
Bus	\$39,678,352	\$7,862,464	\$1,877,040	6,718,190	6,268,114	10,452,407	399,885	0.0	166	6.5	138	1.94	20%
Demand Response	\$5,309,225	\$483,261	\$2,856	2,948,807	2,084,359	257,717	129,610	N/A	61	4.2	44	N/A	39%
Light Rail	\$4,291,874	\$869,632	\$570,886	873,928	450,852	1,031,168	60,380	10.0	17	70.6	12	1.00	42%

## Performance Measures

	Service Efficiency: Operating Expense per Vehicle Revenue Mile	Cost Effectiveness: Operating Expense per Passenger Mile	Service Effectiveness: Unlinked Passenger Trips per Vehicle Revenue Mile
Bus	\$6.33	\$0.65	1.67
Demand Response	\$2.55	\$1.80	0.12
Light Rail	\$9.52	\$4.91	2.29



<sup>1</sup> Excludes data for purchased transportation reported separately

**General Information**

**Urbanized Area (UZA) Statistics - 2000 Census**

Orlando, FL	
Square Miles	453
Population	1,157,431
Population Ranking out of 465 UZAs	36
Other UZAs Served	165

**Service Area Statistics**

Square Miles	2,538
Population	1,536,900

**Service Consumption**

Annual Passenger Miles	159,324,353
Annual Unlinked Trips	26,078,255
Average Weekday Unlinked Trips	84,070
Average Saturday Unlinked Trips	54,768
Average Sunday Unlinked Trips	30,851
<b>Service Supplied</b>	
Annual Vehicle Revenue Miles	22,002,545
Annual Vehicle Revenue Hours	1,435,122
Vehicles Operated in Maximum Service	462
Vehicles Available for Maximum Service	529
Base Period Requirement	237

**Financial Information**

<b>Fare Revenues Earned</b>	\$19,488,770
<b>Sources of Operating Funds Expended</b>	
Fare Revenues (20%)	\$19,482,103
Local Funds (46%)	44,020,383
State Funds (15%)	14,052,542
Federal Assistance (15%)	14,338,819
Other Funds (5%)	4,601,980
<b>Total Operating Funds Expended</b>	<b>\$96,495,827</b>
<b>Sources of Capital Funds Expended</b>	
Local funds (32%)	\$7,055,552
State Funds (20%)	4,305,744
Federal Assistance (48%)	10,550,278
Other Funds (0%)	0
<b>Total Capital Funds Expended</b>	<b>\$21,911,574</b>

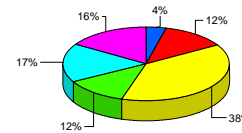
**Summary of Operating Expenses**

Salary, Wages and Benefits	\$54,146,135
Materials and Supplies	14,748,389
Purchased Transportation	16,145,560
Other Operating Expenses	10,418,144
<b>Total Operating Expenses</b>	<b>\$95,458,228</b>
Reconciling Cash Expenditures	\$1,037,599

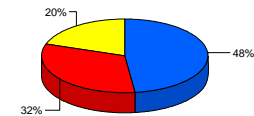
**Vehicles Operated in Maximum Service and Uses of Capital Funds**

	Directly Operate	Purchased Transportation <sup>1</sup>	Revenue Vehicle	Systems and Guidelines	Facilities and Staff	Other	Total
Bus	240	0	\$10,799,892	\$1,829,903	\$7,046,279	\$1,136,557	\$20,887,631
Demand Response	0	161	\$659,571	\$32,572	\$0	\$0	\$692,143
Vanpool	0	61	\$331,800	\$0	\$0	\$0	\$331,800
<b>Total</b>	<b>240</b>	<b>222</b>	<b>\$11,791,263</b>	<b>\$1,862,475</b>	<b>\$7,121,279</b>	<b>\$1,136,557</b>	<b>\$21,911,574</b>

**Sources of Operating Funds Expended**



**Sources of Capital Funds Expended**

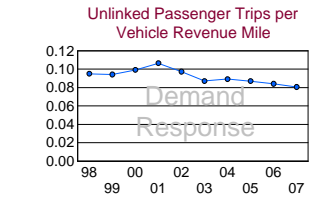
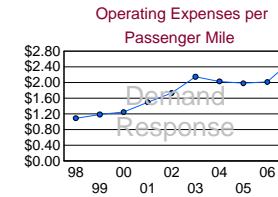
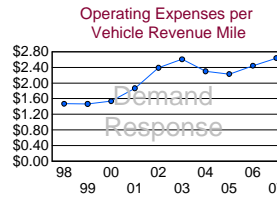
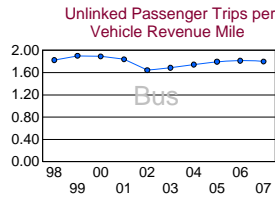
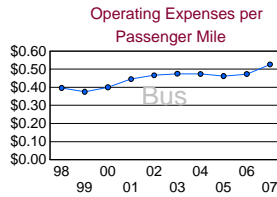
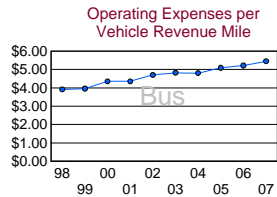


**Modal Characteristics**

	Operating Expense <sup>1</sup>	Revenue Fare <sup>1</sup>	Uses of Capital Fund	Passenger	Annual Vehicle Revenue Mile	Annual Unlinked Trips	Annual Vehicle Revenue Hour	Fixed Guideway Direction Route Mile	Vehicles Available for Maximum Service	Average Fleet Age in Year	Vehicles Operated Maximum Service	Peak to Base Ratio	Percent Spares
Bus	\$76,671,049	\$18,171,572	\$20,887,631	145,890,379	14,072,186	25,322,312	1,001,947	2.5	285	5.7	240	1.01	19%
Demand Response	\$17,996,662	\$1,053,158	\$692,143	7,046,737	6,825,312	550,578	404,675	N/A	174	2.4	161	N/A	8%
Vanpool	\$790,517	\$257,373	\$331,800	6,387,237	1,105,047	205,365	28,500	N/A	70	2.5	61	N/A	15%

**Performance Measures**

	Service Efficiency: Operating Expense   Vehicle Revenue M	Service Efficiency: Operating Expense   Vehicle Revenue Hc	Cost Effectiveness: Operating Expense   Passenger Mi	Cost Effectiveness: Operating Expense   Unlinked Passenger T	Service Effectiveness: Unlinked Passenger Trips Vehicle Revenue M	Service Effectiveness: Unlinked Passenger Trips Vehicle Revenue Hc
Bus	\$5.45	\$76.52	\$0.53	\$3.03	1.80	25.27
Demand Response	\$2.64	\$44.47	\$2.55	\$32.69	0.08	1.36
Vanpool	\$0.72	\$27.74	\$0.12	\$3.85	0.19	7.21



<sup>1</sup> Excludes data for purchased transportation reported separately

# Sacramento Regional Transit District (Sacramento RT)

## General Information

### Urbanized Area (UZA) Statistics - 2000 Census

Sacramento, CA	
Square Miles	369
Population	1,393,498
Population Ranking out of 465 UZAs	29
Other UZAs Served	

### Service Area Statistics

Square Miles	272
Population	1,087,671

### Service Consumption

Annual Passenger Miles	135,981,055
Annual Unlinked Trips	32,261,658
Average Weekday Unlinked Trips	111,517
Average Saturday Unlinked Trips	44,727
Average Sunday Unlinked Trips	28,367

### Service Supplied

Annual Vehicle Revenue Miles	14,564,004
Annual Vehicle Revenue Hours	1,083,255
Vehicles Operated in Maximum Service	360
Vehicles Available for Maximum Service	473
Base Period Requirement	178

## Financial Information

**Fare Revenues Earned** \$28,087,818

<b>Sources of Operating Funds Expended</b>	
Fare Revenues	( 19%) \$28,087,818
Local Funds	( 63%) 93,965,615
State Funds	( 0%) 0
Federal Assistance	( 12%) 17,847,962
Other Funds	( 6%) 9,689,853
<b>Total Operating Funds Expended</b>	<b>\$149,591,248</b>

### Sources of Capital Funds Expended

Local funds	( 26%) \$10,417,421
State Funds	( 17%) 6,805,317
Federal Assistance	( 58%) 23,489,523
Other Funds	( 0%) 0
<b>Total Capital Funds Expended</b>	<b>\$40,712,261</b>

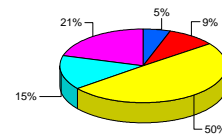
## Summary of Operating Expenses

Salary, Wages and Benefits	\$85,886,948
Materials and Supplies	15,322,506
Purchased Transportation	11,241,334
Other Operating Expenses	29,001,109
<b>Total Operating Expenses</b>	<b>\$141,451,897</b>
Reconciling Cash Expenditures	\$8,564,404

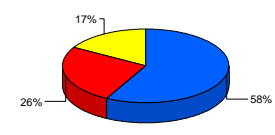
## Vehicles Operated in Maximum Service and Uses of Capital Funds

	Directly Operated	Transportation <sup>1</sup> Purchased	Revenue Vehicles	Systems and Guideways	Facilities and Stations	Other	Total
Bus	195	0	\$149,795	\$169,363	\$119,828	\$0	\$11,798,986
Demand Response	0	109	\$19,741	\$0	\$0	\$0	\$19,741
Light Rail	56	0	\$3,379,524	\$22,289,144	\$3,224,866	\$0	\$28,893,534
<b>Total</b>	<b>251</b>	<b>109</b>	<b>\$3,549,060</b>	<b>\$22,458,507</b>	<b>\$14,704,694</b>	<b>\$0</b>	<b>\$40,712,261</b>

## Sources of Operating Funds Expended



## Sources of Capital Funds Expended

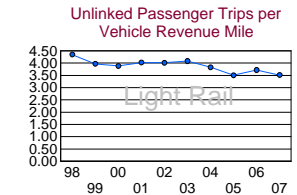
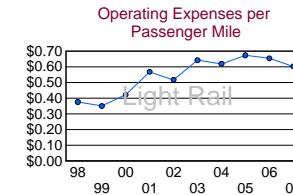
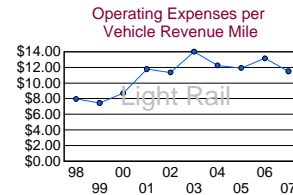
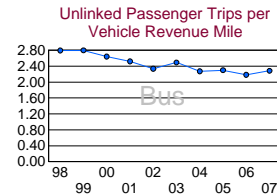
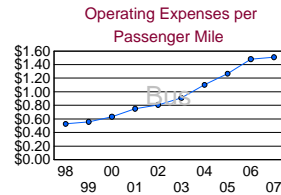
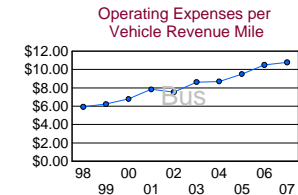


## Modal Characteristics

	Operating Expenses <sup>1</sup>	Revenues <sup>1</sup> Fare	Uses of Capital Funds	Passenger Miles	Annual Vehicle Revenue Miles	Annual Unlinked Trips	Annual Vehicle Revenue Hours	Fixed Guideway Directional Route Miles	Vehicles Available for Maximum Service	Average Fleet Age in Years	Vehicles Operated in Maximum Service	Peak to Base Ratio	Percent Spares
Bus	\$82,267,568	\$14,810,982	\$11,798,986	5,119,645	7,637,823	17,461,487	702,797	0.0	269	8.6	195	1.19	38%
Light Rail	\$47,424,055	\$12,290,279	\$28,893,534	78,760,310	4,127,718	14,489,691	209,725	73.8	76	11.1	56	2.00	36%
Demand Response	\$11,760,274	\$986,557	\$19,741	2,670,100	2,798,463	310,480	170,733	N/A	128	5.2	109	N/A	17%

## Performance Measures

	Service Efficiency Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour	Cost Effectiveness Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip	Service Effectiveness Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Bus	\$10.77	\$117.06	\$1.51	\$4.71	2.29	24.85
Light Rail	\$11.49	\$226.12	\$0.60	\$3.27	3.51	69.09
Demand Response	\$4.20	\$68.88	\$4.40	\$37.88	0.11	1.82



<sup>1</sup> Excludes data for purchased transportation reported separately

General Information

Urbanized Area (UZA) Statistics - 2000 Census

Tampa-St. Petersburg, FL	
Square Miles	802
Population	2,062,339
Population Ranking out of 465 UZAs	20
Other UZAs Served	

Service Area Statistics

Square Miles	254
Population	578,252

Service Consumption

Annual Passenger Miles	66,604,762
Annual Unlinked Trips	12,934,590
Average Weekday Unlinked Trips	43,416
Average Saturday Unlinked Trips	26,092
Average Sunday Unlinked Trips	11,754

Service Supplied

Annual Vehicle Revenue Miles	9,011,894
Annual Vehicle Revenue Hours	678,687
Vehicles Operated in Maximum Service	235
Vehicles Available for Maximum Service	274
Base Period Requirement	120

Financial Information

Fare Revenues Earned	\$11,595,583
Sources of Operating Funds Expended	

Fare Revenues	( 20%)	\$11,006,291
Local Funds	( 58%)	32,381,570
State Funds	( 6%)	3,565,878
Federal Assistance	( 9%)	5,288,142
Other Funds	( 7%)	4,037,013
<b>Total Operating Funds Expended</b>		<b>\$56,278,894</b>

Sources of Capital Funds Expended

Local funds	( 6%)	\$909,751
State Funds	( 2%)	279,648
Federal Assistance	( 91%)	13,418,110
Other Funds	( 1%)	132,162
<b>Total Capital Funds Expended</b>		<b>\$14,739,671</b>

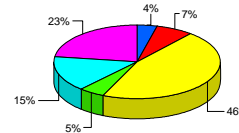
Summary of Operating Expenses

Salary, Wages and Benefits	\$38,133,475
Materials and Supplies	9,734,253
Purchased Transportation	258,780
Other Operating Expenses	7,116,491
<b>Total Operating Expenses</b>	<b>\$55,242,999</b>
Reconciling Cash Expenditures	\$1,035,895

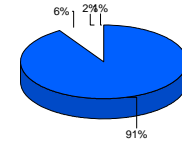
Vehicles Operated in Maximum Service and Uses of Capital Funds

	Directly Operate	Transportation Purchases <sup>1</sup>	Revenue Vehicle	Systems and Guidelines	Facilities and Equipment	Other	Total
Bus	166	0	\$2,070,336	\$5,663,274	\$4,651,869	\$1,062,033	\$13,447,512
Demand Response	28	0	\$1,214,595	\$0	\$0	\$0	\$1,214,595
Light Rail	8	0	\$0	\$60,840	\$0	\$16,725	\$77,565
Vanpool	0	33	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>202</b>	<b>33</b>	<b>\$3,284,931</b>	<b>\$5,724,114</b>	<b>\$4,651,869</b>	<b>\$1,078,758</b>	<b>\$14,739,672</b>

Sources of Operating Funds Expended



Sources of Capital Funds Expended

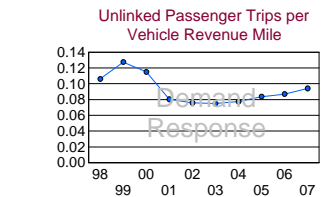
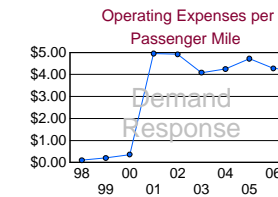
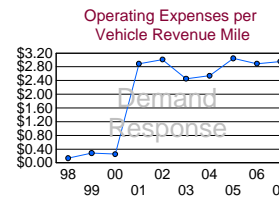
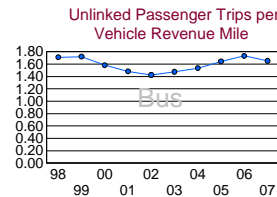
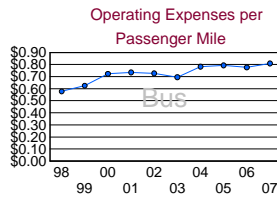
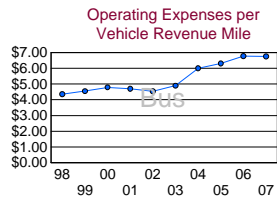


Modal Characteristics

	Operating Expense <sup>1</sup>	Revenue Fare <sup>1</sup>	Uses of Capital Fund:	Passenger Mile	Annual Vehicle Revenue Mile	Annual Unlinked Trips	Annual Vehicle Revenue Hour	Fixed Guideway Direction Route Mile	Vehicles Available for Maximum Service	Average Fleet Age in Year	Vehicles Operated Maximum Service	Peak to Base Ratio	Percent Spares
Bus	\$49,947,440	\$9,893,828	\$13,447,512	61,790,158	7,393,632	12,208,985	588,622	1.1	197	5.6	166	1.43	19%
Demand Response	\$2,592,632	\$255,952	\$1,214,595	622,113	876,853	82,439	55,957	N/A	32	2.3	28	N/A	14%
Light Rail	\$2,402,357	\$607,423	\$77,565	862,224	87,147	562,320	17,985	4.8	10	8.8	8	1.00	25%
Vanpool	\$300,570	\$230,957	\$0	3,330,267	654,262	80,846	16,123	N/A	35	2.6	33	N/A	6%

Performance Measures

	Service Efficiency: Operating Expense   Vehicle Revenue M	Service Efficiency: Operating Expense   Vehicle Revenue Hc	Cost Effectiveness: Operating Expense   Passenger Mi	Cost Effectiveness: Operating Expense   Unlinked Passenger T	Service Effectiveness: Unlinked Passenger Trips Vehicle Revenue M	Service Effectiveness: Unlinked Passenger Trips Vehicle Revenue Hc
Bus	\$6.76	\$84.85	\$0.81	\$4.09	1.65	20.74
Demand Response	\$2.96	\$46.33	\$4.17	\$31.45	0.09	1.47
Light Rail	\$27.57	\$133.58	\$2.79	\$4.27	6.45	31.27
Vanpool	\$0.46	\$18.64	\$0.09	\$3.72	0.12	5.01



<sup>1</sup> Excludes data for purchased transportation reported separately



## **B. Statutory Compliance**

### **Audit Procedures for Quadrennial Performance Audit Capital Metropolitan Transportation Authority**

#### **Regulatory Compliance Issues Related to Updates Made to the Texas Transportation Code Since 2004**

**§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 30<sup>th</sup> 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, 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 a Class C misdemeanor.

(g) An authority created before 1980 in which the principal municipality has a population of less than 1.2 million may allow peace officers of another political subdivision serving under a contract with the authority to enforce a resolution passed by a board under this section.

Added by Acts 2003, 78<sup>th</sup> Leg., ch. 1113, §2, eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80<sup>th</sup> Leg., R.S., Ch. [1072](#), §1, eff. June 15, 2007.

**Audit Procedures for §451.0611:**

\_N/A\_ Check board resolution that establishes penalty for person who fails to possess evidence showing the appropriate fare has been paid, not to exceed \$100

\_N/A\_ Observe signs designating areas in which a person who fails to possess evidence showing the appropriate fare has been paid

\_N/A\_ Check copy of notifications sent to persons who fail to possess evidence showing the appropriate fare to ensure violators are given 30 days to pay fare and the penalty

**Auditor Notes:**

This section pertains to passenger rail service.

**§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 750,000.

(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.

(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) the referendum is held no earlier than the 62<sup>nd</sup> day after the date of the order; and

(2) the proposed expansion involves the addition of not more than 12 miles of track to the system.

Added by Acts 1997, 75<sup>th</sup> Leg., ch. 472, §1, eff. Sept. 1, 1997. Amended by Acts 2001, 77<sup>th</sup> Leg., ch. 542, §1, eff. June 11, 2001.

Amended by:

Acts 2005, 79<sup>th</sup> Leg., Ch. [281](#), §2.84, eff. June 14, 2005.

**Audit Procedures for §451.071:**

Authorization to operate fixed rail transit system:

Check board records authorizing a referendum on whether the authority may operate a fixed rail transit system. Did the ballot offer “for” and “against” options on the proposition “The operation of a fixed rail system by CMTA”?

Check election notice if a referendum was held. Did it include a general description of the form of the fixed rail transit system, including the general location of any proposed routes?

If a subsequent referendum was held (after one or more failed attempts), was the election held at the general election in November of an even-numbered year?

Authorization to expand fixed rail transit system:

Check to ensure the referendum was held no earlier than the 62<sup>nd</sup> day after the date of the board order

Verify the proposed expansion did not involve more than 12 miles of track to the system.

**Auditor Notes:**

The election notice is attached.

**§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) \$25,000 or less;
- (2) the purchase of real property;
- (3) personal or professional services; or
- (4) the acquisition of an existing transit system.

Acts 1995, 74<sup>th</sup> Leg., ch. 165, §1, eff. Sept. 1, 1995. Amended by Acts 1999, 76<sup>th</sup> Leg., ch. 1479, §1, eff. June 19, 1999.

Amended by:

Acts 2005, 79<sup>th</sup> Leg., Ch. [1277](#), §2, eff. September 1, 2005.

**Audit Procedures for §451.110:**

- Check at least three major procurements, including at least one that involved construction of an improvement on real property, to ensure competitive bidding was used (unless under \$25,000, purchase of real property, personal or professional services, or acquisition of an existing transit system)
- Check to ensure the notice of the contract proposal was published in a newspaper of general circulation at least once each week for two consecutive weeks before the date set for receiving bids. Was the first notice published at least 15 days before the date set for receiving bids?
- Review CMTA Procurement Policies regarding rules on:
- Taking of bids
  - Awarding of contracts
  - Waiver of the competitive bidding requirement:
    - in the event of emergency
    - there is only one source
    - competitive bidding is inappropriate or it is ascertained after solicitation there will be only one bidder (not applicable if contract involves construction of an improvement on real property)

**Auditor Notes:**

**Reviewed the following solicitations:**

1. No. 102909 Furnish and Install Trapeze Costing Software Module
2. No. 107924 Rehab of Railroad Bridges and Culverts
3. No. 107656 Asset Management

No issues found.

**§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 \$25,000; 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, 74<sup>th</sup> Leg., ch. 165, §1, eff. Sept. 1, 1995. Amended by Acts 1999, 76<sup>th</sup> Leg., ch. 1479, §2, eff. June 19, 1999.

Amended by:

Acts 2005, 79<sup>th</sup> Leg., Ch. [1277](#), §3, eff. September 1, 2005.



**Audit Procedures for §451.111:**

- Check at least two procurements for which competitive bidding was NOT used. Ensure the procurements meet the requirements for noncompetitive bidding:
- \$25,000 or less
  - Purchase of real property
  - Personal or professional services
  - Acquisition of an existing transit system
- Check to ensure the announcement that a noncompetitively bid contract is being considered was posted in a prominent place in CMTA's principal office for at least two weeks before the date of contract award

**Auditor Notes:**

**Reviewed the following solicitations:**

1. Texas Citizen Fund – Target marketing to elementary schools
2. Austin American Statesman – Advertising

No issues found.

**§451.113. DRIVING ON CERTAIN AUTHORITY RIGHT-OF-WAY;**

**PENALTY.** a) A person commits an offense if, as the operator of a motor vehicle, the person drives on a designated right-of-way of an authority that is used in connection with a motor bus rapid transit system.

(b) It is an exception to the application of Subsection a) that the person:

(1) was driving a motor vehicle owned or under the control of the authority and was authorized to drive the vehicle on the designated right-of-way; or

(2) was driving an authorized emergency vehicle, as defined by Section 541.201, and responding to a call.

(c) Subsection a) may be enforced by any peace officer listed in Article 2.12, Code of Criminal Procedure, in whose jurisdiction the offense is committed.

(d) An offense under this section is a Class C misdemeanor.

Added by Acts 2007, 80<sup>th</sup> Leg., R.S., Ch. [1209](#), §1, eff. September 1, 2007.

**Audit Procedures for §451.113:**

\_N/A\_ Review board policy regarding penalties for persons driving on a designated right-of-way of an authority that is used in connection with a motor bus rapid transit system.

Check to ensure the following exceptions are allowed:

- The person was driving a motor vehicle owned or under the control of the authority and was authorized to drive the vehicle on the designated right-of-way
- The person was driving an authorized emergency vehicle responding to a call

**Auditor Notes:**

This section pertains to bus rapid transit service.

**§451.362. SHORT-TERM BONDS.** a) Notwithstanding other provisions of this chapter and except as provided by Subsections c) and (d), the board, by order or resolution, may issue bonds that are secured by revenue or taxes of the authority if the bonds:

(1) have a term of not more than 12 months; and  
(2) are payable only from revenue or taxes received on or after the date of their issuance and before the end of the fiscal year following the fiscal year in which the bonds are issued.

(b) A bond issued under this section need not be approved by the attorney general or registered with the comptroller.

(c) In an authority in which the principal municipality has a population of 1.5 million or more, bonds may have a term of not more than five years. The bonds are payable only from revenue on taxes received on or after the date of their issuance.

(d) In an authority created before 1980 in which the principal municipality has a population of less than 1.2 million, bonds may have a term of not more than 10 years. The bonds are payable only from fee revenue received on or after the date the bonds are issued.

Acts 1995, 74<sup>th</sup> Leg., ch. 165, §1, eff. Sept. 1, 1995. Amended by Acts 2003, 78<sup>th</sup> Leg., ch. 1325, §19.09, eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80<sup>th</sup> Leg., R.S., Ch. [89](#), §1, eff. May 14, 2007.

**Audit Procedures for §451.362:**

\_N/A\_ Review three short-term bonds issued by the CMTA board

\_N/A\_ Check to ensure the bonds had a term of not more than 12 months, and that they were payable only from revenue or taxes received on or after the date of issuance and before the end of the fiscal year following the fiscal year in which the bonds were issued.

**Auditor Notes:**

No bonds issued in review period.

**§451.554. BOARD APPROVAL OF ANNEXATION: EFFECTIVE DATE.** a)

The addition of territory annexed under Section 451.551, or approved under Section 451.552 or 451.553, does not take effect if, before the effective date of the addition under Subsection (b), the board of the authority gives written notice to the governing body of the municipality that added new territory to the authority by virtue of annexation, or to the governing body of the municipality or the commissioners court of the county that held the election, that the addition would create a financial hardship on the authority because:

(1) the territory to be added is not contiguous to the territory of the existing authority; or

(2) the addition of the territory would impair the imposition of the sales and use tax authorized by this chapter.

(b) In the absence of a notice under Subsection (a), the addition of territory takes effect on the 31<sup>st</sup> day after the date of the:

(1) municipal ordinance, if annexed by a municipality under Section 451.551; or

(2) election, if approved under Section 451.552 or 451.553.

Acts 1995, 74<sup>th</sup> Leg., ch. 165, §1, eff. Sept. 1, 1995.

Amended by:

Acts 2005, 79<sup>th</sup> Leg., Ch. [281](#), §2.81, eff. June 14, 2005.

**Audit Procedures for §451.554:**

Check any notices given by CMTA to municipalities and/or counties claiming a financial hardship on the authority because:

- The territory to be added was not contiguous to the territory of the existing authority, or
- The addition of the territory would have impaired the imposition of the sales and use tax.

Did CMTA take responsibility for annexed territory on the 31<sup>st</sup> day after the date of the:

- Municipal ordinance, or
- County election?

**Auditor Notes:**

Sixty-four (64) areas were annexed during this review period. No notices were given by Capital Metro claiming a financial hardship and the agency took responsibility for the annexed territory. However, few of the areas currently receive transit service for various reasons. There is a challenge in receiving annexation information from jurisdictions other than the City of Austin. Capital Metro does not have the power to mandate that it receive annexation information from member municipalities. However, the agency should establish a procedure for periodically requesting this information in a timely manner (e.g., every 6 months) from each jurisdiction.

**§451.616. REVENUE FROM WITHDRAWN UNIT FOR PROVIDING SERVICES FOR PERSONS WITH DISABILITIES.** a) The comptroller shall withhold from the amount of sales and use tax revenue refunded to a unit of election that has withdrawn from an authority the full amount of the difference between the cost of providing services to persons with disabilities in the unit of election and the fares charged during the period in which the sales and use tax was collected and remit this amount to the authority providing the services.

(b) The authority and the unit of election that has withdrawn shall determine the amount of the cost of providing services to persons with disabilities. If the authority and the unit of election cannot agree on the amount, the comptroller shall determine the amount.

Acts 1995, 74<sup>th</sup> Leg., ch. 165, §1, eff. Sept. 1, 1995.

Amended by:

Acts 2007, 80<sup>th</sup> Leg., R.S., Ch. [76](#), §1, eff. May 14, 2007.



**Audit Procedures for §451.616:**

\_N/A\_ Check to determine if any unit of election has withdrawn from CMTA during the period covered by the review

\_N/A\_ Review agreements between CMTA and any unit of election that has withdrawn from CMTA that outline the cost for CMTA providing services to persons with disabilities

\_N/A\_ Review sales tax revenues to determine that CMTA has received the appropriate funding to cover the cost of providing service, less fare revenue, to persons with disabilities living in the unit of election that has withdrawn from CMTA

**Auditor Notes:**

No unit of election has withdrawn during the review period.

# **Audit Procedures for Quadrennial Performance Audit Capital Metropolitan Transportation Authority**

## **Maintenance Issues**

**All items listed below were included as recommendations in the Quadrennial Performance Audit Regarding Fiscal Years 2001-2004**

Recommendation:

Vehicle Maintenance Department needs to continue to monitor reason for mechanical failures and take appropriate preventive maintenance and repair actions.

Audit Procedures:

- Review vehicle breakdowns
- Review vehicle mileage reports
- Establish miles between vehicle breakdowns
- Review maintenance work orders *Satisfactory*
- Review Vehicle Defect Forms *Satisfactory*
- Review completed work orders *Satisfactory*
- Review preventive maintenance inspection forms *Satisfactory*

Auditor Notes:

Reviewed monthly reports for January 2006, January 2007, and July 2007. The section entitled "Monthly Road Call Summary" shows miles between vehicle breakdowns separated by those breakdowns defined as "mechanical" and "other." See table below for specifics:

	January 2006	January 2007	July 2007
Number of Mech. Roadcalls	224	144	190
Number of Other Roadcalls	66	71	95
Miles	987,732	894,22	922,067
Miles b/w Mech. Roadcalls	4,410	6,210	4,853
Miles b/w Other Roadcalls	14,966	12,595	9,706
Total Miles b/w Roadcalls	3,406	4,140	3,258

Recommendation:

Vehicle Maintenance Department needs to fully implement changes in its vehicle maintenance practices to enhance the timeliness of preventive maintenance inspections. Note: Preventive maintenance on-time performance for November 2004 was 84 percent.

Audit Procedures:

Review Vehicle Maintenance Plan

Review preventive maintenance inspections forms [Satisfactory](#)

Determine timeliness of preventive maintenance inspections for November 2007

Auditor Notes:

Monthly Report of Vehicle Maintenance shows timeliness of preventive maintenance inspections each month. Auditor reviewed the report for July 2007. "On-time" is defined as a 6,000-mile interval for non-EGR-equipped buses and 3,000-mile interval for EGR-equipped buses, plus or minus 10 percent of the miles. One hundred percent of the inspections for this month were considered on-time.

PM forms are specialized for each type of vehicle in the fleet by model and year.

Recommendation:

Vehicle Maintenance Department needs to finalize and fully implement department goals and a plan to improve the quality and effectiveness of preventive maintenance inspections and repairs.

Audit Procedures:

Review Vehicle Maintenance Department Plan

Recommendation:

CMTA needs to monitor and address its spare vehicle shortages at the sub-fleet level.

Audit Procedures:

Review Daily Vehicle Assignment rosters by vehicle type (May 2008)

Review peak vehicle requirements by service type

Review fleet roster by make, model, and service type

Auditor Notes:

All of these reports are maintained electronically and CMTA was able to produce current reports when requested. The reports were complete and appeared to be accurate.

Recommendation:

Vehicle Maintenance Department should continue to implement the corrective action plans, and work with Procurement personnel to enhance the procurement processes for an improve customer-service focus.

Audit Procedures:

- Review procurement manual
- Review inventory control procedures
- Review most recent inventory records to show variance

Auditor Notes:

Utilize overall CMTA procurement procedures. Under \$25,000 is considered a Small Purchase; blanket purchase agreements are used for appropriate items; IFBs are issued for large quantity contracts. The Store Supervisor, Glenn Burkhart, does have authority to make emergency purchased with a purchasing card.

Auditor Notes:

All inventory is input into an electronic database. This software was recently purchased and CMTA staff is having problems with the inventory counts and variance functions. Their software consultant is working to address the problem. In theory, the software should record all necessary information on inventory variances.

Recommendation:

The Parts facility needs to be reorganized to make more efficient use of space. In addition, nonproductive inventory should be considered for disposal.

Audit Procedures:

Perform visual inspection of parts/inventory area

Check for nonproductive inventory by spot checking inventory list

Auditor Notes:

Parts area was organized by category and shelves were labeled. All was in neat order. A locked area was used for appropriate items. Parts check-in area was small; however, CMTA appeared to have a systematic approach for checking-in and categorizing inventory.



Recommendation:

Vehicle Maintenance Department should consider upgrading its inventory control system to accomplish more robust functionality with less manual intervention as well as more flexibility and scalability in operation.

Audit Procedures:

Review current inventory technology and procedures

Auditor Notes:

All inventory is input into an electronic database. This software was recently purchased and CMTA staff is having problems with the inventory counts and variance functions. Their software consultant is working to address the problem. In theory, the software should record all necessary information on inventory acquired and disposed of.

Recommendation:

CMTA should consider adding an Inventory Control Manager position.

Audit Procedures:

Review maintenance/inventory organization chart

Meet with current personnel to determine work activities and needs

Auditor Notes:

Capital Metro has focused its efforts on improving the tools available to manage the agency's inventories. An asset management system has been implemented to provide the means and data needed to more efficiently manage and monitor inventories. The agency is currently working through incorporating the software into the agency's operating procedures. Given the investment in the new system and recent fiscal challenges, the agency has not created a new Inventory Control Manager position.

The System Administrator and the Store Supervisor each have a role in inventory management. However, their work assignments are wide and varied and this is only one of the job duties they are required to perform. Currently, temporary personnel are used when necessary and possible to assist on the data input side of the process. With the incorporation of the new software, inventory control should be able to be more easily and closely monitored.

As there have been some (not atypical) problems implementing the new software, Capital Metro should make it a priority to resolve these issues and review in a reasonable timeframe (6 months) how well the software has improved the efficiency and effectiveness of inventory management. If the software has not meaningfully reduced the workload of the current staff, the agency should reconsider this position.

Recommendation:

Vehicle Maintenance Department should consider increasing the number of supervisors in its work force. Note: At the time of the report the supervisor-to-staff ratio was 1:15.

Audit Procedures:

Review staffing levels

Review maintenance supervisory productivity and workload

Auditor Notes:

Per Carl Woodby, Maintenance Director, the ratio of supervisors to mechanics is between 1:5 and 1:10. The scheduling of supervisors and mechanics depends on the day, time of day, and the fleet needs. Maintenance supervisory personnel focus on preventive maintenance and ensuring that they all inspections are timely and that all repairs are completed in a timely manner. Mr. Woodby measures performance through twice weekly meetings, timeliness of PM inspections, miles between roadcalls, and the 3-day down list. Currently, one of his goals is to have the supervisors participate to a greater extent in trouble-shooting problems.

Ideal ratio of mechanics is .6-.7 per 100,000 miles.

Recommendation:

Vehicle Maintenance Department needs to fill the 14 additional mechanics positions authorized in its fiscal year 2005 budget.

Audit Procedures:

X Compare number of authorized positions in fiscal year 2008 budget to number of mechanics currently employed

Auditor Notes:

In FY 2008, 14 positions were added for a total of 115 FTEs. The auditor noted the following positions were vacant:

Position	Number of Vacancies
Building Maintenance Technician	2
Body Shop Mechanic	2
Preventative Maintenance Mechanic	6
Heavy Repair Mechanic	0

Although there are 10 outstanding positions, Cap Metro has aggressively pursued qualified applicants and has shown a commitment to strengthen its maintenance program with the authorization of more positions.

Recommendation:

Vehicle Maintenance Department should review its current two-shift schedule and four-day per week, 10-hour workday schedule, and strongly consider going to a three-shift operation that uses a five-day per week, eight-hour workday, so that mechanics can be used more efficiently.

Audit Procedures:

Review work schedules for mechanics

Review Vehicle Maintenance Department overtime as a percentage of scheduled work time

Auditor Notes:

CMTA has mechanic coverage 7 days a week, 24 hours a day.

Recommendation:

Vehicle Maintenance Department needs to continue to use its newly developed reports as a management tool.

Audit Procedures:

Review Vehicle Maintenance Department monthly reports

Determine effectiveness of monthly reports as a management tool by discussing the reports with maintenance management personnel

Auditor Notes:

Reviewed monthly reports for January 2006, January 2007, July 2007, and March 2008. These reports are distributed to Carl Woodby, the Leadership Team (all CMTA department heads), and the Executive Team. High priority items for CMTA are the miles between roadcalls. Reports are diligently reviewed and issues are resolved as quickly as possible. These reports are comprehensive and concise management tools.

Recommendation:

As part of the ITS project, CMTA should select a radio system which best meets its current needs for voice and its long-range strategy in supporting data transmissions via radio or broad-band communications.

Audit Procedures:

Review current capabilities of radio system

Discuss any planned radio system upgrades

Auditor Notes:

The radio system covers the entire service area for all bus operations and all planned rail operations. Planned upgrades include running data through the radios for streamlined data collection.

Recommendation:

CMTA should consider upgrading the fueling system and controls at the 2910 East 5<sup>th</sup> Street facility.

Audit Procedures:

Interview maintenance management to determine what, if any, upgrades have been made to the fueling system and controls

Review fueling processes

Visually inspect fueling equipment

Auditor Notes:

Upgrades to the fuel software system are implemented at 1 of the 3 fueling stations. Once all of the “bugs” are worked out, the software will be upgraded at the other stations.

Fueling and cleaning/servicing process for the majority of the buses is between 6:00 p.m. and 3 a.m. Mid-day fuelings are a rare occurrence. The procedure is to bring in buses as they come off their last run to fuel, clean, and service to be ready for pull-out the following day.



**Audit Procedures for  
Quadrennial Performance Audit  
Capital Metropolitan Transportation Authority**

**Regulatory Compliance Issues Related to Issues Identified in  
Quadrennial Performance Audit (FY 2001-2004)**

**§451.058. USE AND ACQUISITION OF PROPERTY OF OTHERS.**

(a) For a purpose described by Section 451.056(a)(1) and as necessary or useful in the construction, repair, maintenance, or operation of the transit authority system, an authority may:

(1) use a public way, including an alley; and

(2) directly, or indirectly by another person, relocate or reroute the property of another person or alter the construction of the property of another person.

(b) For an act authorized by Subsection (a)(2), an authority may contract with the owner of the property to allow the owner to make the relocation, rerouting, or alteration by the owner's own means or through a contractor of the owner. The contract may provide for reimbursement of the owner for costs or payment to the contractor.

(c) An authority may acquire by eminent domain any interest in real property, including a fee simple interest and the use of air or subsurface space. The exercise of the right of eminent domain may not unduly interfere with interstate commerce or authorize the authority to run an authority vehicle on a railroad track that is used to transport property.

(d) If an authority, through the exercise of a power under this chapter, makes necessary the relocation or rerouting of, or alteration of the construction of, a road, alley, overpass, underpass, railroad track, bridge or associated property, an electric, telegraph, telephone, or television cable line, conduit, or associated property, or a water, sewer, gas, or other pipeline or associated property, the relocation or rerouting or alteration of the construction must be accomplished at the sole cost and expense of the authority, and damages that are incurred by an owner of the property must be paid by the authority.

(e) Unless the power of eminent domain is exercised, an authority may not begin an activity authorized under Subsection a) to alter or damage the property of this state, a political subdivision of this state, or a person providing a public service, inconvenience the owners of property of this state, a political subdivision of this state, or a person providing a public service, or disrupt the provision of a public service without having first received written permission from the owner of the property.

**Audit Procedures for §451.058:**

Recommendation Included in Previous Audit:

CMTA should continue with its efforts to formalize a policy regarding affected public infrastructure modifications.

X Review Facilities Design and Construction Policy Manual

**Auditor Notes:**

The draft Capital Projects Group Policies and Procedures includes the following statement to address this recommendation:

**Modifications to Public Infrastructure**

The Capital Metro Capital Projects Group will strictly adhere to the requirements stated in the Texas Transportation Code 451.058(d) with respect to capital improvement projects, including the authority’s responsibility to bear the cost of modifications to public infrastructure brought about by the agency’s projects.”

**§451.065. ROADWAYS, TRAILS, LIGHTING: CERTAIN AUTHORITIES.**

(d) An authority may not perform an activity authorized by this section in a municipality without:

- (1) the consent of the governing body of the municipality; or
- (2) a contract with the municipality specifying the actions that the authority may undertake.

**Audit Procedures for §451.065:**

Recommendation Included in Previous Audit:

Though the subject agreements remain in effect through board action, CMTA should take efforts to ensure that all future agreements are appropriately executed, including the application of effective dates.

X Review formal agreements with municipalities to whom CMTA provides services

**Auditor Notes:**

In response to the recommendation in the previous audit, Capital Metro's legal department developed a checklist that provides a final sign-off and review of all legal documents to ensure that all critical document elements are included and accurate. No agreements were reached with municipalities since the previous audit. Capital Metro reports that several agreements may be forthcoming in the near future, and has stated that the agency intends to make sure that the agreements comply with the original recommendation.

**§451.456. PERFORMANCE AUDIT RESPONSE; HEARING.**

a) An authority for which a performance audit is conducted under Section 451.454 shall prepare a written response to the audit report. The response must include each proposal for action relating to recommendations included in the report, whether the proposal for action is pending, adopted, or rejected.

(b) The authority shall make copies of the report and the response available for public inspection at the offices of the authority during normal business hours.

(c) The authority shall conduct a public hearing on each performance audit report and the authority's response under Subsection (a). The authority shall give notice of the hearing by publication of the notice in a newspaper of general circulation in the area included in the authority at least 14 days before the date of the hearing.

**Audit Procedures for §451.456:**

  X   Review CMTA’s written response to the Quadrennial Performance Audit Regarding Fiscal Years 2001-2004

- Did the response include any proposals for action, whether pending, adopted, or rejected, relating to recommendations contained in the performance audit report?

**Auditor Notes:**

The response did include proposals for action. Each of these action items was included herein as an audit procedure.

**§451.457. DELIVERY OF REPORT AND RESPONSE.** An authority required by Section 451.454 to contract for a performance audit shall, before February 1 of every second odd-numbered year, deliver a copy of each audit report and of the authority's response to the report to:

- (1) the governor;
- (2) the lieutenant governor;
- (3) the speaker of the house of representatives;
- (4) each member of the legislature whose district includes territory in the authority;
- (5) the state auditor;
- (6) the county judge of each county having territory in the authority; and
- (7) the presiding officer of the governing body of each municipality having territory in the authority.



**Audit Procedures for §451.457:**

- X   Review notice of public hearing held regarding the Quadrennial Performance Audit Regarding Fiscal Years 2001-2004 and CMTA's response.
- Was the notice published in a newspaper with general circulation in the CMTA area 14 days before the date of the hearing?
  - Did CMTA made the Quadrennial Performance Audit Regarding Fiscal Years 2001-2004 and CMTA's response available for public response at the CMTA office?
- X   Review documentation indicating the Quadrennial Performance Audit Regarding Fiscal Years 2001-2004 and CMTA's response was delivered before February 1, 2005 to:
- The governor
  - The lieutenant governor
  - The speaker of the house of representatives
  - The state auditor
  - The presiding officer of the governing body of each county and municipality having territory included within the Authority, and
  - Each member of the state legislature whose district include territory within CMTA

**§451.518. BOARD MEETINGS: NOTICE.** In addition to notice required by Chapter 551, Government Code, a board shall post a board meeting notice in the authority's administrative offices and at the courthouse of the most populous county in which the principal municipality of the authority is located, each on a bulletin board at a place convenient to the public.

**Audit Procedures for §451.518:**

Issue Noted in Previous Audit

CMTA record retention policies only require that board agendas and meeting notices be retained for two (2) years. Therefore compliance could only be ascertained for two years of the four-year audit period.

Review one board meeting agenda for each of the previous four years

Review one notice of a board meeting notice for each of the previous four years

Verify notices are posted on a bulletin board at a place convenient to the public in:

- CMTA's administrative offices
- The county courthouse of the most populous county in which the principal municipality of CMTA

Verify that notices for meetings held in the event of emergency or urgent public necessity were posted at least two hours before the meeting was convened. Did the notice clearly identify the emergency nature of the meeting? (Texas Government Code §551.045)

## **Audited Data for Fiscal Year 2004**

### Issue Noted in Previous Audit

Due to the statutorily required timing of the quadrennial performance audit, the financial and operational data collected for fiscal year 2004 (October 1, 2003 through September 30, 2004) was not yet audited. As a result, observations regarding performance trends that are dependent on audited data are limited to comparisons of annual figures from the three audited years. CMTA has indicated it will include audited data for fiscal year 2004 as part of the next regularly scheduled Quadrennial Performance Audit, and will include four years of audited data in each quadrennial cycle thereafter.

### Audit Procedures:

  X   Review financial and operational data collected for fiscal year 2004

### Auditor Notes:

Completed as part of the performance indicators evaluation, rather than the statutory review presented in this section.

## C. Stakeholder Interviews

Table C.1 Stakeholder Interviews

Meeting	Date/Time	Attendees
CAMPO Chair	2/7/2008 15:30	Sen. Kirk Watson (Senator, Texas Senate District 14/ Chair, CAMPO/Ex officio, TWG)
CAMPO Executive Director	2/6/2008 15:00	Maureen Daniel (Interim Director), Greg Griffin (Senior Planner)
CAMPO TWG: Brewster McCracken	2/7/2008 14:00	Councilmember Brewster McCracken (Council Member, City of Austin/Board Member, Capital Metro/Board Member, CAMPO/ Vice Chair, TWG)
CAMPO TWG: Mike Krusee	2/7/2008 11:30	Rep. Mike Krusee (Representative, Texas House District 52/ Board Member, CAMPO/Member, TWG)
CAMPO TWG: Mike Martinez	2/8/2008 14:00	Councilmember Mike Martinez (Council Member, City of Austin/ Board Member, Capital Metro/Member, TWG)
CAMPO TWG: Gerald Dougherty	2/22/2008 11:00	Comm. Gerald Daugherty (Commissioner, Travis County/ Member, TWG)
CAMPO TWG: Frank Fernandez	4/28/2008 call	Frank Fernandez (Board Member, Alliance for Public Transportation/ Executive Director, Community Partnership for the Homeless/ Member, TWG)
CAMPO Board: Eddie Rodriguez	2/20/2008 16:00	Rep. Eddie Rodriguez (Representative, Texas House District 51/ Board Member, CAMPO)
CAMPO Board: Cynthia Long	3/5/2008 call	Comm. Cynthia Long (Commissioner, Williamson County/Vice Chair, CAMPO/Executive Committee Member, CAPCOG)
CAMPO Board: Jennifer Kim	4/22/2008 call	Councilmember Jennifer Kim (Council Member, City of Austin/ Board Member, CAMPO)
City of Austin Mayor	2/20/2008 15:00	Mayor Will Wynn (Mayor, City of Austin/Chair, TWG)
Capital Metro Board: Lee Walker	1/18/2008 12:00	Lee Walker (Chairman, Capital Metro)
Capital Metro Board: Jamie (Allen) Jatzlau	4/11/2008 8:00	Jamie (Allen) Jatzlau (Board Member, Capital Metro/Council Member, City of Manor)
Capital Metro Board: John Cowman	4/12/2008 11:00	John Cowman (Board Member, Capital Metro/Mayor, City of Leander)
Capital Metro Board: Margaret Gomez	4/10/2008 3:15	Margaret Gomez (Board Member, Capital Metro/Commissioner, Travis County)
Capital Metro Board: Lee Trevino	4/18/2008 1:30	John Trevino (Board Member, Capital Metro, Executive Committee Member and Capital Metro representative to CAMPO Board, CAMPO/HUB Staff Associate, University of Texas)
Capital Metro: Executive Mgmt.	2/21/2008 16:00	Fred Gilliam (Executive Director), Andrea Lofye (Chief of Staff)
Capital Metro: Finance	2/8/2008 10:00	Randy Hume (Executive Vice President, Finance and Administration)

Meeting	Date/Time	Attendees
Capital Metro: Operations	2/8/2008 9:00	Dwight Ferrell (former Executive Vice President, Chief Operating Officer)
Capital Metro: Operations	4/30/2008 call	Doug Allen (Executive Vice President, Chief Development Officer)
Capital Metro: Planning	2/7/2008 9:30	Todd Hemingson (Vice President, Strategic Planning and Development)
ATU Local Union 1091	2/22/2008 15:00	Jay Wyatt (President)
Capital Metro: Customer Service Advisory Committee	3/12/2008 call	Rene Barrera (Chair, Customer Service Advisory Committee)
Capital Metro: Access Advisory Committee	4/11/2008 call	Judy Watford (Chair, Access Advisory Committee)
(Mostly) Area Transportation Agencies	2/22/2008 13:00	Mike Heiligenstein (Executive Director, CTRMA), Mario Espinoza (Director of Community Development, CTRMA), Sid Covington (Executive Director, ASAICRD), Comm. Jeff Barton (Commissioner, Hays County/Member, TWG)
Texas DOT	3/17/2008 call	Bob Daigh (District Engineer, TxDOT)
Area Transportation Providers	2/20/2008 10:00	David Marsh (Executive Director, CARTS), Edna Johnson (Director of Community Relations, CARTS), Blanca Juarez (UT Parking and Transportation Services)
Texas State Tram	3/4/2008 call	Paul Hamilton (Tram Service Manager, Texas State University)
(Mostly) In-Service Area Local Governments	2/21/2008 9:00	Comm. Sarah Eckhardt (Commissioner, Travis County/Member, TWG), Chris Ewen (City of Austin Planning Commission), Larry Schooler (Aide to Councilmember Lee Leffingwell), Tom Gdala (Transportation Planner, City of Cedar Park), Leslie Browder (Chief Financial Officer, City of Austin), Jay Reddy (City of Austin Planning Commission)
(Mostly) Out-of-Service Area Local Governments	2/20/2008 13:00	Tom Word (Chief of Public Works Operations, City of Round Rock), Phil Tate (City Manager, City of Manor), Trey Fletcher (Planning Director, City of Pflugerville)
City of Elgin	2/21/2008 11:00	Jeff Coffee (City Manager, City of Elgin/Member, TWG), Keith Joesel (Elgin Comprehensive Plan Committee)
Citizen Stakeholder Meeting 1	2/19/2008 15:00	Janice Cartwright (Executive Director, RECA), Bill Cryer (Executive Counsel for Public Affairs, Samsung Austin Semiconductor), Austin van Zandt (BRU), Glenn Gaven (BRU), Jennifer McPhail (ADAPT), David Wittie (ADAPT), Sandy Hentges (Senior Vice President of Public Policy, GACC), Charlie Betts (Executive Director, DAA)

Meeting	Date/Time	Attendees
Citizen Stakeholder Meeting 2	2/21/2008 14:00	Jim Skaggs (CATC/COST), Bruce Byron (Executive Director, CATC), Howard Falkenberg (Chair, CATC/Past President, AARO), Barbara Johnson (Executive Director, AARO), Terry Bray (Former Chair, CATC/Transportation Committee Chair, ARO/Member, TWG), Glenn Gadbois (Alliance for Public Transportation), Mark Yznaga (Chair, Livable City), Ashton Cumberbatch (Vice President for Advocacy and Community Relations, Seton Healthcare Network/Member, TWG), Brandon Janes (Board Member, GACC/Member, TWG), Ed Berger (Vice President for Advocacy and Government Relations, Seton Healthcare Network)
Wade Cooper	3/4/2008 call	Wade Cooper (Streetscapes and Transportation Committee Cochair, DAA/Member, TWG)
Tommy Eden	3/18/2008 call	Tommy Eden (Chair, City of Austin Bicycle Advisory Council)
David Foster	4/21/2008 call	David Foster (Board Member, Alliance for Public Transportation/ Board Member, Livable City/Member, Capital Metro All Systems Go! Steering Committee/State Program Director, Clean Water Action and Texas Community Project)
Envision Central Texas	2/22/2008 9:00	Jim Walker (Chair, ECT), Fritz Steiner (Dean, UT School of Architecture/Past Chair, ECT/ Member, TWG)

## Notes on abbreviations:

AARO	Austin Area Research Organization, an advocacy group for regional development
ADAPT	ADAPT of Texas, an advocacy group for disability rights
APT	Alliance for Public Transportation, an advocacy group for public transit
ASAICRD	Austin-San Antonio Intermunicipal Commuter Rail District
ATU	Amalgamated Transit Union
BRU	Bus Riders Union of Austin, Texas, an advocacy group for public transit
CAMPO	Capital Area Metropolitan Planning Organization
CAPCOG	Capital Area Council of Governments
CARTS	Capital Area Rural Transportation System
CATC	Capital Area Transportation Coalition, an advocacy group for regional mobility

## Notes on abbreviations (continued):

COST	Coalition on Sustainable Transportation, an advocacy group for regional mobility
CTRMA	Central Texas Regional Mobility Authority
DAA	Downtown Austin Alliance, an advocacy group for downtown development
GACC	Greater Austin Chamber of Commerce, an advocacy group for regional development
ECT	Envision Central Texas, an advocacy group for regional growth visioning
LC	Livable City, an advocacy group for sustainable growth in Austin
RECA	Real Estate Council of Austin, an advocacy group for economic/real estate development
TWG	CAMPO Transit Working Group
TxDOT	Texas Department of Transportation
UT	University of Texas at Austin





## D. Labor Agreement Terms

Table D.1 Comparison of Key Provisions of StarTran Labor Agreement  
With Other Capital Metro Labor Agreements

StarTran Provision	CWA	ATU – First Transit	ATU – Veolia
<b>A 7</b> Pay cushioning allowance to laid-off employees based on seniority	None	No	No
<b>A 8</b> Company paid labor – management committee meetings	None	Yes	Yes
<b>A 9</b> Company pays 50 days of lost time for negotiations	None	No	No
<b>A 12</b> Free transportation for employee and 3 family members	None	Employee only	No provision
<b>A 14</b> Zero tolerance drug and alcohol policy	Not stated	Yes	Yes
<b>A 15</b> \$100,000 felonious assault insurance benefit	N/A	No	\$100,000
<b>A 15</b> Union services on Accident Review Committee	N/A	Yes	Yes
<b>A 19</b> Binding grievance arbitration	Binding grievance arbitration	Yes	Yes
<b>A 20</b> 3 days unpaid personal leave per year	3 unpaid days	2 as holidays	No
<b>A 20</b> Up to 5 paid bereavement days	Up to 5	3	Up to 5
<b>A 21</b> Pension Plan Defined Benefit 100% Paid by company	Same	401 (K) Not stated	401 (K) Company match to 6%

StarTran Provision	CWA	ATU – First Transit	ATU – Veolia
<b>A 21</b> Additional employee-funded 401 (K) plan available	Same	No	No
<b>A 22</b> Health Insurance Employee Share: Employee 0% Family 11%	Same	Employee Share: Employee 0-25% Family 75%	Employee Share: Employee 5% Family 15-18%
<b>A 22</b> \$80,000 Accidental Death	Same	No provision	\$15,000
<b>A 22</b> \$40,000 Life insurance	Same	No provision	\$15,000
<b>A 22</b> Dental Insurance Employee Share: Employee 0% Family 11%	Same	Employee Share: Employee 0-25% Family 75%	Employee Share: Employee 62% Family 58-89%
<b>A 22</b> Employer paid LTD at 60% of pay	Same	No	STD @ 50% salary
<b>A 22</b> \$5,000 per year allowance to retirees age 60-65 for retiree and spouse health insurance	None	No	No
<b>A 22</b> Sick Leave: 12 days earned annually  Unlimited accumulation  35% paid back on resignation in good standing after 5 years seniority 100% paid to retirees qualified under company plan	12 days earned annually  Maximum accumulation of 120 days  50% pay on resignation 100% paid on retirement	12 (maint.) 2 (ops.)  24-day maximum  No No	6 days  80-day maximum  No No
<b>A 22</b> Sell back available quarterly for all sick days accumulated above 60	Same	No	Pay any over 80 days

StarTran Provision	CWA	ATU – First Transit	ATU – Veolia
<b>A 23</b> Benefits maintained for 12 months of long-term injury/illness	No	No	120 days
<b>A 24</b> Vacation schedule: <u>Years</u> <u>Days</u> 1            5 2-4        10 5-9        15 10-13     18 14-20     20 21-24     25 25+       30	Same	<u>Years</u> <u>Days</u> 1-3       10 4-7       15 8+        20	<u>Years</u> <u>Days</u> 1-2       5 3-7       10 8-14     15 15+      20
<b>A 24</b> Senior employees can take pay in lieu of some vacation	Senior employees can take pay in lieu of some vacation	No	Yes
<b>A 25</b> Holidays – 10	11	8 ops. 11 maint.	10
<b>A 25</b> Double time for work on holidays	Straight time for work on holidays	Straight time	Straight time
<b>A 26</b> Attendance incentive bonus = 3.75% of work hours – earned monthly – paid quarterly	2.0% of weekly hours earned monthly paid quarterly	\$.30 per hour	No
<b>A 28</b> \$365 annual uniform allowance plus one raincoat	N/A	\$200	\$175
<b>A 29</b> Weekly overtime for extra board daily overtime for regular run operators	Weekly overtime	Weekly	Weekly

StarTran Provision	CWA	ATU – First Transit	ATU – Veolia
<b>A 30</b> 15-minute paid prep time for bus operators additional 10 minutes for paratransit	N/A	No provision	Yes
<b>A 31</b> Paid travel time for run relief	N/A	No provision	Yes
<b>A 33</b> 50% of runs must be straight	N/A	No provision	No provision
<b>A 33</b> 8-hour run guarantee	N/A	40 hours per week	38 hours per week
<b>A 35</b> 10 late reports in a 12-month period result in termination	No provision	7 in 12 months	No provision
<b>A 38</b> 40-hour weekly guarantee for extra board	N/A	3 hours per shift	38 hours
<b>A 41</b> \$1.50 training pay premium	N/A	\$.50	\$1.00
<b>A 42</b> Rates: Top Operator: \$19.69	No valid comparison	Top Operator: \$16.87	Top Operator: \$15.51
<b>A 42</b> Two-tier pay scale, 4- and 5-year progression to top	N/A	No	Yes, 3-year progression
<b>A 47</b> \$400 annual tool allowance	N/A	\$350	N/A
<b>A 47</b> \$125 annual safety shoe allowance	N/A	Include in Tool Allowance	N/A
<b>A 48</b> Pay rates -Top mechanic – \$23.97	N/A	Top Mechanic: \$20.73	N/A
Term and annual increase: 2 years 3% annual increases	3-year term 3% annual increases	3-year term 10% over 3 years	3-year term 18.5% over 3 years

Table D.2 Comparison of StarTran and Other Capital Metro and Local Area Health Plans

	CMTA 2008 Healthcare Plan		StarTran 2008 Plan	StarTran Proposed	City of Austin 2008 Benefits		State of Texas 2008 Benefits		Travis County 2008 Benefits			Austin Independent School District 2008 Benefits		
	Core – PPO Network Benefits	Buy Up – PPO Network Benefits	HMP Plan C	Admin Buy Up PPO Plan	United Healthcare Choice Plus	BCBSTX HMO	BCBS Network Benefits	Scott and White HMO	EPO	Choice Plus PPO	Coinsured EPO	HMO Plan	PPO Plan In Network	PPO Plan Out of Network
Enrollment Percent	30%	70%	67%		70%	30%			25%	57%	18%			
<b>Plan Cost</b>														
Percent Paid for Employee Only By Employer	95%	90%	100%	100%	100%	100%	100%	100%	100%	100%	84.5%	100%		63%
Percent Paid for Dependent Coverage by Employer	75%	75%	89%	89%	50%	50%	50%	50%	48%	60%	67%			
<b>Health Care Employee Premiums (Cost/Month)</b>														
Employee Only	\$23.67	\$54.19	\$0	\$0	\$0	\$0	\$0	\$0	\$91.00	\$0	\$0	\$0		\$247.00
Employee and Spouse	\$172.11	\$224.16	\$70.02	\$89.33	\$221.00	\$221.00	\$206.03	\$201.03	\$435.00	\$222.00	\$159.00	\$419.00		\$911.00
Employee and Children	\$131.57	\$177.75	\$96.32	\$63.34	\$162.00	\$162.00	\$137.95	\$134.60	\$343.00	\$153.00	\$97.00	\$544.00		\$1,111.00
Employee and Family	\$274.70	\$341.62	\$162.62	\$154.33	\$370.00	\$370.00	\$343.98	\$335.63	\$764.00	\$432.00	\$336.00	\$837.00		\$1,576.00
<b>Total Premium Cost</b>														
Employee Only	\$473.31	\$541.93	\$697.98	\$681.59	\$354.59	\$399.78	\$360.54	\$351.85	\$588.00	\$497.00	\$497.00	\$418.00		\$665.00
Employee and Spouse	\$1,067.07	\$1,221.79	\$1,334.49	\$1,447.31	\$795.68	\$897.11	\$772.60	\$753.91	\$1,250.00	\$1,036.00	\$974.00	\$837.00		\$1,329.00
Employee and Children	\$904.93	\$1,036.15	\$1,573.59	\$1,239.52	\$679.54	\$765.98	\$636.44	\$621.05	\$1,121.00	\$931.00	\$875.00	\$962.00		\$1,529.00
Employee and Family	\$1,477.42	\$1,691.65	\$2,176.35	\$1,973.26	\$1,095.09	\$1,234.53	\$1,048.50	\$1,023.11	\$1,907.00	\$1,575.00	\$1,479.00	\$1,255.00		\$1,994.00
<b>Health Care Copayments</b>														
Out of Network Benefits	Yes	Yes	No	Yes	Yes	No	Yes	No	No	Yes	No	No		Yes
Office Visit: Primary Care Doctor	\$30	\$25	\$15	\$25	\$20	\$20	\$20	\$30	\$25	\$20	\$15	\$20	\$20	Covered at 70%
Office Visit: Specialist	\$40	\$25	\$15	\$25	\$35	\$45	\$30	\$40	\$40	\$35	\$25	\$20	\$20	Covered at 70%
Hospital Services (if admitted)	80% after deductible	90% after deductible	100%	90% after deductible	\$100 per day with \$300 max per admission	\$200 per day with \$600 max per admission	\$100 + 20% per day; \$500 max per stay; \$1,500 max per year	\$100 + 5-day max; \$1,500 max per year	\$100 copay	\$100 copay per admission plus deductible and coinsurance	\$100 copay per admission plus deductible and coinsurance	\$500 copay	\$100 copay per admission plus deductible and coinsurance	Covered at 70% after deductible
<b>Prescriptions</b>														
Generic	\$15	\$10	\$10	\$10	\$10	\$10	\$10 diabetic/nonmaint./ \$15 maint.	\$10 diabetic/nonmaint./ \$15 maint.	\$10	\$10	\$10	\$15	\$10	80% after \$15 copay
Brand Name Formulary	\$35	\$25	\$25	\$25	\$25	\$25	\$25/\$35	\$25/\$35	\$25	\$25	\$25	\$30	\$25	80% after \$30 copay
Non-Formulary	\$50	\$40	\$40	\$40	\$40	\$40	\$40/\$55	\$40/\$55	\$45	\$45	\$45	\$45	\$45	80% after \$45

	CMTA 2008 Healthcare Plan		StarTran 2008 Plan	StarTran Proposed	City of Austin 2008 Benefits		State of Texas 2008 Benefits		Travis County 2008 Benefits			Austin Independent School District 2008 Benefits		
	Core – PPO Network Benefits	Buy Up – PPO Network Benefits	HMP Plan C	Admin Buy Up PPO Plan	United Healthcare Choice Plus	BCBSTX HMO	BCBS Network Benefits	Scott and White HMO	EPO	Choice Plus PPO	Coinsured EPO	HMO Plan	PPO Plan In Network	PPO Plan Out of Network copay
<b>Calendar Year Deductibles and Coinsurance</b>														
Deductibles:														
– Individual	\$500	\$300	\$0	\$300	\$300	\$0	\$0	\$0	\$0	\$200	\$400	\$0	\$200	\$500
– Family	\$1,000	\$600	\$0	\$600	\$600	\$0	\$0	\$0	\$0	\$600	\$1,200	\$0	\$600	\$1,000
Coinsurance	80%	90%	100%	90%	85%	100%	80%	80%	100%	90%	80%	100%	90%	70%
Out-of-Pocket Max	\$3,000 person with max per family of \$6,000	\$1,500 person with max per family of \$3,000	\$1,500 person with max per family of \$3,000	\$1,500 person with max per family of \$3,000	\$2,500 per participant	\$5,000 family	\$1,000 per participant	\$1,500	none	\$2,500 per person, max \$7,500	\$1,500 per person, max \$3,000	\$1,500 per person, max \$3,000	\$1,500 per person, max \$3,000	\$3,000 per person, max \$6,000

Source: “StarTran Bargaining Employees Health Plan Comparisons, 2008 Plan Year” table in *Star Tran, Inc. Labor Negotiations Briefing Booklet*, May 2008.

**Table D.3 Comparison of Key Provisions of StarTran Labor Agreement  
With Selected Peer Region Labor Agreements**

StarTran	Dallas	Denver	Charlotte	Seattle	Phoenix
<b>A 7</b> Pay cushioning allowance to laid-off employees based on seniority	No provision	No provision	No provision	No provision	No provision
<b>A 8</b> Company paid labor – management committee meetings	No	No	No	Yes	Yes
<b>A 9</b> Company pays 50 days of lost time for negotiations	No	No	No	Some payment	No
<b>A 12</b> Free transportation for employee and 3 family members	Similar provision	Similar provision	Similar provision	Similar provision	Similar provision
<b>A 14</b> Zero tolerance drug and alcohol policy	Not in agreement	No	No	No	No
<b>A 15</b> \$100,000 felonious assault insurance benefit	No provision	\$100,000	\$100,000	\$50,000	\$50,000
<b>A 15</b> Union services on Accident Review Committee	No	No	No	No	No
<b>A 19</b> Binding grievance arbitration	No	Yes	Yes	Yes	Yes
<b>A 20</b> 3 days unpaid personal leave per year	No	No	Same provision	Only 1 day paid	No
<b>A 20</b> Up to 5 paid bereavement days	Similar provision	3-day maximum	3-day maximum	3-day maximum	10-day maximum

StarTran	Dallas	Denver	Charlotte	Seattle	Phoenix
<b>A 21</b> Pension Plan Defined benefit 100% paid by company	Not available	Unknown requires employee contribution	Unknown requires employee contribution	State and city retirement plans in place	Unknown 100% paid by company
<b>A 21</b> Employee-funded 401(K) plan available	457 plan available	Unknown	457 plan available	No	Yes
<b>A 22</b> Health Insurance Employee Share: Employee 0% Family 89% Company cost: Employee \$682 Family \$1,974	No Details Available	Employee Share: Employee N/A Family N/A Company cost: Employee \$385 Family \$1,054	Employee Share: Employee 0% Family N/A Company cost: Employee \$427 Family \$612	Employee Share: Employee N/A Family N/A Company cost: Employee \$551 Family \$1,543	Employee Share: Employee 0% Family N/A Company cost: Employee N/A Family N/A
<b>A 22</b> \$80,000 Accidental Death	No	Some coverage	No	No	No
<b>A 22</b> \$40,000 Life Insurance	No mention	Some coverage	\$30,000	Committee determines level	\$40,000
<b>A 22</b> Dental employee pays 0%	Yes, but no details	Set by trust	Employee pays 0%	50%	Employee pays 0%
<b>A 22</b> Employer paid LTD at 60% of pay	Some provision	No	No	Some provision	No
<b>A 22</b> \$5,000 annual allowance to retirees age 60-65 for retiree and spouse health insurance	No	Set by trust	Some provision	Some provision	No
<b>A 22</b> Sick Leave: 12 days earned annually	12 days/year	12 days/year	10 days/year	12 days/year	12 days/year



StarTran	Dallas	Denver	Charlotte	Seattle	Phoenix
Unlimited accumulation	174-day maximum	170-day maximum	154-day maximum	No	144 maximum
35% paid back on resignation in good standing after 5 years seniority	No provision	No provision	No provision	No provision	No provision
100% paid to retirees qualified under company plan	Up to 90 days paid back at retirement or 20+ years of service	50% paid to retirees	Credit toward retirement	35% paid at retirement or death	100% paid back upon retirement
<b>A 22</b>					
Sell back available quarterly for all sick days accumulated above 60	No	Some provision	No	No	Up to 5 days can be cashed out annually over 40 days
<b>A 23</b>					
Benefits maintained for 12 months of long-term injury/illness	No mention	No	No	No	2 – Yes
<b>A 24</b>					
Vacation Schedule:					
<u>Years</u> <u>Days</u>	<u>Years</u> <u>Days</u>	<u>Years</u> <u>Days</u>	<u>Years</u> <u>Days</u>	<u>Years</u> <u>Days</u>	<u>Years</u> <u>Days</u>
1            5	1            10	1            5	1            5	1            10	1            5
2-4        10	2-3        13	2-4        10	2-5        10	2-4        10	2            5
5-9        15	4-8        15	5-11       15	6-11       15	5-9        15	3-4        10
10-13     18	9-13       18	12-19     20	12-19     20	10-15     20	5-10       15
14-20     20	14-18     20	20-27     25	20+        25	16+       1 day	11-20     20
21-24     25	19-23     23	28+        30		per year to maximum of 30	21+        25
25+        30	24+        28				
<b>A 24</b>					
Senior employees can take pay in lieu of some vacation	No	Balance is paid at end of year	No	No	No
<b>A 25</b>					
Holidays – 10	9	11	8	11	8
<b>A 25</b>					
Double time paid for work on holidays	Double time	Time and one-half	Time and one-half	Not Available	Time and one-half

StarTran	Dallas	Denver	Charlotte	Seattle	Phoenix
<b>A 26</b> Cash attendance incentive bonus of 3.75% of work hours	No	No	10 hours pay	No	No
<b>A 28</b> \$365 annual uniform allowance	Company provides all uniforms	\$250	\$300	\$313	\$350
<b>A 29</b> Weekly overtime for extra board. Daily overtime for regular run operators	Daily for all	Daily for all	Daily for all	Daily for all	Daily for all
<b>A 30</b> 15-minute paid bus prep time	15 minutes	15 minutes	25 minutes	10 minutes	15 minutes
<b>A 31</b> Paid travel time for run relief	Yes	Yes	Yes	Yes	Yes
<b>A 33</b> 50% of runs must be straight	80%	55% of weekday 65% of weekend	No less than 125 runs per day must be straight	70%	50%
<b>A 33</b> 8-hour run guarantee	Yes	Yes	Yes	Yes	Yes
<b>A 35</b> 10 late reports in a 12-month period result in termination	8 absences in 12 months	Not available	Point system for miss outs and absences	14 absences in 12 months	No provision
<b>A 38</b> 40-hour weekly guarantee for extra board	40-hour guarantee	40-hour guarantee	40-hour guarantee	40-hour guarantee	40-hour guarantee
<b>A 42</b> Pay Top Operator \$19.69	Top Operator: \$19.57 Austin Comp: \$20.17	Top Operator: \$19.45 Austin Comp: \$17.52	Top Operator: \$21.05 Austin Comp: \$21.05	Top Operator: \$26.10 Austin Comp: \$20.35	Top Operator: \$20.30 Austin Comp: \$18.91

StarTran	Dallas	Denver	Charlotte	Seattle	Phoenix
A 42 Two-tier pay scale	No	No	No	Yes	No
A 47 \$400 annual tool allowance	Allowance established each year at budget time	\$340	No provision	\$779	No provision
A 42 Pay Top Mechanic \$23.97	Top Mechanic \$23.52 Austin Comp: \$24.24	Top Mechanic \$21.50 Austin Comp: \$19.37	Top Mechanic \$22.36 Austin Comp: \$22.36	Top Mechanic \$29.85 Austin Comp: \$23.27	Top Mechanic \$26.14 Austin Comp: \$24.35



# **E. Capital Metro Long-Range Financial Plan**



**Table E.1 Capital Metro Long-Range Financial Plan Cash Flow Forecast**  
*2008 to 2028 (Dollars in Millions, YOY)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
<b>Operating Expenditures</b>																						
Wages and Fringe Benefits – Bus	\$138.8	\$156.8	\$161.7	\$171.4	\$183.5	\$190.7	\$202.5	\$213.1	\$226.0	\$232.4	\$244.7	\$257.6	\$273.2	\$283.1	\$299.9	\$310.3	\$323.6	\$337.3	\$353.7	\$366.1	\$373.6	\$5,299.9
Fixed Expense – Bus	\$11.6	\$11.9	\$12.3	\$12.7	\$13.0	\$13.4	\$13.8	\$14.3	\$14.7	\$15.1	\$15.6	\$16.0	\$16.5	\$17.0	\$17.5	\$18.1	\$18.6	\$19.2	\$19.7	\$20.3	\$20.9	\$332.4
Streetcar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wages and Fringe Benefits – Commuter Rail	0	\$1.5	\$1.6	\$4.1	\$4.3	\$4.5	\$4.7	\$4.9	\$7.9	\$8.3	\$8.7	\$9.1	\$9.5	\$11.1	\$11.6	\$12.1	\$12.7	\$13.2	\$13.8	\$14.5	\$15.1	\$173.0
Fixed Expense – Commuter Rail	\$7.2	\$4.8	\$5.0	\$5.2	\$5.5	\$5.7	\$6.0	\$6.3	\$6.6	\$6.9	\$7.3	\$7.6	\$8.0	\$8.4	\$8.8	\$9.3	\$9.8	\$10.3	\$10.8	\$11.4	\$12.0	\$162.7
Freight	\$11.7	\$12.7	\$14.0	\$15.5	\$16.8	\$17.6	\$18.5	\$19.4	\$20.4	\$21.4	\$22.5	\$23.5	\$24.6	\$25.7	\$26.9	\$28.1	\$29.5	\$30.9	\$32.3	\$33.9	\$35.2	\$481.0
<i>Total Operating Expenditures</i>	<i>\$169.2</i>	<i>\$187.7</i>	<i>\$194.6</i>	<i>\$208.9</i>	<i>\$223.1</i>	<i>\$231.9</i>	<i>\$245.5</i>	<i>\$257.9</i>	<i>\$275.5</i>	<i>\$284.1</i>	<i>\$298.7</i>	<i>\$313.8</i>	<i>\$331.7</i>	<i>\$345.3</i>	<i>\$364.7</i>	<i>\$377.9</i>	<i>\$394.1</i>	<i>\$410.8</i>	<i>\$430.4</i>	<i>\$446.2</i>	<i>\$456.8</i>	<i>\$6,449.0</i>
<b>Operating Revenues</b>																						
Federal Funds																						
Formula Grants – Operating Share	\$15.0	\$15.4	\$16.1	\$16.8	\$16.9	\$17.7	\$18.5	\$19.3	\$20.2	\$21.1	\$22.0	\$23.0	\$24.0	\$25.1	\$26.3	\$27.4	\$28.7	\$30	\$31.3	\$32.7	\$34.2	\$481.5
State Funds																						
[None listed]																						
Local Funds																						
Sales Tax – Operating Share	\$120.1	\$133.0	\$140.1	\$147.5	\$155.3	\$163.4	\$172.1	\$181.2	\$190.7	\$200.8	\$211.4	\$222.6	\$234.3	\$246.7	\$259.7	\$273.4	\$287.9	\$303.1	\$319.1	\$335.9	\$353.6	\$4,651.7
“Other Funding Support”	0	0	0	0	0	0	0	\$4.3	\$7.5	\$8.2	\$9.3	\$8.8	\$9.1	\$8.6	\$8.9	\$8.3	\$8.6	\$8.0	\$8.3	\$7.7	\$8.0	\$113.8
“Other Operating” Revenue	\$5.6	\$5.6	\$5.2	\$4.5	\$4.4	\$4.3	\$3.8	\$3.7	\$3.7	\$3.7	\$4.0	\$4.9	\$6.4	\$6.9	\$6.1	\$7.1	\$7.3	\$8.9	\$11.5	\$16.0	\$18.8	\$142.2
Freight Income	\$10.4	\$13.9	\$16.4	\$19.2	\$21.5	\$22.4	\$23.3	\$24.2	\$25.2	\$26.2	\$27.2	\$28.3	\$29.4	\$30.6	\$31.8	\$33.1	\$34.4	\$35.8	\$37.3	\$38.7	\$40.3	\$569.8
Farebox Revenues – Baseline																						
Bus and Paratransit	\$7.9	\$11.0	\$11.0	\$14.7	\$14.8	\$18.5	\$19.4	\$24.8	\$26.4	\$31.9	\$33.3	\$38.7	\$39.9	\$45.1	\$46.7	\$52.2	\$53.5	\$59.7	\$61.2	\$67.5	\$68.2	\$746.4
UT Shuttle (Contract)	\$5.9	\$6.1	\$6.5	\$6.7	\$7.0	\$7.2	\$7.5	\$7.7	\$8.0	\$8.3	\$8.6	\$8.9	\$9.2	\$9.5	\$9.8	\$10.2	\$10.6	\$10.9	\$11.3	\$11.7	\$12.1	\$183.7
Rapid Bus	0	0	\$0.9	\$2.1	\$2.7	\$3.4	\$3.9	\$4.7	\$5.7	\$6.7	\$7.5	\$8.8	\$10.1	\$11.6	\$12.9	\$14.7	\$15.8	\$17.8	\$19.8	\$22.1	\$22.9	\$194.0
Streetcar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commuter Rail	0	\$0.5	\$0.6	\$1.6	\$1.6	\$2.0	\$2.1	\$2.6	\$3.8	\$4.5	\$4.7	\$5.4	\$5.6	\$7.0	\$7.2	\$8.2	\$8.5	\$9.5	\$9.8	\$10.7	\$10.9	\$106.8
<i>Total Operating Revenues</i>	<i>\$164.8</i>	<i>\$185.5</i>	<i>\$196.7</i>	<i>\$213.0</i>	<i>\$224.2</i>	<i>\$239.0</i>	<i>\$250.4</i>	<i>\$272.4</i>	<i>\$291.1</i>	<i>\$311.4</i>	<i>\$328.0</i>	<i>\$349.3</i>	<i>\$368.1</i>	<i>\$391.2</i>	<i>\$409.5</i>	<i>\$434.7</i>	<i>\$455.2</i>	<i>\$483.8</i>	<i>\$509.5</i>	<i>\$543.0</i>	<i>\$569.0</i>	<i>\$7,189.8</i>
<b>Cash Balance/Deficit from Operations</b>	<b>-4.4</b>	<b>-2.2</b>	<b>2.1</b>	<b>4.1</b>	<b>1.1</b>	<b>7.0</b>	<b>4.9</b>	<b>14.5</b>	<b>15.6</b>	<b>27.3</b>	<b>29.3</b>	<b>35.5</b>	<b>36.4</b>	<b>45.9</b>	<b>44.8</b>	<b>56.7</b>	<b>61.1</b>	<b>72.9</b>	<b>79.1</b>	<b>96.9</b>	<b>112.2</b>	<b>740.8</b>
Operating Reserve Contribution	\$3.1	\$3.1	\$1.1	\$2.4	\$2.4	\$1.5	\$2.3	\$2.1	\$2.9	\$1.4	\$2.4	\$2.5	\$3.0	\$2.3	\$3.2	\$2.2	\$2.7	\$2.8	\$3.3	\$2.6	\$1.8	\$51.0
<b>Capital Expenditures</b>																						
Build Central Texas	0	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1	0	0	0	0	0	0	0	0	0	0	0	0	0	\$7.7
Bus Replacement	\$7.0	\$8.9	\$30.3	\$31.0	\$29.0	\$11.4	\$44.1	\$40.5	\$1.1	\$16.6	\$4.4	\$16.8	0	\$45.7	\$50.4	\$43.7	\$41.3	\$15.8	\$62.4	\$57.3	\$1.5	\$559.2
BRT	0	\$17.1	\$13.3	\$13.0	\$3.4	\$2.2	\$8.8	\$1.7	\$10.5	\$5.4	0	\$6.7	\$72.4	0	\$23.0	\$8.6	\$7.8	\$4.6	\$12.5	\$2.4	\$15.0	\$228.5
Paratransit Vehicles/Sedans	0	\$2.5	\$1.4	\$2.5	\$4.1	\$1.6	0	\$4.7	\$4.7	0	\$1.9	\$5.2	\$3.3	\$2.0	\$2.1	\$7.5	\$2.2	\$2.3	0	\$2.4	\$2.5	\$52.9

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Other Vehicles	0	\$0.8	\$0.5	\$0.7	0	\$0.8	\$0.5	\$0.7	0	\$0.9	\$0.6	\$0.9	0	\$1.1	\$0.7	\$1.0	0	\$1.3	\$0.9	\$1.2	0	\$12.6
Bus Passenger Facilities	\$3.5	\$0.3	\$2.7	\$5.1	\$7.7	\$0.4	0	\$1.9	\$2.4	\$2.5	\$2.6	\$3.5	\$3.6	\$3.8	\$2.0	\$4.0	\$2.0	\$5.1	\$4.0	\$3.5	\$0.5	\$61.2
Bus Operating Facilities	\$0.6	\$0.5	\$1.3	\$2.8	\$0.7	\$0.5	\$3.7	\$5.0	\$7.8	\$5.0	0	0	0	0	0	0	0	0	0	0	0	\$27.9
TOD	\$1.0	\$1.0	\$3.0	\$1.0	\$1.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$7.0
IT	\$10.4	\$1.6	\$3.0	\$3.6	\$6.0	\$4.0	\$1.0	\$3.4	\$2.6	\$3.0	\$0.4	\$4.0	\$4.0	\$5.0	\$3.5	\$3.7	\$5.6	\$4.7	\$10.6	\$3.8	\$5.8	\$89.8
Commuter Rail Infrastructure	\$3.4	0	0	0	0	\$14.7	\$21.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$39.9
Commuter Rail Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Streetcar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Freight Rail	\$4.4	\$4.4	\$4.4	0	0	\$2.0	\$2.1	\$2.2	\$2.4	\$2.5	\$2.7	\$2.8	\$3.0	\$3.2	\$3.4	\$3.6	\$3.8	\$4.0	\$4.3	\$4.0	\$4.3	\$63.5
Rails and Trails	0	\$2.2	\$1.2	\$2.5	\$0.6	\$2.4	\$0.3	\$3.2	\$0.4	\$3.0	\$0.6	\$3.6	\$2.5	\$1.3	\$2.9	\$1.3	0	0	0	0	0	\$28.1
Payout 1/4 Cent – Regional Mobility/BCT	\$17.1	\$18.0	\$18.0	\$13.2	\$13.0	\$13.0	\$9.5	\$2.1	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$110.4
Capital Lease Payments – Bus	0	0	\$5.1	\$10.7	\$15.1	\$19.2	\$21.8	\$27.7	\$34.4	\$35.2	\$35.1	\$33.4	\$30.6	\$26.2	\$21.9	\$17.0	\$15.3	\$8.2	\$2.3	\$2.1	0	\$361.3
Capital Lease Payments – Rail	0	\$7.4	\$7.4	\$7.4	\$7.4	\$7.4	\$11.3	\$11.3	\$11.3	\$11.3	\$6.9	\$6.9	\$6.9	\$6.9	\$6.9	\$6.9	\$3.9	\$3.9	\$3.9	\$3.9	0	\$139.2
Capital Debt Service	0	0	0	\$4.0	\$6.0	\$6.0	\$7.4	\$12.4	\$8.4	\$6.4	\$6.4	\$5.0	0	0	0	0	0	0	0	0	0	\$61.8
<i>Total Capital Expenditures</i>	<i>\$47.5</i>	<i>\$65.7</i>	<i>\$92.8</i>	<i>\$98.7</i>	<i>\$95.1</i>	<i>\$86.7</i>	<i>\$133.5</i>	<i>\$118.0</i>	<i>\$86.3</i>	<i>\$92.3</i>	<i>\$62.1</i>	<i>\$89.3</i>	<i>\$126.9</i>	<i>\$95.7</i>	<i>\$117.4</i>	<i>\$97.8</i>	<i>\$82.4</i>	<i>\$50.4</i>	<i>\$101.3</i>	<i>\$81.2</i>	<i>\$30.0</i>	<i>\$1,851.1</i>
<b>Capital Funding</b>																						
Federal Funding																						
Grants – Formula – Capital Share	\$0.8	\$2.1	\$2.2	\$2.3	\$4.2	\$4.4	\$4.6	\$4.8	\$5.0	\$5.3	\$5.5	\$5.8	\$6.0	\$6.3	\$6.6	\$6.9	\$7.2	\$7.5	\$7.8	\$8.2	\$8.5	\$111.9
Grants – Rail Modernization	0	0	0	0	0	0	0	0	\$0.3	\$0.3	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.5	\$0.5	\$0.5	\$0.5	\$0.6	\$5.7
Grants – Discretionary	\$3.4	\$7.5	\$10.9	\$10.9	\$6.2	\$17.4	\$27.5	\$13.7	\$16.4	\$7.8	\$5.2	\$5.3	\$5.5	\$5.6	\$5.7	\$5.9	\$6.0	\$6.2	\$6.3	\$6.5	\$6.7	\$186.4
State Funding																						
[None listed]																						
Local Funding																						
“Other Contributions”	0	0	0	0	0	0	0	0	\$0.6	\$0.6	\$7.8	\$0.7	\$0.7	\$0.7	\$0.8	\$0.8	\$0.8	\$0.9	\$0.9	\$1.0	\$1.0	\$17.3
Sales Tax – Capital Share	\$37.9	\$33.3	\$35.0	\$36.9	\$38.8	\$40.9	\$43.0	\$45.3	\$47.7	\$50.2	\$52.9	\$55.6	\$58.6	\$61.7	\$64.9	\$68.4	\$72.0	\$75.8	\$79.8	\$84.0	\$88.4	\$1,170.8
From Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Lease Finance	0	\$8.9	\$43.5	\$44.0	\$32.4	\$13.6	\$52.9	\$42.2	\$11.6	\$22.0	0	0	0	0	0	0	0	0	0	0	0	\$271.1
<i>Total Capital Funding Sources</i>	<i>\$42.0</i>	<i>\$51.8</i>	<i>\$91.6</i>	<i>\$94.0</i>	<i>\$81.6</i>	<i>\$76.3</i>	<i>\$128.0</i>	<i>\$106.0</i>	<i>\$81.6</i>	<i>\$86.2</i>	<i>\$71.7</i>	<i>\$67.8</i>	<i>\$71.2</i>	<i>\$74.7</i>	<i>\$78.4</i>	<i>\$82.4</i>	<i>\$86.5</i>	<i>\$90.8</i>	<i>\$95.4</i>	<i>\$100.2</i>	<i>\$105.2</i>	<i>\$1,763.3</i>
<b>Cash Balance/Deficit from Capital</b>	<b>-\$5.5</b>	<b>-\$13.9</b>	<b>-\$1.2</b>	<b>-\$4.7</b>	<b>-\$13.5</b>	<b>-\$10.3</b>	<b>-\$5.4</b>	<b>-\$12.0</b>	<b>-\$4.7</b>	<b>-\$6.2</b>	<b>\$9.6</b>	<b>-\$21.5</b>	<b>-\$55.8</b>	<b>-\$21.0</b>	<b>-\$38.9</b>	<b>-\$15.4</b>	<b>\$4.1</b>	<b>\$40.4</b>	<b>-\$5.9</b>	<b>\$18.9</b>	<b>\$75.2</b>	<b>-\$87.9</b>
<b>Cash Flow</b>																						
Prior Year Cash Balance	\$63.0	\$50.0	\$30.8	\$30.6	\$27.6	\$12.8	\$8.0	\$5.2	\$5.7	\$13.6	\$33.3	\$69.8	\$81.3	\$58.9	\$81.5	\$84.1	\$123.2	\$185.7	\$296.3	\$366.2	\$479.3	\$2,106.9
Balance from Operations	-\$4.4	-\$2.2	\$2.1	\$4.1	\$1.1	\$7.0	\$4.9	\$14.5	\$15.6	\$27.3	\$29.3	\$35.5	\$36.4	\$45.9	\$44.8	\$56.7	\$61.1	\$72.9	\$79.1	\$96.9	\$112.2	\$740.8
Balance from Capital	-\$5.5	-\$13.9	-\$1.2	-\$4.7	-\$13.5	-\$10.3	-\$5.4	-\$12.0	-\$4.7	-\$6.2	\$9.6	-\$21.5	-\$55.8	-\$21.0	-\$38.9	-\$15.4	\$4.1	\$40.4	-\$5.9	\$18.9	\$75.2	-\$87.9
Operating Reserve Contribution	-\$3.1	-\$3.1	-\$1.1	-\$2.4	-\$2.4	-\$1.5	-\$2.3	-\$2.1	-\$2.9	-\$1.4	-\$2.4	-\$2.5	-\$3.0	-\$2.3	-\$3.2	-\$2.2	-\$2.7	-\$2.8	-\$3.3	-\$2.6	-\$1.8	-\$51.0
<b>End of Year Cash Balance</b>	<b>\$50.0</b>	<b>\$30.8</b>	<b>\$30.6</b>	<b>\$27.6</b>	<b>\$12.8</b>	<b>\$8.0</b>	<b>\$5.2</b>	<b>\$5.7</b>	<b>\$13.6</b>	<b>\$33.3</b>	<b>\$69.8</b>	<b>\$81.3</b>	<b>\$58.9</b>	<b>\$81.5</b>	<b>\$84.1</b>	<b>\$123.2</b>	<b>\$185.7</b>	<b>\$296.3</b>	<b>\$366.2</b>	<b>\$479.3</b>	<b>\$664.9</b>	<b>\$2,708.9</b>

Source: Capital Metro. Long-Range Financial Plan, revised August 25, 2008. Baseline cash flow forecast, 2008 to 2028, as provided by agency in spreadsheet form.