



CapMetro Rail Operations & Contract for Rail Signal Systems and Maintenance of Way

CapMetro Board
May 18, 2026

Why We're Here Today

- CapMetro owns 162 miles of Rail Right of Way consisting of 32-miles of Commuter Rail and Freight Rail between Llano and Giddings, Texas operated by WATCO (Austin Western Railroad – AWRR)
- Current Operations and Maintenance (O&M) Agreement with Herzog Transit Services, Inc. (Herzog) expires December 31, 2026
- CapMetro initiated a review of our rail services and initiated competitive procurement process and is restructuring rail as follows:
 - **Signal Systems & Rail Maintenance of Way** proposed to be managed through new contract with Rio Grand Pacific Corporation
 - **Operations, Dispatch and Vehicle Maintenance** proposed to be brought under CapMetro direct management, effective January 2027
 - **Freight Operations** to remain with Watco (AWRR)

Operations, Dispatch and Vehicle Maintenance

CapMetro intends to absorb several of the commuter rail delivery and operational functions that are currently provided through Herzog.

CapMetro will have more control over service delivery, positioning the agency to best support **customer experience** and **financial sustainability** over time.

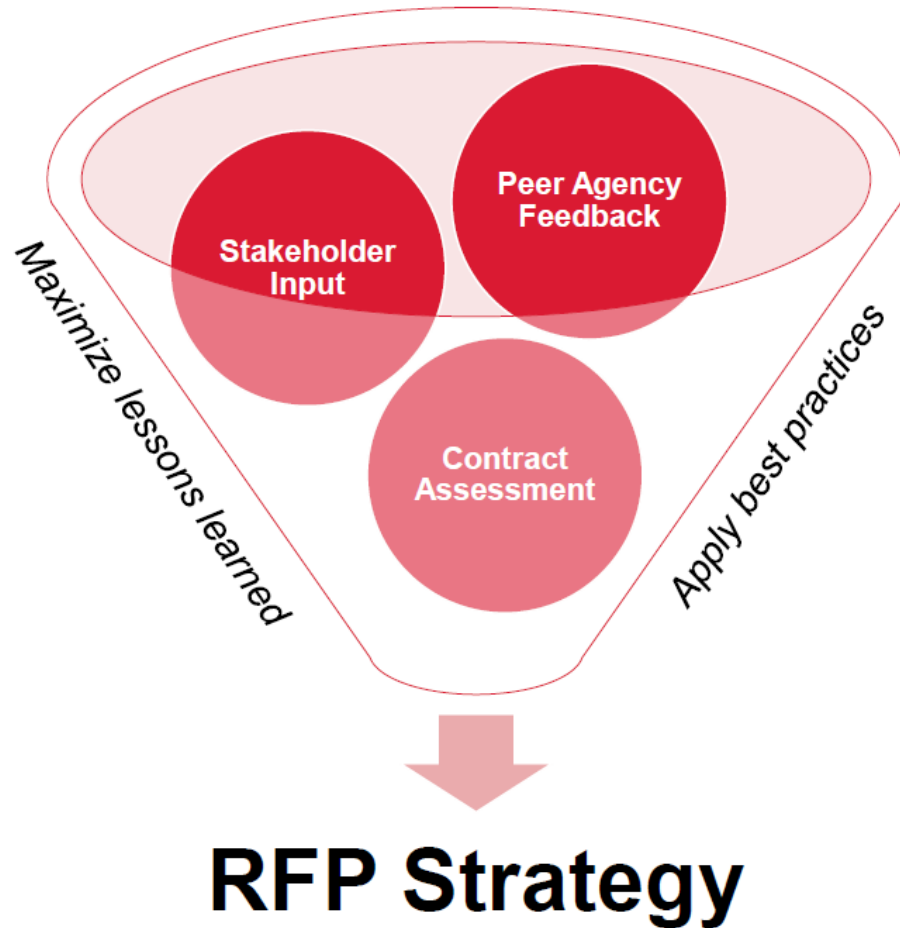
Transition Activities:

- Direct employment and management of rail dispatch, operations (including train engineers and conductors for commuter rail service), and train vehicle maintenance staff
 - Fewer than 100 full-time equivalent positions to be hired by CapMetro
 - Hiring process and timeline under development
- CapMetro must become authorized by the FRA to provide direct operations of commuter rail
- CapMetro must procure additional support services for vehicle maintenance and insurance and claims handling



Contract for Signal Systems and Maintenance of Way

RFP Development Approach & Eval. Factors



EOI Issued March 2025; RFP Issued December 2025

Evaluation Factors

Maintenance of Way

1. Experience with Continuous Welded Rail (CWR)
2. Training and Compliance with Standards
3. Approach to Infrastructure Improvements
4. Use of Subcontractors
5. Safety, Accountability, & Continuous Improvement

Signals and Communications

1. Signal and Communication Technical Functionality and Regulatory Compliance
2. System Architecture and Maintenance Integration Approach
3. Maintenance and Support Service Excellence
4. Work Plan and Regulatory Implementation Understanding
5. Staff Qualifications and Past Performance

Recommended Firm for Maintenance of Way and Signal Systems



Rio Grande Pacific Corporation

- Proposal included the following elements:
 - Experienced Management Team
 - Robust Maintenance and Signal Training and Staffing Plan
 - Preventative Maintenance/Remediation Plan
 - Implement Weather Plan
- Current contracted partner for Denton County Transit Authority (DCTA)

Rio Grande Pacific Corporation Contract Scope

Maintenance of Way Services

- Track, bridges, and structures, alignment fencing
- Routine cleaning and inspections
- Vegetation management
- Preventive and corrective track and bridge maintenance

Signal System Services

- Signaling and communications
- Positive Train Control (E-ATC)
- FRA required inspections and testing
- Preventive and corrective signal maintenance

Additional Services

- Special projects of limited duration
- Modernization efforts
- Minor capital projects
- Construction support

Next Steps

- Board authorization for Rail Signals Systems and Maintenance of Way contract requested today
- CapMetro Staff's priority is ensuring a seamless transition between existing structure and new structure, effective January 2027



CapMetro

Questions?