

Response by

**Norm Chafetz**

To the  
Capital Area Metropolitan Planning Organization  
Selection Committee to Appoint the CAMPO Representative to the Capital Metro Board

Applicant Questions  
July 17, 2008

1. What is your relevant experience applicable to this position?

I have over seventeen years of experience in the public transit industry. I have worked in a senior management role for two Texas transit systems (Houston Metro and Capital Metro), as a program manager for the Federal Transit Administration, as a transportation planner for a state Department of Transportation and a Metropolitan Planning Organization and as the Executive Director for a statewide transit association. I have also gained relevant experience through my participation in the Chicago Transit Authority Technical Institute, the Bay Area Urban Transit Institute, the Northeastern University Urban Mass Transportation Management Seminar, American Public Transportation Association committee participation and through first hand exposure to new and existing bus and rail systems in many cities around the country. These assignments have given me broad experience in all facets of transit system operations.

2. Capital Metro currently out-sources some operations to Veolia Transportation and First Transit, both of which have more inexpensive labor contracts than StarTran. Capital Metro has sought to lower operating costs by shifting some operations away from Star Tran and towards these lower-cost providers. Do you support this strategy as a cost control method? If so, why, or if not, why not?

I do support the strategy of out-sourcing some operations as a cost control method. The Board needs to be a steward of taxpayer money, and it needs to ensure that Capital Metro is operated in a fiscally responsible manner. All potential efficiencies, including out-sourcing some operations, should be explored. I would, however, insist that all contractors be regularly reviewed to make sure that they are meeting acceptable performance metrics such as on time performance, accidents per 100,000 revenue miles, cost per revenue mile, and employee absenteeism. In addition, Capital Metro should contractually require that no contractor will retain to work on Capital Metro projects any employee discharged from Capital Metro, StarTran or any other Capital Metro contractor. Not only does the out-sourcing of some operations result in cost savings, competition among contractors, including StarTran, can result in better contractor performance. It can also help restrain the cost of StarTran's operations.

3. Would you be willing to use public transportation as your major mode of commuting for 1 year (home to work and work to home - not for non-work time)? And, also be willing to ask that Capital Metro's upper management do the same?

I'm originally from Chicago and relied exclusively on public transportation for my daily commute when I worked there. I used bus, rapid rail and commuter rail. Currently I perform

most of my work in a home-based office environment so I have no need to commute at the present time. However, if my work status should change and I find myself in a situation where I would need to commute to downtown Austin I would definitely use public transportation as my primary mode. I live in Anderson Mill, just a few miles from either the Pavilion Park and Ride and the Northwest Park and Ride facilities, and I would use the bus services that operate from there. I would also encourage Capital Metro management to use public transportation whenever feasible. If not feasible for them to do so for their commute then I would encourage them to make time to ride a bus at least a few times a month and to record their experience. This was a policy when I worked at Houston Metro and I think it helped to improve system performance.

4. State the reasons why your membership on the Board will better enable Capital Metro to achieve its mission.

As one who has spent a significant portion of his career in public transportation I have first hand knowledge of transit operations, financing, planning and development issues. Also, I have lived in Austin since 1985 and believe I have a good feel for the political issues facing Capital Metro. I think it is important to have someone on the Board that has the hands on experience and perspective to fully understand what Cap Metro management is doing and to make sure that the Board's policies are being executed in an efficient and effective manner. It is also important to have someone on the Board that understands community concerns and can reach out to and work with other jurisdictions in order to help ensure that Cap Metro is having a positive effect.

5. How do you envision the CAMPO representative facilitating a working relationship between Capital Metro and CAMPO? How should Capital Metro interact with CAMPO? With Central Texas Regional Mobility Authority? With other transportation providers in the region?

Capital Metro currently has a representative on the CAMPO Transportation Policy Board and a representative on the Technical Advisory Committee but I believe it should also have senior management representation on the Transit Working Group and board representation on the CAMPO Finance Committee. I also believe that Capital Metro should provide periodic progress reports to the CAMPO Board. I also feel it is very important for Capital Metro to develop an ongoing, perhaps even formal relationship or interagency agreement with the CTRMA in order to ensure coordination of regional transportation investments.

6. What is the core function of Capital Metro? And who do you consider the core constituency of Capital Metro? How does rail fit within the functions of Capital Metro?

I believe that the core function of Capital Metro is to provide reliable, affordable, cost-effective mobility options to people within its service area. Its current core constituency primarily consists of people who are dependent on transit for their mobility needs. I think it is important for Capital Metro to expand its constituency to include more people that use its services by choice, but not at the expense of the transit dependent. I believe that rail may be justified as an option only when it can be clearly shown that it will provide a much higher level of service than bus and can significantly reduce long term operating costs. I also believe that in order to be justified rail must promote higher density land use and economic development.

7. If appointed, what actions will you take to ensure that Capital Metro remains (or becomes) an efficient and cost effective regional transportation authority?

CAMPO is currently performing a Peer Review of Capital Metro so I think it is important for that project to be completed in order to see how Capital Metro's operations compare to other peer systems and to see what recommendations come out of it. However, with that said, I would still communicate on a regular basis with my peers and colleagues at other transit systems around the country in order to learn of best practices that may be adopted by Capital Metro that might promote greater efficiencies. I would also examine some of the services and routes that Capital Metro currently operates to see if they are justified. Take the UT Shuttle for example. Why does Capital Metro need to operate this service? I understand that only about 65% of the cost to operate the UT Shuttle is paid by UT so in essence the Capital Metro taxpayer is providing a 35% subsidy to UT. Why can't UT hire its own contractor to provide this service? I think this issue needs to be fully explored.

8. How does Capital Metro fit into a regional mobility and transportation plan with CAMPO and other regional partners?

In my view Capital Metro should primarily be a service provider, not a planning organization. I think that Capital Metro's planning activities should focus on short term operational service expansion and route improvements while major regional investments like fixed guideway projects should be under the purview of an organization that has a broader and more regional transportation scope and mission whether that be CAMPO, CTRMA or some yet to be determined entity. I believe Capital Metro should be a major partner in those types of mobility projects rather than the lead organization.

9. What is the optimal service area for Capital Metro and how is that optimal area achieved?

I believe that the optimal service area should include major Austin oriented trip generators and activity centers which would include most of Travis County, southern Williamson County up to Georgetown and northern Hays County down to San Marcos. Under current Capital Metro enabling legislation I believe these areas could petition to join Capital Metro by voting to assess the one-cent sales tax in their jurisdiction. However, since some jurisdictions are using the one-cent for other purposes they would either have to reallocate it for transit or seek legislative authority to raise their sales tax cap. Other options are for Capital Metro to enter into contractual agreements with other jurisdictions to provide service, an option that is currently being explored with cities like Cedar Park and Round Rock.

10. What type of funding mechanisms would you contemplate to facilitate an increase of more transit options?

Capital Metro's current funding sources are the one-cent sales tax, passenger fares, contract revenue, freight revenue, grant revenue, investment income and some advertising revenue. Of these sources I think the best opportunities for additional revenue would be an increase in passenger fares (which is already being proposed) and an increase in federal grant revenues by more aggressively pursuing FTA discretionary funds for capital improvements. I also think that there may be ways for the private sector to help fund transit options. Some of these methods

might include the issuance of tax exempt Private Activity Bonds (would require legislative action), Joint-Development Projects, Value Capture and Tax Increment Financing to name a few.

11. What are the issues underlying the labor difficulties at Capital Metro and how should those issues be addressed?

In my opinion, the current Capital Metro/StarTran structure is not ideal. I think Capital Metro would be much better served either employing the bargaining unit directly or dealing with a real contractor instead of StarTran. StarTran was created and is largely controlled by Capital Metro. I understand that the Board has explored alternative options, but has not yet moved forward with any alternative arrangement. Under the current StarTran arrangement, the bargaining unit employees are the highest paid public transit workers in Texas with benefits that are superior to those earned by employees at any other transit system in Texas. I believe transit workers should be paid market wages and, in fact, good wages for superior performance, but I do not believe we have superior performance yet. For years Capital Metro, through StarTran, capitulated to unreasonable Union demands. Labor agreements were negotiated which, among other things, created a pension obligation with funding requirements that could not be sustained---forcing Capital Metro to have to step in approximately 5 or 6 years ago to convert the plan to a government plan guaranteed by Capital Metro in order to avoid insolvency. The negotiation of the StarTran/ATU labor agreement which followed the bailout of the union pension plan was difficult. During negotiations, there was an understanding by many Board members that the economic package enjoyed by StarTran's bargaining unit was costly and could not be sustained over the long term. The labor agreement provided not only the highest wages in Texas, but also a health plan with benefits so rich that no insurance company wanted to provide coverage. After facing a one day strike, some financially responsible changes to the labor agreement were negotiated---including a lengthening of wage progressions and changes to the health plan. For example, for the first time in history, a modest employee co-pay was added to the health plan. However, after that labor agreement was ratified, Capital Metro did not seek to build on those hard fought gains. The Union again pressured Capital Metro and Capital Metro (on its own and through StarTran) again gave in to Union demands. I believe this reversal of course was a mistake and has resulted in a continuation of labor difficulties. Labor relations need to be addressed in a fair, business like manner. On the economic front, Capital Metro should set objectives and pursue those objectives in a consistent business like manner without regard to personal or political consequences to Board members.