

SUBJECT: Revising the governing structure and powers of Capital Metro

COMMITTEE: Transportation — committee substitute recommended

VOTE: 8 ayes — Pickett, Phillips, Callegari, Dunnam, Guillen, Merritt, T. Smith, W. Smith

0 nays

2 present not voting — Y. Davis, Harper-Brown

1 absent — McClendon

SENATE VOTE: On final passage, April 7 — 31–0 on Local and Uncontested Calendar

WITNESSES: For — Glenn Gadbois, Alliance for Public Transportation

Against — Hill Lee

BACKGROUND: Transportation Code, ch. 451 establishes metropolitan rapid transit authorities in the state. The code requires an authority to impose reasonable and nondiscriminatory fares, tolls, charges, rents, and other compensation for the use of the transit authority system sufficient to produce revenue, together with tax revenue received by the authority, in an amount adequate to pay all necessary expenses, including outstanding debt.

The Capital Metropolitan Transportation Authority (Capital Metro), which serves the Austin area, is the only transportation authority in the state established before July 1, 1985, that serves a principal municipality with fewer than 750,000 people. Capital Metro is also the only transit authority in the state that serves a primary municipality with a governing body that is elected at large.

Sec. 451.071 allows Capital Metro to hold a referendum on whether the authority may operate a fixed rail transit system.

The seven-member Capital Metro board includes:

- two members representing the general public appointed by the corresponding metropolitan planning organization (MPO), which is the Capital Area Metropolitan Planning Organization (CAMPO);
- two members appointed by the city of Austin;
- one member appointed by the Travis County commissioners court;
- one member appointed by a panel composed of the mayors of all the municipalities in the authority located in Travis County, but excluding the mayor of Austin; and
- one member appointed by a panel composed of the regional officials.

The city of Austin must make its appointments to the board so that at least one of the appointees is designated to represent the interests of the transportation disadvantaged. The code requires four of the appointments to be members of the governing body making the appointment.

DIGEST:

SB 2015 would make revisions to state statutes governing Capital Metro.

Restructured governing board. SB 2015 would change the composition of the Capital Metro board to include:

- one elected official appointed by the city of Austin;
- one member jointly appointed by the city of Austin and the Travis County commissioners court, subject to certain occupancy and qualified voter conditions;
- one member jointly appointed by the city of Austin and the Williamson County commissioners court, subject to restrictions on place of employment and qualified voter conditions;
- one elected official, appointed by a panel composed of the mayors of all non-principal municipalities in the authority and the county judges of the counties having unincorporated area in the authority;
- one elected official, appointed by CAMPO;
- one member with at least 10 years of experience as a financial or accounting professional, appointed by CAMPO; and
- one member with at least 10 years of experience in an executive-level position in a public or private organization, appointed by CAMPO.

Two additional members would be appointed by CAMPO if the most recent federal decennial census found that more than 35 percent of the population in the territory of the authority resided outside the principal municipality.

Board members would serve staggered three-year terms. Two members appointed by CAMPO would have to be qualified voters who resided in Austin. A requirement that one appointment be made to represent the interests of the transportation disadvantaged would be deleted.

The bill would include a schedule for the expiration of existing board member terms and would require the appointment of new members to serve terms beginning in 2010.

Sunset review. Capital Metro would be subject to review by the Sunset Advisory Commission as through it were a state agency but could not be abolished. An initial review would take place by September 1, 2011, and another in 2016. The review conducted would include an assessment of the governance, management, and operating structure of the authority and its compliance with duties established by the Legislature.

Internal auditor. The bill would require the Capital Metro board to enter into a contract with a qualified individual to perform internal auditing services. A contract could not be renewed more than three consecutive fiscal years and would have to require the auditor to report directly to the board.

Other provisions. The bill would revise statutes governing fares to provide that setting or changing fares or other charges would take effect immediately on approval by a majority vote of the Capital Metro board, with the exception of a change to a single-ride base fare, which would take effect 60 days after receiving approval from the board. The CAMPO board could disapprove the fare change by a majority vote.

The bill would add provisions governing a referendum by ballot to require that a fixed rail transit system, proposed expansion, and associated method of funding would be voted on jointly to be approved or rejected as a group. Capital Metro would not have to hold a referendum on a proposal to enter into a contract relating to a fixed rail transit system for another entity, to expand a system previously approved and involving less than

one mile of track, or to enter into an agreement to build, operate, or maintain a previously approved transit system.

The bill would take effect September 1, 2009.

**SUPPORTERS
SAY:**

SB 2015 would provide much-needed revisions to statutes establishing Capital Metro, which serves the Austin area. Some of the revisions are derived from a peer review of Capital Metro conducted by CAMPO in 2008, and others are based on recent issues with the authority and changes in services plans. The bill would revise Capital Metro's board to include two appointments with strong executive and financial experience to provide strong guidance to the agency on the many complex affairs that affect transit financing and management. Additionally, CAMPO would appoint one elected official to the board, the city of Austin would directly appoint one board member, and two others would be appointed through joint appointments with Travis County and Williamson County, respectively.

The revised board makeup would provide an important balance of representation by elected officials, geographic representation of the authority's service area, and members with valuable expertise. Further, three appointed members would be accountable to the CAMPO board, the majority of which is elected.

In addition, SB 2015 would make important changes to improve accountability by subjecting Capital Metro to Sunset review. The review would not subject the authority to being abolished but would provide a valuable review of the authority's administrative and decision-making processes and make recommendations accordingly. Capital Metro would assume any cost for a review.

The bill also would make some important changes to Capital Metro's ability to adjust fares and effectively pursue fixed rail transit projects. Current law, which requires a committee composed of local elected officials to review a fare or charge before it may take effect, has proved ineffective. The elected officials on the currently mandated committee may have no particular interest or knowledge in transit affairs. Changing the reviewing board to CAMPO would provide the subject-matter expertise and interest necessary to appropriately review the proposed fare change.

OPPONENTS
SAY:

SB 2015 would decrease the number of elected officials on Capital Metro's board and therefore could reduce the accountability of the board to the public. Revising the appointments of the Capital Metro board would displace sitting members and would not necessarily address recent issues that have surfaced at the authority. Similarly, changing the review process for fares would remove the review from local elected officials and transfer the responsibility to CAMPO, which has unelected members.

The bill also would make some questionable changes to long-standing practices at the Sunset Commission by allowing for the limited review of a transit authority. The bill would blur the lines between an auditor and the Sunset Commission, the latter of which is distinguished by its role in a legislatively established process based on a periodic review of the need for an agency. Using the Sunset Commission for limited, specific reviews that do not necessarily bear on the normal operations of the agency could result in clouding Sunset's core mission in the future.

NOTES:

The Legislative Budget Board estimates no net fiscal impact to general revenue funds for fiscal 2010-11. The fiscal note estimates the Sunset Advisory Commission would require three additional full-time employees to conduct the reviews required in the bill. The resultant cost would be reimbursed by Capital Metro in the approximate amount of \$389,000 for fiscal 2010-11.