

TO: CapMetro Board of Directors  
From: Kerri Butcher, Chief of Staff  
Date: August 22, 2022  
Subject: July Board and August Committee Follow Up Information

During the CapMetro Board of Directors meeting in July, and the August Board Committee Meetings, several Board Members requested more information on a variety of topics. The information is provided here for your review. If additional detail or a briefing is necessary, please contact Ed Easton (Ed.Easton@CapMetro.org) and he will connect you with the appropriate information or staff person. Topics covered in this memo include:

- Pension Plan for Contracted Service Provider Employees
- Pension System Participation
- 335 Routing
- Equitable Transit Oriented Development (ETOD) Funding

### **Pension Plan for Contracted Service Provider Employees**

During the July Board Meeting, Board Members heard from a current employee of MTM, Mr. Anthony Walker, regarding pension plans for contracted service provider employees.

On July 18, a [memo](#) to the Board provided the history of the pension plan for employees of our service providers. Employees represented by ATU, Local 1091 had a Capital Metro-sponsored pension until 2012 when we contracted out all bus and demand response services to comply with state law. It was not feasible to continue the plan as a government-sponsored plan after the employees became employed by a private company and no longer met the definition of government employees.

During discussions the ATU, an opportunity was available to convert represented employees to direct Capital Metro employment. This would have required replacing collective bargaining rights with a “meet and confer” approach to establishing terms and conditions of employment. The ATU did not support this option. Prior to the transition, Capital Metro and ATU worked together to establish the terms for freezing the pension plan and reducing the number of years of service required to reach unreduced early retirement from 25 years to 22.5 years. Continued service with a service provider counts toward the eligibility for early retirement.

Capital Metro’s contracts with the service providers who employed former employees of StarTran, Inc. (MV and MTM South Base) require them to offer a retirement plan and to negotiate the terms of the plan with the ATU. Currently MV provides an employer contribution of 4 percent. MTM provides an employer contribution of 4.1 percent for their South Base employees and up to 4 percent match of employee contributions for North Base employees. MTM is currently negotiating

with ATU for collective bargaining agreement revisions and may equalize retirement benefits for both locations.

Prior to the transition to fully contracting out service in 2012, we explored the feasibility of private sector pension plan sponsored by contractors. This was determined not to be feasible because of the cost, laws governing private pension plans and unwillingness of contractors to establish long term liabilities for limited term contracts.

### **Pension System Participation**

During the August meeting of the CapMetro Finance, Audit and Administration (FAA) Committee, Committee Chair Pool asked whether CapMetro was eligible to participate in other retirement systems within Texas.

CapMetro is eligible to participate in the Texas County & District Retirement System under the Texas Government Code, Chapter 841. CapMetro staff is researching the history of why CapMetro does not participate in that retirement system and will provide more information to the Board as a future follow up, including the impacts switching retirement systems would have on the agency.

### **335 Routing**

During the June and July Board Meetings a customer raised a question regarding the routing of the 335 and extending the route further east within the Mueller development. Previously, staff provided a [memo](#) with more information on this request and resources necessary to extend the route.

As Interim President & CEO Dottie Watkins mentioned from the dais, extending this route further east will be considered as part of a future service change, once a full understanding of operations and resource needs to implement this change is gathered.

### **ETOD Funding**

CapMetro's Transit Oriented Development program is focused on partnering with governmental entities and property owners to ensure land uses in the vicinity of transit stations support the overall transit system and vice versa. The Equitable Transit-Oriented Development (ETOD) project is a CapMetro led study in collaboration with City of Austin and Austin Transit Partnership. The project is funded by two separate FTA TOD Pilot Grants totaling \$1.65 million and a CapMetro internal match totaling \$1,620,564 million. The City of Austin's proposed budget of \$1.5 million, which is independent of the CapMetro-led study, will fund the adoption and expansion of ETOD study recommendations such as the ETOD Policy Plan and Station Area Vision Plans. While Capital Metro has control over properties that it owns in the vicinity of the transit system, Capital Metro does not have regulatory authority over land use and relies on the City to exercise this authority. The collaboration between the City and CapMetro on the ETOD project, both in funding and in work product, will ensure the project is implementable once completed.