



The Honorable Kirk Watson
Texas State Senate
P.O. Box 12068
Capitol Station
Austin, Texas 78711

February 16, 2009

Senator Watson:

Capital Metro appreciates the opportunity to have been the first participant in CAMPO's new peer review process. It has been an invaluable and constructive exercise for our agency and one that will only help Capital Metro move closer to developing the most effective public transportation system for Central Texas.

The peer review confirms that citizens want a *balanced* and *multimodal* transportation system and that they want public transit *expanded* throughout the region. Both stakeholders and the consulting team said the time has come for premium transit in the form of rail, bus rapid transit, and dedicated lanes for transit.

Capital Metro is eager and ready to serve in this expanded regional role. Over the yearlong course of this study, we have worked to better position our agency by achieving a number of major milestones. We finalized our agency's long-term strategic plan, Route 2025, which aims to double ridership by 2025. We passed our first-ever base fare increase. We significantly restructured our Dillo system, a major component of our overall services. We just embarked upon a significant analysis of our entire system to ensure that we provide the most effective and efficient services possible. We have begun moving forward with implementation of a new policy that allows us to provide contracted services both inside and outside of our service area. And, we are on track to open up Central Texas' first modern-day passenger rail system with MetroRail Red Line service beginning on March 30. All of these changes have made us more financially sustainable and more ready to provide the increased transit services that Central Texans are demanding.

We have also identified new tools and the easing of some existing limitations that will expedite the development of a more extensive regional transit system. Attached are a number of enhancements to our current processes for transit planning and implementation that will facilitate delivery of a regional transit system.

Our agency has learned an incredible amount in our 20-plus years of experience. There is a lot of positive momentum right now at Capital Metro and a lot of positive momentum surrounding public transit. If Central Texans are serious about wanting a truly regional transit system that is seamless, convenient, and that can be up and running sooner rather than later, we need to modernize Capital Metro's toolbox. Citizens throughout the whole of Central Texas need and deserve transportation options and Capital Metro needs 21st century tools to deliver that. The CAMPO peer review of Capital Metro has found that *constructive changes are warranted*.

I would enjoy the opportunity to speak with you about this project. Please call me at any time. My office number is (512) 389-7504.

Sincerely,

Fred Gilliam
President/CEO

Enclosure

Capital Metro Response to the CAMPO Peer Review

Regional Planning: The peer review recommends that our region's transportation plan reflect a more robust transit system throughout Central Texas. As CAMPO develops this plan, Capital Metro will actively participate in the process to achieve this vision of expanded transit throughout our region. As a start, we encourage that Central Texas build upon All Systems Go, our agency's long-range transit plan. Developed in 2004 with extensive public input, it is the only regional transit plan that currently exists. As the study also found, it embodies much of what stakeholders already envision as the future of transit in the region.

Transit Funding and Delivery: In 2030, half of Central Texas will live outside of Capital Metro's current service area. This staggering demographic underscores the problem we face in meeting the growing demand for public transportation in the region. The peer review highlights that the State's limit on local sales taxes is hindering the expansion of a regional transit system. Therefore, it recommends that our region create a regional funding source for regional rapid transit services like passenger rail or rapid bus. The most efficient solution would be for the Legislature to increase the local sales tax cap but this was not successful last session. The second-most efficient solution would be to permit communities to join Capital Metro's service area through other means. Additionally, the Legislature could create more local funding options for regionally-significant transportation projects. These new local funds could be used to leverage federal funds that are available for significant regional transit projects. Without additional financing tools, Central Texas will be placed at a competitive disadvantage compared to other American communities and federal monies will flow elsewhere.

To implement future regional transit expansions, our agency recommends that Central Texas follow the path employed most commonly around the country and already successfully established in our area. Under this model, CAMPO would continue to set our region's transportation priorities and Capital Metro would continue to finance, implement and operate transit services throughout Central Texas. No other local entity exists in the region with a level of experience or knowledge in transit delivery similar to Capital Metro's. Additionally, our service expansion policy positions us for future transit expansions throughout the region. Maintaining and expanding such functions at Capital Metro is the most efficient and effective way to achieve a seamless regional transit system.

Labor Relations: Encouragingly, the Peer Review found that labor relations at Capital Metro appear to be improving and that they are not as bad as perceived from outside. The consultants noted that the Amalgamated Transit Union's relationships with Capital Metro's two other contractors, FirstTransit and Veolia, are not as acrimonious or controversial as the relationship with Capital Metro's primary contractor, StarTran. Due to the legal structure that governs the StarTran-Union relationship, Capital Metro cannot be involved in StarTran's labor negotiations (or in any of the contractors' negotiations), yet the consultants found that different perceptions and expectations of Capital Metro's ability to influence the StarTran negotiations exist. This places Capital Metro in a difficult position when it comes to the StarTran-Union relationship.

However, Capital Metro realizes that relations with the Union must be improved and we want to resolve what we can control. We are open to either recommendation of converting contracted operations employees into direct employees with alternative collective bargaining approaches such as meet and confer rights, or purchasing all operational services on a cost-per-unit basis. As the community discusses these options with our board, we ask that you keep in mind both Capital Metro's long-term financial sustainability that is so heavily dependent upon our labor costs and our community's vision for expanded public transit in this region. Both must be balanced as our agency consider how to best resolve the labor situation.

Unique Legislative Requirements: Capital Metro is limited by a number of legislative requirements that other transit agencies in the state, or even the country, do not have, including the rail referendum requirement and external approval of fare increases. This review has found that these limitations should be removed. Not only have they hindered our organization, more critically, they have hindered mobility in Central Texas. To be competitive with other transportation entities in the region, Capital Metro needs these restrictions removed so that we can provide a truly regional transit system.