



Austin's Project Connect:
Independent Review of Governance and Leadership

Final Report

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Executive Summary

With the passage of Proposition A in 2020, Austin voters gave their approval to an ambitious, far-reaching vision for the region's transit future. The multi-billion dollar Project Connect will deliver a vast new network of light rail, commuter rail, and rapid bus along with the tunnels, stations, and other infrastructure to support it. By any measure, it is a highly complex and complicated program of projects.

Delivering this important program and adhering to the terms the voters approved in Proposition A demands strong institutions, collaborative partnerships, and clear decision-making responsibility. Now is the right time for leaders in Austin to decide the appropriate governance model for Project Connect, how it coordinates with existing entities, and how it can best be accountable to its citizens and businesses.

Project Connect's rapid bus and commuter rail projects will be delivered by the existing transit provider, Capital Metro. For the new light rail lines, the City and Capital Metro created the Austin Transit Partnership (ATP) to finance, design, build, and implement the program. The City and Capital Metro authorized ATP to implement Project Connect “in a manner independent of the City or Capital Metro,” and ATP is the designated custodian of the tax funds approved by the voters. Both Capital Metro and ATP currently share executive leadership. Whether Project Connect continues with shared executive leadership is a core question facing the ATP Board and the future of the program.

The Eno Center for Transportation was selected by the ATP Board to conduct a comprehensive and independent analysis evaluating the advantages and disadvantages of both joint and separate executive leadership as well as examine how those options affect other critical aspects of governance and project delivery. The ATP Board has the sole discretion on determining the future leadership structure for the organization, and this report provides the insights for the board to consider to make an informed decision.

Our analysis found that the current governance of Project Connect is unsustainable as it is currently structured. Either leadership model can work but must be intentional and supported by a common understanding of organizational roles and responsibilities. Following the leadership decision by the ATP Board, there needs to be a collaborative, transparent, and mutual agreement about the extent of ATP's independence, and a clear decision about how autonomous ATP will be from Capital Metro. Without this clarity, it would be difficult for either leadership model to succeed. Given the current stage of the program, final decisions on the governance and leadership structure should not wait.

The current shared leadership model clearly helped get Project Connect up and running after passage of Proposition A. Having unified direction was important to the speedy setup of ATP and the meaningful progress made on the planning, design, and federal permits required to launch construction. Retaining this model in the future would help with coordination between Capital Metro and ATP. But it would also require better understanding about the roles and jurisdictions of both boards over program decisions. Organizational structure, chain of command, and managerial separation between the

agencies must be clarified to ensure that independence and autonomy are respected. ATP and Capital Metro would need to establish joint processes for evaluating executive performance and future executive recruitment.

A separate leadership model would create clearer lines for executive reporting, make distinctions between ATP and Capital Metro sharper, and can enable a complete focus on implementing the most challenging capital construction elements of Project Connect. The ATP executive and the ATP Board would need to be more intentional with their collaboration and coordination with Capital Metro. Should the ATP Board adopt a separate leadership model, it should be prepared to spend considerable time recruiting a qualified executive. For this model to work, a strong, collaborative relationship between both executive directors and their staffs is essential. Clear decision-making processes, dispute resolution mechanisms, and frequent coordination would be required to keep both organizations aligned and the project moving forward.

In either case, the City, Capital Metro, and ATP need to commit to spending time to address governance issues that are crucial to supporting Project Connect. The ATP Board needs to participate in a joint session with the Capital Metro Board and Austin City Council to agree upon the delineation of all remaining undefined roles and responsibilities. Board members and staff should then participate in training to ensure shared understanding. Transparency on how major program decisions are made will ensure all parties have confidence in the leadership of ATP. There must be mutual agreement for each entity's role in design review and inspection, as well as processes for resolving disputes and conducting operational handover. Written processes for information sharing and agreements over meeting participation are necessary as are methods for evaluating scope additions.

Importantly, the community needs better clarity about how decisions are made. There are real concerns about displacement and other negative impacts from the program, and it is essential to ensure transparency in funding allocations and major program decisions. Investments in expanded and transparent stakeholder engagement are needed, but must be balanced with the agencies' ability to make quick and decisive action to move Project Connect forward. The details of these recommendations and the tradeoffs related to leadership structure are detailed in Section 4 of this report.

Good governance is critical to the successful delivery of any megaproject. There is no "right" approach to governance and during the early stages of a massive program like Project Connect, some disagreement about roles and responsibilities is to be expected. But now is the time to resolve these outstanding questions and establish an appropriate leadership model. Regardless of the model chosen, having a firm, transparent decision accompanied by clear delineation of roles and responsibilities will be critical to the success of Project Connect.

1.0 Introduction

Project Connect is a multi-billion dollar infrastructure program that will build new and enhance existing rapid transit in Austin. The initial investment involves building light rail (blue and orange lines), commuter rail (green line), rapid bus, a downtown transit tunnel, new MetroRapid routes, many new MetroRapid stations, new MetroExpress commuter bus routes, new park and ride facilities, and a new regional transit center.¹

The ballot language authorizing an increase in Austin's ad valorem property tax to fund Project Connect also established a new institution to help finance and deliver a significant portion of the work. While the rapid bus and commuter rail projects within Project Connect will be delivered by Capital Metro, the new light rail lines will be delivered by the Austin Transit Partnership (ATP), an independent local government corporation created by the city of Austin and Capital Metro. ATP currently shares an executive director with Capital Metro. As Project Connect enters its second year of implementation, the ATP Board is evaluating whether to retain its current shared leadership arrangement.

The Eno Center for Transportation (Eno) was selected by the ATP Board to conduct an Independent Analysis evaluating the advantages and disadvantages of joint or separate executive leadership with Capital Metro, as well as examine how those options affect other critical aspects of governance and project delivery.²

Research shows that the success of transit projects depends on establishing the institutional structures that will ultimately deliver and operate the project.³ There are many ways to approach governance, and regions in the United States use different structures and arrangements to deliver transit services and capital projects.⁴ However, setting a clear structure for organizational decision-making responsibility and coordination with other agencies and transportation modes is important to the success of a project.

This report provides an overview of Project Connect and its current governance, reviews insights from six case studies of regions that have delivered transit projects, and evaluates options for ATP's governance and leadership options based on Eno's case study interviews and community engagement in Austin.

Project Connect – Background and Governance

Project Connect moved from its visioning stage to its implementation stage in November 2020 with the passage of Proposition A, in which voters approved an 8.75 cent city of Austin property tax increase. The Proposition A tax revenue is the principal source of funding for the initial investment of Project Connect and provides a critical

¹ For more information, see Contract with the Voters, Exhibit A: Initial Investment Map and associated Implementation Sequence Plan.

² Austin Transit Partnership, Resolution ATP-2021-036, Section 1, December 15, 2021.

³ "Saving Time and Making Cents: A Blueprint for Building Transit Better," Eno Center for Transportation, 2021.

⁴ For a full examination of regional transit governance, see: "Getting to the Route of It," Eno Center for Transportation, 2015.

long-term revenue source for operations and maintenance. In addition, Proposition A uniquely includes \$300 million dedicated to anti-displacement efforts to build and preserve affordable housing along Project Connect's transit corridors.

The 2020 Proposition A ballot measure defines the following roles for the city of Austin, Capital Metro, and "an independent board," which has now become ATP:⁵

- "... to be operated by the Capital Metropolitan Transportation Authority, expending its funds to build, operate and maintain the fixed rail and bus rapid transit system."
- "... revenue raised by the tax rate is to be dedicated by the City to [ATP]."
- "...[ATP] to oversee and finance the acquisition, construction, equipping, and operations and maintenance of the rapid transit system by providing funds for loans and grants to develop or expand transportation within the City, and to finance the transit-supportive anti-displacement strategies related to Project Connect."

This is supported by the initial interlocal agreement (ILA), executed between the City and Capital Metro prior to the November 2020 election, that designates ATP to be "...the principal entity responsible for financing, designing, building, implementing and contracting with Capital Metro to operate and maintain assets funded by [ATP] in a manner independent of the City and Capital Metro."⁶

ATP was created in part to finance Project Connect, with the legal authority as a corporation to use pledged revenue to issue revenue bonds.⁷ In addition to the Proposition A tax revenue, Capital Metro committed to providing additional funding for Project Connect through its Capital Expansion Fund. Project Connect will also rely on federal grant funding primarily through the Capital Investment Grant (CIG) program administered by the Federal Transit Administration (FTA). Ultimately, ATP will need to borrow funds through revenue bonds, federally subsidized "TIFIA" loans, and other short-term and long-term borrowing programs to finance the initial investment and any subsequent capital costs of Project Connect.

ATP is governed by an independent six-person board of directors (see Figure 1 below), including one non-voting ex-officio member that is the Austin City Manager or their designee.⁸ The City and Capital Metro each appoint one board member from their respective governing bodies to serve a two-year term.⁹ The remaining three members are community experts and must be jointly approved by the City Council and Capital Metro Board for four-year terms.¹⁰ Board members do not have term limits.¹¹

⁵ Joint Powers Agreement Section 2.1; ATP Articles of Incorporation, 2021.

⁶ ATP Articles of Incorporation, Art. IV; ATP Bylaws, § 1.3, 2020.

⁷ TEX. TRANSP. CODE ANN. § 451.357(c) (2021).

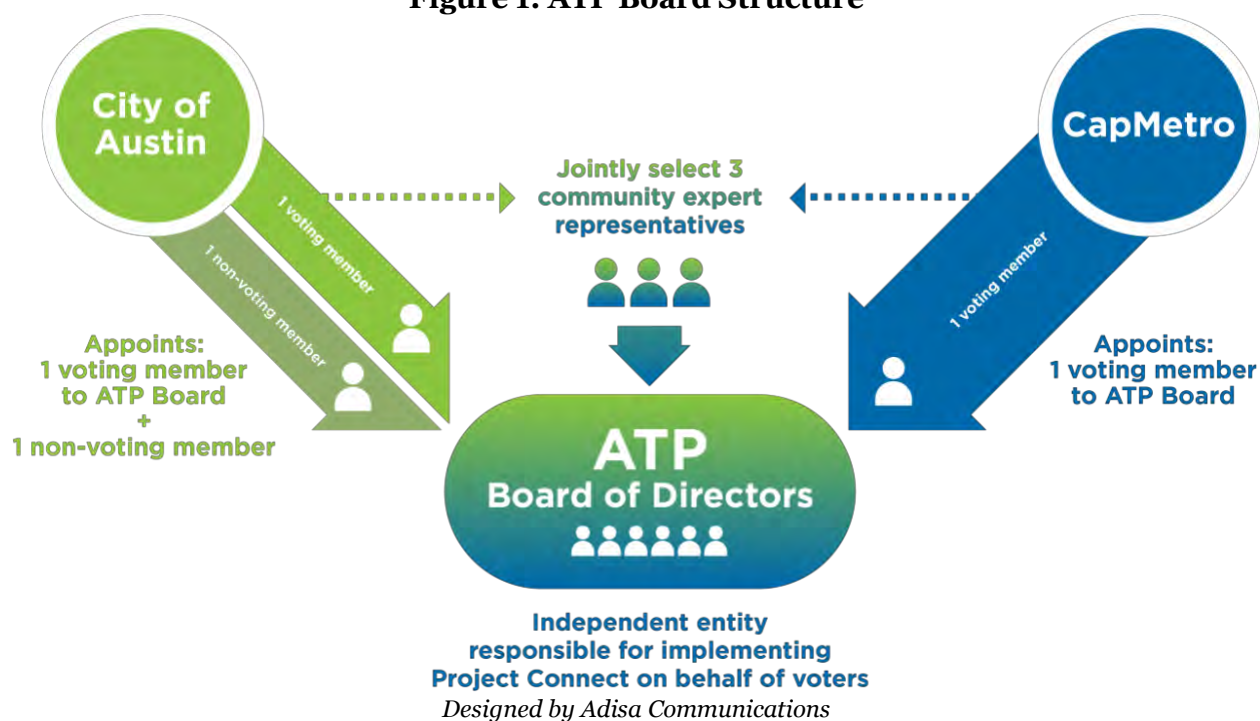
⁸ ATP Articles of Incorporation, Article VI. Board.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

Figure 1: ATP Board Structure



According to ATP's Articles of Incorporation, the Capital Metro CEO was appointed the "initial Executive Director" of ATP.¹² The current executive director assumed this position, alongside his role as Capital Metro CEO, on January 20, 2021.¹³ ATP's Bylaws state that the executive director is an officer of the ATP Board, appointed for a 2-year term, and may be re-elected or reappointed.¹⁴ Unresolved is whether the same person serving as head of the operating agency (Capital Metro) and the project delivery entity (ATP) aligns with national and international best practices and is the best structure for Project Connect going forward.

To address this question, the joint powers agreement (JPA) approved by all three parties in November of 2021 empowered the ATP Board to determine the appropriate leadership model for ATP after engaging in an Independent Analysis:

¹² ATP Articles of Incorporation, Article VI. Board.

¹³ Austin Transit Partnership, Resolution No. ATP-2021-00, January 20, 2021.

¹⁴ ATP Articles of Incorporation, Article VI. Board.

4.2.2 Executive Director. In accordance with the Bylaws, the ATP Board shall appoint an Executive Director. The ATP Board shall conclude an independent analysis to determine the appropriate leadership model for ATP no later than March 31, 2022. The independent analysis shall include a community engagement process with input from the CAC, technical advisory committees, and others. After careful consideration of such analysis, the ATP Board shall determine its leadership model in its sole discretion. Further, the ATP Board shall make any Executive Director appointments in its sole discretion. The ATP Board shall establish a community engagement process for such appointments which is appropriate for the appointment of senior leadership and similar to the process described above. The Executive Director of ATP shall be the chief executive officer of ATP and shall in general supervise and control all of the business and affairs of ATP.

This section of the JPA demonstrates that ATP's leadership model has been a matter of public interest and requires careful consideration. The final decision over the leadership structure, according to the JPA, is of the sole discretion of the ATP Board. This Independent Analysis, which includes community input and lessons learned from other regions, will discuss important factors in facilitating that decision.

The roles of ATP, Capital Metro, and the City in executing, overseeing, and managing these key factors is a critical area of agreement needed for the smooth and timely execution of Project Connect. While the JPA and other Project Connect foundational documents outline the principal roles and responsibilities of the parties at a high level, a more formalized governance and contractual structure is needed to clearly define each entity's roles and responsibilities.

Work to implement Project Connect is already underway. For the light rail components, several tasks need to be completed before construction, including preliminary design work and planning; completing the federal environmental review (NEPA) process; applying for and receiving federal CIG funding; issuing bonds and loans to cover upfront construction costs; acquiring property; engaging the community; and developing strategies to ensure smooth construction and operational handover. Each of these steps will require significant policy input and participation from the City and Capital Metro. Close collaboration and participation from all parties is essential for the timely delivery and success of Project Connect.

2.0 Independent Analysis Methodology

This Independent Analysis evaluates the benefits and risks of shared or separate leadership models for ATP and provides a roadmap for the ATP Board to determine an appropriate leadership model for the organization. As directed by the ATP Board, the Independent Analysis considers the following when evaluating best practices, as further outlined in the December 2021 ATP Board Resolution:¹⁵

Objectives and Priorities:

- Fulfill the Contract with the Voters
- Delivery on time and on budget
- Program equity
- Public trust and compliance with law

Key Factors for Consideration:

- Accountability
- Partnership with the city of Austin and Capital Metro
- Innovation and industry best practices
- Financing for Project Connect
- Legal considerations
- Contract risk
- Community participation
- Equity and anti-displacement
- Operational readiness and maintenance.
- Executive director recruitment.

As illustrated in Figure 2, the Independent Analysis process has five key elements, beginning with a preliminary report that provided a high-level overview of ATP's current governance structure, as well as preliminary lessons from domestic and international examples of governance approaches similar to ATP.

Figure 2: Independent Analysis Process



Upon completion of the preliminary report, Eno staff traveled to Austin to meet with over 60 individuals to better understand their perspectives on governance and leadership approaches. Interviewees included community members, transit riders, public sector staff, board members, elected officials, members of ATP's technical and community advisory committees, and members from the business community. In addition to one-on-one interviews, Eno participated in two virtual town hall meetings

¹⁵ Austin Transit Partnership, Resolution ATP-2021-036, Sections 2-3, December 15, 2021.

with a cumulative attendance of over 200 community members to capture a wider spectrum of views and questions about ATP's governance.

Feedback from this engagement informed case study interviews of experts around the world to gather insights on governance aspects important to the Austin community and region. Given that the City and Capital Metro have created ATP as a special-purpose delivery vehicle (SPDV) to implement Project Connect, the following six case studies come from other regions that have also created or used SPDVs (or similar organizations) specifically for the delivery of a transit project:

Domestic Governance Examples

1. San Diego Association of Governments (SANDAG)
2. Metropolitan Washington Airports Authority - Silver Line Extension (Washington, D.C.)
3. Expo Line and Gold Line Construction Authorities (Los Angeles)

International Governance Examples

1. Crossrail Limited (London)
2. Copenhagen Metro and Light Rail Companies
3. Karlsruhe Independent Construction Authority

These case studies included interviews with key officials and decisionmakers in each region to discern how they structured their organizations, why they chose the models they did, what they might have done differently, and what recommendations they would have for Austin. Insights from these examples will help community members and stakeholders identify these considerations and inform decisions on the leadership and governance of Project Connect.

This final report summarizes best practices from Eno's interviews and outlines the benefits, risks, and potential mitigating factors of shared or separate leadership options. This report does not make a specific recommendation on leadership models, but instead lays out the information the ATP Board will need to inform their final decision regarding the leadership structure for ATP.

3.0 Governance Examples from Around the World

This section profiles three domestic and three international examples of regions that have used an SPDV like ATP for the delivery of large transit projects. In each case, we explore the fundamental structure, relationships, roles, and funding for the respective institutions as it relates to delivering transit capital projects.

3.1 Domestic Governance Examples

San Diego Association of Governments (SANDAG)

In the San Diego region, transit planning, financing, and construction for the two primary transit operators is carried out separately from the operating agencies. SANDAG, the region's MPO, serves as the primary project sponsor for transit projects, which are then handed over to the region's transit operators.

Table 1: SANDAG Transit Projects Undertaken Since 2000

Project	Opened	Length (miles)	Percent Tunneled	Cost (2020 USD)	Cost per Mile
SPRINTER Light Rail	March 2008	22.0	0%	\$592 million	\$27 million ¹⁶
Mid-Coast Trolley Extension	November 2021	11.0	0%	\$2.17 billion	\$197 million

Source: FTA, SANDAG

Prior to 2003, comprehensive transit planning, delivery, and operations in San Diego were carried out by the Metropolitan Transit Development Board (MTDB), which was created by the California State Legislature in 1975. In 2003, the California State Legislature passed a law that moved the planning, financing, and project delivery arm of MTDB to the San Diego Association of Governments (SANDAG), the region's existing metropolitan planning organization (MPO).¹⁷ In addition to its planning and project delivery roles, SANDAG was given the authority to acquire property, issue debt, and build projects of regional significance within member jurisdictions (including other capital projects beyond transit). SANDAG constructs highway and transit projects within this jurisdiction and has completed two large transit projects in the past 20 years (Table 1).

The operations arm of MTDB was renamed as the San Diego Metropolitan Transit System (MTS) in 2005, serving the city of San Diego and the southern portion of San Diego county.¹⁸ The North County Transportation District (NCTD), which covers transit operations in the northern third of the county, similarly has its capital planning and programming functions run through SANDAG.

¹⁶ Much of the SPRINTER Light Rail was built within an existing, rehabilitated freight rail corridor.

¹⁷ "Senate Bill No. 1703, Chapter 743: An act to amend Section 29532.1 of the Government Code, and to amend Section 99233.5 of, and to add Chapter 3 (commencing with Section 132350) to Division 12.7 of, the Public Utilities Code, relating to transportation," September 20, 2002.

¹⁸ "About MTS," San Diego Metropolitan Transit System, undated.

SANDAG currently serves as the MPO, regional transit planning agency, and council of governments for the San Diego region. In 2004, San Diego voters passed a 40 year extension of TransNet, a 0.5 cent sales tax measure. SANDAG receives, administers, and issues bonds against these funds, which are a primary revenue source for major transportation projects in the region.¹⁹ The governance arrangement in San Diego is unique in having an MPO serve as the planning and construction arm for both transit agencies, which run their own operations.

SANDAG is governed by a 35-member board of directors, of which 11 are advisory members. Board members serve for two-year terms. The board consists of voting representatives from each of the 19 jurisdictions in the San Diego region, as well as advisory members from the following organizations: Imperial County, the U.S. Department of Defense, Caltrans, San Diego Unified Port District, Metropolitan Transit System, North County Transit District, San Diego County Water Authority, Southern California Tribal Chairmen's Association, Mexico, and the San Diego County Regional Airport Authority.²⁰

Since the 2003 consolidation, SANDAG has delivered two light rail projects in the region, most recently the Mid-Coast Trolley extension. SANDAG led the planning and execution for the project and served as the direct recipient of federal CIG funding. The Mid-Coast Trolley extension was being funded through a \$1.04 billion CIG grant and \$1.13 billion in sales tax revenue from TransNet. SANDAG has also used TIFIA loans, backed by future federal funds, as part of the project's funding package. The project was opened for service in November 2021, with SANDAG handing over ownership, operations, and maintenance responsibilities to MTS.

The roles and responsibilities for delivering large capital projects were mostly laid out in the 2003 State law that required the division of tasks between the two agencies. Since then, SANDAG, MTS, and NCTD have established a memorandum of understanding (MOU) that clarifies the roles and processes for project financing, design, and implementation across the three agencies. This includes regular staff collaboration and frequent meetings during the design phase (led by SANDAG), where MTS staff have the opportunity to review and comment on designs.

SANDAG served as the direct recipient of federal formula and CIG funding for other transit projects identified in its regional plan. MTS and NCTD could technically serve as the direct recipient of federal CIG funds and transfer the funding to SANDAG for implementation, but this arrangement has never been used.

There are some parallels between SANDAG and ATP given their roles as financiers and implementers of capital projects. SANDAG's mission is much broader than ATP, given their role as an MPO and implementer of highway projects, among other tasks, whereas ATP is solely focused on implementing Project Connect. ATP is also a new organization whereas SANDAG already existed as an institution when it was tasked with project

¹⁹ "TransNet Keeps San Diego Moving," San Diego Metropolitan Transit System, undated.

²⁰ "About SANDAG – Board of Directors," SANDAG, March 4, 2022.

finance and delivery. Shared leadership among SANDAG and the two transit operators is not used and was not considered when the State authorized the governance change. Interviewees in the region stressed the need for close staff collaboration when delivering large projects using two institutions. They cited the working relationships and trust that existed among staff when they worked together at MTDB prior to the 2003 reform as critical elements of the efficient delivery of the two transit lines.

Metropolitan Washington Airports Authority – Silver Line Extension (Washington, D.C.)

The Silver Line of the Washington Metrorail system is currently being extended to connect Washington, D.C. to the employment and housing districts in Northern Virginia, including Dulles Airport. The Silver Line Extension project is led by the Metropolitan Washington Airports Authority (MWAA) rather than the Washington Metropolitan Area Transit Authority (WMATA).

Table 2: MWAA Projects Undertaken Since 2000

Project	Opened	Length (miles)	Percent Tunneler	Cost (2020 USD)	Cost per Mile
Silver Line Extension Phase 1	July 2014	11.7	4%	\$3.3 billion	\$279 million
Silver Line Extension Phase 2	Est. 2022	11.4	0%	\$2.4 billion	\$211 million

Source: Eno Transit Construction Cost Database

WMATA is the primary transit operator in the Washington, D.C. region, and was formed by an interstate compact in 1967 between the District of Columbia, the State of Maryland, and Commonwealth of Virginia. WMATA is governed by an eight-member board:

- Commonwealth of Virginia (2 members appointed by the Northern Virginia Transportation Commission)
- State of Maryland (2 members appointed by the Washington Suburban Transit Commission)
- District of Columbia (2 members appointed by the D.C. City Council)
- Federal Government (2 members appointed by the General Services Administration Administrator)

All lines on the Washington Metro system were built by WMATA, except for the Silver Line. The Silver Line is a westward branch off the existing Orange Line and is currently being extended to connect Dulles Airport and other regional destinations wholly in Virginia. As shown in Table 2, the first phase of the Silver Line Extension opened in July 2014 at a cost of \$279 million per mile. The second phase of the extension is expected to open in 2022 at a cost of \$211 million per mile.

Since the Silver Line does not connect any new destinations in Washington D.C. or Maryland, Virginia needed to find its own revenue source for the project. Virginia initially housed the Silver Line project planning, development, and oversight in the Virginia Department of Rail and Public Transportation (DRPT).

DRPT was the official FTA project sponsor from 2000 until 2008, when MWAA took over. This was a result of an agreement between the Commonwealth of Virginia and MWAA that granted MWAA responsibility over operating the Dulles Toll Road and building the Silver Line with a portion of toll revenue being used to finance the project (See Table 3 below).²¹

Table 3: Silver Line Extension Funding Sources

Funding Source	Phase 1 Share	Phase 2 Share
Federal	30%	-
Commonwealth of Virginia	9%	12%
Fairfax County	13%	19%
Loudoun County	-	10%
MWAA Funds from Aviation	-	8%
MWAA Funds from Toll Revenue	48%	51%
TOTAL	\$3.3B	\$2.4B

Source: Eno Transit Construction Cost Database; FHWA Project Profiles, 2020; MWAA

Nearly half of the funding for the project is from toll revenues generated by the Dulles Toll Road. Fairfax and Loudoun Counties' TIFIA loans will be repaid using annual appropriations from their budgets and special taxing districts that were created around the new Silver Line stations.²² MWAA's TIFIA loan will be primarily repaid using toll revenue.²³ Phase 1 of the Silver Line received 30 percent of its funding through CIG grants from the FTA.

DRPT retained an oversight role on the project and served as a funding partner, while WMATA served as the technical lead during the NEPA process since WMATA will be the owner and operator of the line after construction.²⁴ WMATA was also the official FTA grantee during the NEPA process. Following completion of the NEPA process, grantee status was transferred to MWAA.

MWAA is governed by a 17-member board appointed by the mayor of Washington, D.C., the President of the United States, and governors of Maryland and Virginia as follows:

- Virginia Governor Appointees (7 members)
- Maryland Governor Appointees (3 members)
- Washington, D.C. Mayoral Appointees (4 members)
- U.S. Presidential Appointees (3 members)

MWAA retains ownership and care of the facility while WMATA begins operational testing. Phase 1 was completed in 2014 and the asset ownership and operation are with WMATA. Only after successful completion of testing will Phase 2 be turned over to WMATA for ownership and operation, which is planned for Summer 2022.

²¹ "NCHRP Report 827 Appendix A Case Study: Dulles Corridor Metrorail Project, Northern Virginia," 2016.

²² "Loudoun Closes on TIFIA Loan for Dulles Rail Project; Officials Praise Financial Benefits," Loudoun County Virginia, December 2014.; "Fund 40120 Dulles Rail Phase II Transportation Improvement District," Fairfax County, 2020.

²³ "Appendix A Case Study: Dulles Corridor Metrorail Project, Northern Virginia," NCHRP Report 827, 2016.

²⁴ "NCHRP Report 827 Appendix A Case Study: Dulles Corridor Metrorail Project, Northern Virginia," 2016.

MWAA is the financier and builder of the Silver Line extension, similar to ATP's role in Project Connect. However, MWAA was created to be an airport authority and has adopted a transit project temporarily, while ATP was created with the sole purpose of financing and delivering Project Connect's light rail lines. MWAA assumed primary responsibility for the extension given that much of the project runs within its right-of-way after it was granted ownership of the Dulles Toll Road, which also provides a significant funding stream for the project. Given ATP's singular focus on delivering Project Connect's light rail lines, there will naturally be greater overlap between the missions of the ATP and Capital Metro boards than the MWAA and WMATA boards.

A notable theme of the Silver Line extension was the change in federal project sponsor and grantee status midway through the project. This required flexibility on the roles and responsibilities set early in the project to adapt to future project needs.

One of the challenges affecting the dynamic between MWAA and WMATA was differing priorities across both organizations. Given MWAA's primary mission overseeing the Washington airports system, the Silver Line Extension was competing with other priority projects, and there was a general desire to complete and hand over the Silver Line to WMATA as soon as possible. On the other hand, WMATA was focused on ensuring all operational readiness and safety-related items were addressed by MWAA before assuming ownership of the infrastructure.

Expo Line and Gold Line Construction Authorities (Los Angeles)

In the past two decades, the Los Angeles region has successfully utilized two independent construction authorities to deliver its Gold and Expo light rail lines as part of its larger overall capital expansion program.

Table 4: Gold and Expo Line Construction Authorities Projects Since 2000

Project	Opened	Length (miles)	Percent Tunneler	Cost (2020 USD)	Cost per Mile
Expo Line Phase 1	April 2012	8.6	2%	\$1.2 billion	\$147 million
Expo Line Phase 2	May 2016	6.6	6%	\$1.5 billion	\$225 million
Gold Line - LA to Pasadena	July 2003	13.7	5%	\$1.2 billion	\$91 million
Gold Line Foothill Extension Phase 2A	March 2016	11.5	8%	\$844 million	\$73 million

Source: Eno Transit Construction Cost Database

The largest existing transit capital expansion program in the United States is in Los Angeles, California. The region built over 100 miles of light rail and heavy rail since 1990 and has several ongoing projects that will add dozens of additional miles to the system. Most current projects are managed directly by the capital division of the Los Angeles Metropolitan Transportation Authority (LA Metro), the region's largest transit operator. But two of the lines, the Expo Line (light rail, 15.2 miles) and the Gold Line (light rail, 25.2 miles) were built by independent construction authorities. Construction costs for all phases of the Expo and Gold Lines built by the construction authorities are shown in Table 4.

Gold Line

The Gold Line Construction Authority – formerly known as the Pasadena Metro Blue Line Construction Authority – was created by the California Legislature in 1998, in part due to concerns over LA Metro's ability to manage projects in the 1990s.²⁵ The authority was tasked with building the initial segment of the Gold Line from downtown Los Angeles to Pasadena, which opened in 2003. The authority is currently building an extension of the Gold Line (the "Foothill Extension") further east from Azusa to Montclair through San Bernardino County. The first phase of the Foothill Extension between Pasadena and Azusa opened for service in March 2016.

LA Metro separately delivered an extension of the Gold Line from the southern end of downtown to east Los Angeles, known as the "Eastside Extension", which opened in 2009 at a cost of \$210 million per mile. This segment was not planned or delivered by the Gold Line Construction Authority.²⁶

Since the initial phase of the Gold Line, the Gold Line Construction Authority has been governed by a six-member board (one of which is a non-voting member) appointed by the following jurisdictions:

- City of Los Angeles (1 member)
- City of Pasadena (1 member)
- City of South Pasadena (1 member)
- San Gabriel Valley Council of Governments (1 member)
- LA Metro (1 member)
- Governor of California (1 non-voting member).

The Gold Line Construction Authority has retained the same six-person board structure but added three additional non-voting members: two from the cities of Pasadena and South Pasadena, and one from the San Bernardino County Transportation Authority (SBCTA), which is funding a segment of the extension within that county.²⁷

The Gold Line Construction Authority established a second board known as the Gold Line Phase 2 Joint Powers Authority (JPA) to guide the Foothill Extension. The JPA consists of elected officials from the 14 municipalities along the new extension, as well as SBCTA. City managers from each city in the JPA are also part of a Technical Advisory Committee, which provides further input and technical guidance for the Foothill Extension.

The Gold Line Construction Authority is functionally autonomous from LA Metro, as there are no shared services like human resources or accounting between the two entities. However, the two entities work closely together. For the Foothill Extension (like past extensions), the Gold Line Construction Authority entered into a Master Cooperative Agreement (MCA) with LA Metro, which governs both agencies'

²⁵ "California Senate Bill No. 1847, Chapter 1021"; "About Us," Metro Gold Line Foothill Extension Construction Authority, undated.

²⁶ "Saving Time and Making Cents: A Blueprint for Building Transit Better," Eno Center for Transportation, 2021.

²⁷ "Board of Directors," Metro Gold Line Foothill Extension Construction Authority, undated.

participation in the Foothill Extension. Under the MCA, the Gold Line Construction Authority will issue and manage the design and construction contracts for the project, while LA Metro's participation is intended to ensure that the extension is compatible and fully integrated with its existing light rail system.

LA Metro's specific roles include retaining inspection rights, participating in the design review process, reviewing and approving scope changes, participating in the operational readiness testing and final safety certification of the line, and participating as a voting member of the selection committee that awards the design-build contracts.

LA Metro's design and engineering teams are closely involved in the design review process. These staff develop the operational design specifications that are handed over to the design-build contractor in coordination with the Construction Authority staff. LA Metro also established its own separate project contingency fund to allow it to fund any project modifications that may arise down the line. While these modifications or scope additions were subject to approval by both entities, LA Metro was able to pay for its own scope additions which helped manage some of the tensions between scope additions and the mission of keeping project timelines and costs in check.

While the Gold Line Construction Authority prepared all environmental impact statement documents for its projects, LA Metro retains significant responsibilities, including leading the planning and management of the Gold Line Construction Authority's funding sources.²⁸ For example, the Foothill Extension is primarily funded by revenue from two voter approved sales tax measures (Measure R and Measure M), which flow directly to LA Metro and are then transferred to the Gold Line Construction Authority to complete the work.²⁹ The Gold Line Construction Authority can borrow funds through a private design-build-finance arrangement but instead, LA Metro has issued bonds secured by Measure R and Measure M sales tax revenues, with bond proceeds transferred to the Gold Line Construction Authority.³⁰ The segments of the Gold Line built by the Gold Line Construction Authority did not use any federal grant funding, though federal CIG grants provided nearly half of the funding for the Eastside Extension, delivered separately by LA Metro.³¹

Expo Line

The Exposition (Expo) Line Construction Authority was established by the California Legislature on October 10, 2003.³² The Expo Line Construction Authority was given responsibility for awarding and overseeing contracts for final design and construction of the Expo Line.

²⁸ "Gold Line Phase II: Pasadena to Montclair-Foothill Extension Final Environmental Impact Report," LA Metro, February 2007.

²⁹ "Annual Report on Funding Recommendations: FY 2013," Federal Transit Administration, 2012.

³⁰ "Pasadena Star-News – Metro to sell bonds, front funds for Foothill Extension Phase 2A," Metro Gold Line Foothill Extension Construction Authority, November 1, 2010; The extension also received state funding in the form of a \$300 million grant through California's Transit and Intercity Rail Capital Program. The Claremont to Montclair portion of the extension is being funded entirely by San Bernardino County. Those funds are transferred to the Gold Line Construction Authority to pay for construction activities.

³¹ Jeff Davis, "The Last 15 Years of New Start Grant Agreements," Eno Center for Transportation, March 06, 2020.

³² "California Senate Bill No. 504, Chapter 827."

The Expo Line Construction Authority was set up in part to replicate the success of the Gold Line, but unlike the Gold Line Construction Authority, there were more shared services between the Expo Line authority and LA Metro. There was also interim shared leadership between the authority and LA Metro's capital division until the CEO of the Expo Line Construction Authority became a full time, separate position.

The Expo Line Construction Authority was governed by a five-member board, consisting of elected officials from surrounding municipalities, Los Angeles County, and a representative from LA Metro. The composition of the board included:

- Santa Monica City Council (1 member)
- Culver City Council (1 member)
- Los Angeles County Board of Supervisors (2 members)
- Los Angeles Metro (1 member)
 - The LA Metro CEO served as an ex officio, nonvoting board member.

Similar to its role during the construction of the Gold Line, LA Metro was involved in reviewing design and construction documents, participating in operational testing to ensure compatibility of the line with its existing rail system, and approving any major changes in scope. LA Metro prepared the Phase 1 environmental documents and the Expo Line Construction Authority prepared the Phase 2 environmental documents.³³

Both phases of the Expo Line were funded primarily using revenue generated from Measure R, the one-cent sales tax measure approved by Los Angeles voters for transit projects. Neither phase of the Expo Line used federal grant funding.

The construction authorities used in Los Angeles have some similarities to ATP in that their primary mission is to deliver a single transit program. Both ATP and the construction authorities are responsible for managing design and construction for their respective projects, before turning them over to the primary transit operator. A notable difference between the authorities and ATP, however, is control of funding. In Los Angeles, LA Metro retained the authority over the revenue sources and bonding for both projects, reimbursing the construction authorities for work completed. In Austin, ATP is entrusted as the primary custodian of the Proposition A revenues collected by the city of Austin and will be the entity issuing bonds for Project Connect.

Senior staff at LA Metro and the construction authority met on a regular basis to resolve comments and outstanding issues during the design review process, and both staffs were subject to a dispute resolution process, with a detailed chain of command. Most of these disputes were resolved at the staff level between agencies, and there were few design objections or disputes in both the Expo and Gold Line authorities that escalated to the Metro and construction authority CEOs to resolve.

³³ "Exposition Light Rail Phase II Draft Environmental Impact Report Appendix C: List of Preparers," LA Metro, 2009; "Los Angeles Mid-City Westside Transit Corridor Mid-City Exposition Light Rail Transit Project (Expo Phase I): Final Environmental Impact Statement/Environmental Impact Report (FEIS/R)," LA Metro, October 2005.

3.2 International Governance Examples

Crossrail (London)

The UK Department for Transport and Transport for London jointly created an independent entity, known as Crossrail Limited (CRL), to design and construct the \$25 billion Crossrail project, which will build 13.7 miles of new rail across London.

Table 5: Crossrail Limited Projects Undertaken Since 2000

Project	Opened	Length (miles)	Percent Tunneler	Cost (2020 USD)	Cost per Mile
Crossrail (Elizabeth Line)	Est. 2022	13.7	100%	\$7.6 billion*	\$555 million

Source: Regional Plan Association³⁴

*Cost of the 13.7 mile portion of new, tunneled track

The \$25 billion Crossrail project is one of Europe's biggest rail projects. The primary element is the new 60-mile, east-west Elizabeth Line, of which 13.7 miles is new track. The Elizabeth Line will connect existing rail lines and communities across the Greater London region, and be the first completely new underground line in London in more than 30 years upon its opening in 2022. As shown in Table 5, the portion of the Elizabeth Line that consists of new track is being built at a cost of \$7.6 billion (\$555 million per mile).

The project is funded through a mix of direct government contributions and grants, contributions raised through the Crossrail business rate supplement and community infrastructure levy, passenger fares, and additional financial contributions from key beneficiaries of the project, such as real estate developers and Heathrow Airport.³⁵ The Crossrail project has two sponsors, the UK's Department for Transport (DfT) and Transport for London (TfL), which is the primary transit operator in the region.

The project is being delivered by a separate publicly-owned company known as Crossrail Limited (CRL). CRL was originally established in 2001 as a joint venture company evenly owned by TfL and DfT. Its role then was to promote and develop new lines. The Crossrail Act of 2008 gave the legal authority necessary to build the line and for the government to nominate CRL as the entity responsible for delivery of the project.³⁶

When it was formed, CRL was governed by an eight-person independent board of directors. The board included three of CRL's executive directors (CEO, Financial Director, and Program Director).³⁷ Of the other five members, four members were appointed by TfL and the DfT; the fifth member was appointed by the other seven board members. CRL's CEO and Finance Director, alongside other CRL staff, were seconded (or loaned) from TfL. These staff members relinquished their TfL roles for the duration

³⁴ "Building Rail Transit Better for Less," Regional Plan Association, February 2018.

³⁵ "Report by the Comptroller and Auditor General – Crossrail," National Audit Office, January 2014

³⁶ William Tucker, "Crossrail project: the execution strategy for delivering London's Elizabeth Line," Proceedings of the Institution of Civil Engineers, September 2016.

³⁷ "Independent Review of Crossrail – Governance," KPMG, January 23, 2019.

of their tenure at CRL. A CRL committee established compensation for the seconded staff members in conjunction with TfL.³⁸

A core principle for the governance structure during the design and construction phases of CRL was the clear separation of the "sponsor group" (TfL and DfT) and the "delivery group" (the executive team at CRL) delivering the project.³⁹ DfT and TfL established a separate joint sponsor board consisting of top officials from each organization. This sponsor board served as a top level of oversight for the Crossrail project and as a forum for the sponsors to review performance of the Crossrail project and make joint decisions. The CRL board did not directly report to the sponsor board, but CRL staff provided regular updates on project status to the sponsor board.⁴⁰

The delivery group, on the other hand, included CRL's executive group and project management team. CRL managed the overall costs of the project and reported them to TfL and DfT. The CRL Board was accountable for the overall direction and management of the project and was the ultimate decision-making authority for project delivery.⁴¹

As the project approached the phase of transitioning to operations, responsibility over governance for Crossrail was transferred to TfL on October 1, 2020, with TfL conducting operational testing in anticipation of the line's opening in 2022.⁴² Both the CRL Board and sponsor group were replaced with the Elizabeth Line Committee, which includes three former members of the CRL Board, London's deputy mayor for transport, and two members from the TfL Board.⁴³ Beneath the Elizabeth Line Committee is a readiness group consisting of senior officials from TfL, CRL, and the London Underground that provide oversight of project completion and transition arrangements.⁴⁴ While CRL's staff and executive director now report to TfL instead of its own board, CRL still retains its own senior leadership and executive director. CRL is intended to remain a corporate subsidiary of TfL for financial and tax purposes, but once the line is operational, it will no longer retain any special boards or committees.⁴⁵

Among the reasons CRL was established at an arm's length from TfL and DfT was to create a more flexible, focused entity to deliver a megaproject of this scale, and provide a more efficient mechanism for decision-making between the national and local governments. A key theme from our interviews was the ability for an SPDV to insulate megaprojects from politics and distractions. Officials noted that it could have been harder to attract top talent and insulate the project from politics if it was housed within an existing entity.

³⁸ "Independent Review of Crossrail – Governance," KPMG, January 23, 2019.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ William Tucker, "Crossrail project: the execution strategy for delivering London's Elizabeth Line", Proceedings of the Institution of Civil Engineers, September 2016.

⁴² "Board Chair Action: Crossrail – Governance Transition," Transport for London, September 2020.

⁴³ Ian Weinfass, "New Crossrail scrutiny group reveals members," Construction News UK, October 23, 2020.

⁴⁴ "Crossrail: Light at the end of the tunnel?" London Assembly Transport Committee, February 2021.

⁴⁵ "Board Chair Action: Crossrail – Governance Transition", *Transport for London*, September 2020.

One of the notable tensions during the early stages of Crossrail was determining who would be in charge. The massive scale of the project led to debates over whether Crossrail is primarily a London project that also has a national benefit, or a national project that has a benefit to London. This dynamic also raised questions about how to manage risk between the national and local governments, and how to allow decisions to be made without political influence.

Given some of the challenges in achieving consensus between the national and local governments, the leadership and staff of CRL was given significant authority to make design and construction decisions so long as the project stayed within its funding parameters. The national and local government sponsors remained involved in the project governance and oversight, but ultimate decision-making authority was concentrated within the SPDVs leadership and staff.

Copenhagen Metro and Light Rail Companies

The Danish national government and Municipality of Copenhagen created a state-owned corporation to in 1993 to plan, build, and operate the region's first rapid transit system. This corporation was tasked with redeveloping publicly owned land and using the proceeds to fund construction of the Metro. This company shares a CEO and staff with a newly created corporation tasked with building a new, regional light rail system.

Table 6: Copenhagen Region Projects Undertaken Since 2000

Project	Opened	Length (miles)	Percent Tunneled	Cost (2020 USD)	Cost per Mile
M1 and M2 Lines	September 2007	13	48%	\$2.3 billion	\$176 million
City Circle Line	March 2020	9.6	100%	\$3.8 billion	\$393 million
M4 to North Harbor	March 2020	0.9	86%	\$491 million	\$546 million
Greater Copenhagen Light Rail	Estimated 2025	17.4	0%	\$1.2 billion	\$69 million

Source: Eno Transit Construction Cost Database

Over the last two decades, the Copenhagen region built out a brand new, 25-mile automated rapid transit system. The Copenhagen Metro has been built and operated by Metroselskabet (Metro Company), a public corporation owned jointly by the Danish government, the Municipality of Copenhagen, and the suburban Municipality of Fredericksberg. The first two lines of the Metro opened in September 2007, followed by two additional lines in March 2020. Construction costs for each phase, as well as the new light rail line currently under construction, are included in Table 6.

Copenhagen Metro Company

The Copenhagen Metro is uniquely funded entirely through revenue generated from the redevelopment of publicly owned land, a mechanism known as value capture. During the late 1980s and early 1990s, both the municipality of Copenhagen and Denmark faced a stagnant economy and high unemployment. As part of a major effort to reinvigorate the capital region, the national and local governments partnered to identify ways to boost the city's tax base, attract new residents, and spur economic development.

The resulting proposal was to redevelop Ørestad, a 0.58 square mile area of undeveloped former military training ground in south Copenhagen jointly owned by Denmark and the Municipality of Copenhagen, and to use the revenue from the increased property value to fund the Metro.

This financing model became the basis for the creation of the Ørestad Development Corporation in 1993. The Corporation was tasked and given the authorities to redevelop the military training ground, as well as to build and operate the initial phase of the Metro using revenue from the redevelopment.⁴⁶

The Ørestad Development Corporation took out long-term, 30-40 year loans as it set out to redevelop the Ørestad region and build the Metro. These loans would be paid back using property taxes, fares, and revenues from the sale of publicly-owned land. The increase in tax revenue from resulting land value improvements would go to the development corporation, rather than the city, until the loans were fully paid. The Corporation had a roughly \$2 billion debt cap (€1.7 billion).⁴⁷

In 2007, the transit and urban redevelopment arms of the Ørestad Development Corporation were spun off into two separate entities, with Metroselskabet (Metro Company) taking over transit construction and operations. The Metro Company is governed by a nine-member board of directors. The Danish Government and city of Copenhagen each appoint three members, and the suburban city of Frederiksberg appoints one member. The remaining two members are elected by the employees of the company. All board members serve four-year terms.⁴⁸ The Metro Company's day-to-day affairs are managed by an independent CEO and a four-person group of directors.

In addition to serving as a partial shareholder of the Metro Company, the national government's role is primarily to approve projects through the passage of construction acts in parliament, approve environmental review documents, and grant safety approvals. The region's municipalities serve as the authority for granting building permits for most major projects, as well as helping prepare environmental review documents.

Greater Copenhagen Light Rail Company

In addition to the existing metro system, a new 17.4-mile Greater Copenhagen Light Rail project is being delivered by Hovedstadens Letbane (the Greater Copenhagen Light Rail Company), a separate publicly-owned corporation that shares its CEO and staff with the Metro Company.

The light rail corporation is owned by 11 suburban municipalities as well as the Capital Region (the Copenhagen regional government).⁴⁹ The company is governed by a nine-person board: three members are appointed by the Capital Region, and three are

⁴⁶ Bruce Katz and Luise Noring, "The Copenhagen City and Port Development Corporation: A Model for Regenerating Cities," Brookings Institution, 2017.

⁴⁷ Nina Kampmann, "Project Finance," Copenhagen Metro Inaugural Seminar, 2002.

⁴⁸ Metroselskabet 2019 Annual Report.

⁴⁹ "About Us," Hovedstadens Letbane, undated.

appointed by the Mayor's Forum (the group of mayors from each of the 11 municipalities that formed the company). The Mayor's Forum and Capital Region jointly appoint the remaining three members.

Given the existing expertise in rail construction and operation developed over the course of Metro's 30-year history, there was a desire to avoid duplicating structures and concern about the limited pool of rail expertise in the region. As a result, the national law passed by the Danish Parliament creating the light rail corporation requires that the executive director for Copenhagen Metro be the executive director of the Greater Copenhagen light Rail Company. This arrangement allowed the existing staff and construction expertise at Copenhagen Metro to be utilized for the new light rail project, rather than starting over from scratch.

While integration with Metro was a foundational principle for the creation of the light rail company, there are institutional processes in place to respect the differing ownership of both companies. There is a strong financial firewall between the two companies, with regular audits and a bifurcated finance department that ensures expenses and staff time are accurately billed to their respective projects.

The executive director works under two, independent management boards. However, authority over the executive director's employment is the sole responsibility of the Metro Company Board. There are regular meetings between the chairs of both boards to ensure that the Metro Company is responsive to the concerns of the light rail company, and there is one overlapping member who sits on both boards to further facilitate dialogue and cooperation between the two companies.

While the board of the light rail company has no formal opportunities for recourse if it is not pleased with the performance of its executive director, there is significant trust that any issues will be brought to and addressed by the Metro Company as part of the regular dialogue between both board chairs. Though not required by law, the Metro Company's employment contract with its current executive director includes a bonus system that is directly tied to the director's performance in his capacity as CEO of the light rail company.

The two publicly-owned transit companies in Copenhagen are the only instance of shared leadership working under two, independent management boards among our six case studies (and among other regions that Eno has studied in previous research). The apparent success of the shared leadership model in Copenhagen is bolstered by the legal requirement to have shared leadership, with the CEO reporting only to the Metro Company Board. This creates an unambiguous structure and clear reporting requirements for both organizations.

These two companies also serve as a useful example of how intent and purpose can shape governance structures. The desire to utilize existing rail expertise at the Metro Company and reduce agency duplication was a major reason for shared leadership, staff, and services between the two companies. Austin has no existing institution with experience building light rail, so the creation of ATP is rooted in a different purpose.

Copenhagen also highlights the importance of trust between staff and board leadership at both agencies. Given their sole authority over the shared executive director's employment, board members of the Metro Company view responsiveness to the concern of the light rail company as part of their duty, and organizational processes are in place to ensure financial independence between the two organizations.

Karlsruhe Independent Construction Authority

The German city of Karlsruhe recently completed a major project to bury downtown tram lines in more than 3 miles of new tunnels. The city created an independent construction authority to manage the construction. This authority shares executive leadership with the transit operating company.

Table 7: Karlsruhe Construction Authority Projects Undertaken Since 2000

Project	Opened	Length (miles)	Percent Tunneler	Cost (2020 USD)	Cost per Mile
Karlsruhe Combined Solution	December 2021	3.1	72%	\$2.2 billion	\$702 million

Source: Eno Transit Construction Cost Database

Karlsruhe is a mid-sized city of 308,000 residents that is home to a dense network of at-grade tram lines and a longer network of regional rail and bus services. Given that many of the lines meet in the congested downtown area, the city embarked on the Karlsruhe Combined Solution, an infrastructure project that buried 3.1 miles of tram lines in two separate sections.

To build the tunnels, the City created an independent construction authority. The tunnels took more than 12 years to build, and had several significant cost overruns, attributable to a number of factors including issues with contractors, accommodating community pushback, and geotechnical problems.⁵⁰ As outlined in Table 7, the tunnels opened for service in 2021 and cost \$702 million per mile.

Transit in the Karlsruhe region is organized into five distinct entities, summarized below:

The Karlsruhe Public Utilities, Public Transport, and Port Company (KVVH) is the municipal subsidiary that oversees all city-based municipal utilities, transportation, and public works. Several other organizations, listed below, are independent public corporations owned by KVVH. KVVH is overseen directly by the mayor of Karlsruhe.⁵¹

The Karlsruhe Transport Authority (Verkehrsbetriebe Karlsruhe, or VBK) operates seven tram routes, a funicular railroad, and a network of bus routes. VBK is wholly owned by KVVH, the public utility company, and has an independent 15-member board of directors. The mayor serves as the board chairman, eight members are

⁵⁰ "The 'Kombilösung' (combined solution) for Karlsruhe," Eguana, 2022; Lars Notararigo, "Über Jahre unter Tage: Eine Bilderreise durch die Geschichte der Karlsruher Kombilösung," Ka-news, December 9, 2021.

⁵¹ "About Us: Organization," KVVH - Karlsruhe Supply, Transport and Port GmbH and KVVH Group, 2022.

representatives from the city council, five members are employee representatives, and one is a community member with no listed affiliation.⁵²

The Albtal-Verkehrs-Gesellschaft mbH (AVG) is the agency that operates S-bahn (commuter rail) in the wider Karlsruhe region. AVG is partially owned by KVVH and is governed by a 15-member board that is also chaired by the mayor of Karlsruhe. However, the other board members do not necessarily overlap, and this board includes several seats for other jurisdictions around the region and five employee representatives.

Like other regions in Germany, the region has a regional coordination organization called Karlsruhe Transport Association (KVV). KVV oversees regional fare integration, transit planning, and financial and other organizational agreements between VBK, AVG, and 18 other smaller transit operators in the region. KVV is jointly owned by the city of Karlsruhe, the district of Karlsruhe, the district of Rastatt, the city of Baden-Baden, the district of Germersheim, the city of Landau, and the district of Südliche Weinstraße.⁵³ KVV has a 28-member board, with the mayor of Karlsruhe as the chairman.

A construction authority, Karlsruhe Rail Infrastructure Company (KASIG), was created in 2003 specifically to oversee the planning, construction, and financial management of the Karlsruhe Combined Solution. KASIG is organized as a government company wholly owned by KVVH but with an independent board of directors. The executive board has 16 members, with the mayor of Karlsruhe serving as the board chair. The other seats include ten members of the city council and five representatives from the community, including an employee representative.⁵⁴ KASIG has managed the project and is the direct recipient of federal, state, and local grants to fund construction.

Unique from a governance standpoint, all the organizations listed above (KVVH, VBK, AVG, KVV, and KASIG) share the same executive director. Since 2014, Alexander Pischon has served as the CEO of these companies.⁵⁵ Also consistent is the mayor's role as board chair for each organization.

While these four companies share the same executive director, the CEO reports directly to the mayor of Karlsruhe, rather than the four boards. These four boards also function in an advisory capacity, rather than a management capacity like the ATP Board. The mayor, rather than the boards, retains ultimate authority over the employment of the executive director.

Given the role of the mayor in directly overseeing the shared executive director, the joint leadership arrangement in Karlsruhe differs considerably from ATP. However, the arrangement still offers useful takeaways in managing coordination across multiple organizations. Interviewees stressed the importance of regular dialogue across the four

⁵² "Company: Organization," Verkehrsbetriebe Karlsruhe (VBK), 2021.

⁵³ "Organization: Shareholders, Supervisory Board & Management," KVV, 2022.

⁵⁴ "Managing Directors," Karlsruher Schieneninfrastruktur-Gesellschaft mbH, 2021.

⁵⁵ "Speaker Bio: Alexander Pischon," 2023 UITP Global Public Transport Summit, 2022.

companies, and efficient dispute resolution processes that allow conflicts to be resolved quickly among staff without escalating to the board level.

The case of Karlsruhe also illustrates how a shared executive director can help keep multiple organizations with distinct missions moving towards a unified goal on a project. Developing distinct, concrete targets and objectives for each company was cited as a key step to keeping the tunneling project moving and allowed the CEO to monitor and coordinate each team's progress on these goals.

4.0 Governance Themes, Options, and Recommendations

The purpose of this Independent Analysis is to assist the ATP Board in determining the appropriate leadership model for ATP. This section summarizes best practices as well as the benefits and risks of both shared and separate leadership for Project Connect. Per Eno's agreement with ATP, this report does not make one final determination about which leadership model the board should choose, but offers clear suggestions to meet the following priority objectives:

- Fulfill the Contract with the Voters
- Delivery on time and on budget
- Program equity
- Public trust and compliance with law

The best practices related to Project Connect in this report also consider the following elements, as outlined in the December 2021 ATP Board Resolution:⁵⁶

- Accountability
- Partnership with the city of Austin and Capital Metro
- Innovation and industry best practices
- Financing for Project Connect
- Legal considerations
- Contract risk
- Community participation
- Equity and anti-displacement
- Operational readiness and maintenance
- Executive director recruitment

4.1 Established Facts of Governance

To evaluate the leadership model of ATP, it is important to establish a baseline understanding of the current governance arrangement for Project Connect. While some aspects of governance and leadership can be tweaked or changed, others are indisputable since they are established in the laws and ballot measure authorizing the program. The following three facts are foundational to the governance of Project Connect:

⁵⁶ Austin Transit Partnership, Resolution ATP-2021-036, Sections 2-3, December 15, 2021.

1) Three institutions are directly involved in delivering Project Connect

Prior to the Proposition A election, the Austin City Council passed a resolution in August 2020 known as the Contract with the Voters. This resolution affirmed the City's commitment to Project Connect and its intent to transfer Proposition A revenues to ATP to fund the program. Capital Metro, the existing transit operator, passed a similar resolution affirming the agency's commitment to Project Connect.

In November 2020 Austin voters approved Proposition A, an 8.75 cent property tax increase in the city. This property tax revenue will be the principal source of funding for the initial investment of Project Connect and provides a critical long-term revenue source for operations and maintenance.

Austin Transit Partnership is the organization created in part to finance Project Connect with the legal authority as a corporation to use pledged revenue from the Proposition A tax proceeds and other sources to issue revenue bonds.⁵⁷

2) Austin Transit Partnership must maintain some level of independence

The ballot language for Proposition A stated that the tax revenue shall be transferred "to an independent board to oversee the project."⁵⁸ After its passage, the City and Capital Metro jointly created the Austin Transit Partnership as a local government corporation to be "the principal entity responsible for financing, designing, building, implementing, and contracting with Capital Metro to operate and maintain assets funded by [ATP] in a manner independent of the City or Capital Metro."⁵⁹ While "independence" was a central concept to the creation of ATP and the approval of Project Connect, the role of the City and Capital Metro in assisting the "principal" entity and the "manner" of its independence was interpreted differently by various stakeholders.

As illustrated in Figure 1 in Section 1.0, ATP is governed by an independent six-person board of directors, including one non-voting ex-officio member that is the Austin City Manager or their designee.⁶⁰ The City and Capital Metro each appoint one board member from their respective governing bodies to serve a two-year term.⁶¹ The remaining three members are community expert board members and must be jointly approved by the City Council and Capital Metro Board for four-year terms.⁶² Board members do not have term limits.⁶³

Project Connect must proceed with having three institutional partners: the City, ATP, and Capital Metro, each with their own, independent board.⁶⁴ While the City and Capital

⁵⁷ TEX. TRANSP. CODE ANN. § 451.357(c) (2021).

⁵⁸ See City of Austin Ordinance No. 20200812-009, August 7, 2020.

⁵⁹ Joint Powers Agreement Section 2.1; ATP Articles of Incorporation, Article IV. Purposes, Activities.

⁶⁰ ATP Articles of Incorporation, Article VI. Board.

⁶¹ Ibid.

⁶² Ibid.

⁶³ Ibid.

⁶⁴ Note: this document refers to the three main agencies responsible for Project Connect, including the city of Austin, Capital Metro, and Austin Transit Partnership (ATP). Each has a board of directors, and in the case of the City, Council is referred to as a "board."

Metro created ATP and participate directly in its board governance, the ATP Board has the ultimate authority to make management decisions for the organization, including the authority to appoint (or re-appoint) its executive director.

3) The three entities have some defined roles and responsibilities

The 2020 Proposition A ballot measure, which authorized the property tax increase funding Project Connect, defines the following roles for the three entities:

- "... to be operated by the Capital Metropolitan Transportation Authority, expending its funds to build, operate and maintain the fixed rail and bus rapid transit system."
- "... revenue raised by the tax rate is to be dedicated by the City to [ATP]."
- "...[ATP] to oversee and finance the acquisition, construction, equipping, and operations and maintenance of the rapid transit system by providing funds for loans and grants to develop or expand transportation within the City, and to finance the transit-supportive anti-displacement strategies related to Project Connect."

This is supported by the initial ILA (quoted above), executed between the City and Capital Metro prior to the November 2020 election, and the JPA executed in October 2021 by the Austin City Council and Capital Metro Board. The JPA governs ATP and its relationship with both Capital Metro and the City, further clarifying the roles established in Proposition A and the ILA.⁶⁵ The key roles for each partner agency are outlined in Figure 3 below.

Figure 3: Project Connect Roles and Responsibilities per October 2021 JPA

Capital Metro	ATP	City of Austin
<ul style="list-style-type: none"> • Dedicate Capital Expansion Fund balance to ATP • As the region's designated federal grant recipient, work with ATP and FTA to meet CIG requirements • Complete NEPA process for Orange, Blue, Gold, and MetroRapid Lines • Lead project delivery for MetroRapid (bus) and MetroRail (commuter rail) programs • Operate Project Connect upon completion 	<ul style="list-style-type: none"> • Accept and manage funds received from the City and Capital Metro • Issue debt to finance Project Connect • Lead financial modeling and planning • Work with Capital Metro to meet requirements for CIG funding. • Allocate anti-displacement funding to the City • Coordinate utility relocation and ROW agreements with the City • Lead project design • Develop design review and permitting standards • Issue and oversee design and construction contracts for Project Connect's light rail lines 	<ul style="list-style-type: none"> • Lead permitting process • Provide professional support via the City's Project Connect Office • Transfer Proposition A revenue to ATP • Implement anti-displacement tools • Utility relocation and ROW coordination

⁶⁵ ATP Articles of Incorporation, Art. IV; ATP Bylaws, § 1.3, 2020.

While these high-level roles have been established, several other key tasks are not yet clearly defined or agreed upon, as discussed below.

4.2 Key Themes in Governance

With the established governance facts in mind, below are the primary themes from Eno's review of Project Connect's governance and leadership, discussions with Austin stakeholders, and interviews with leaders and experts from around the world. While our analysis focuses primarily on the question of whether ATP should retain its shared leadership model with Capital Metro, our conversations uncovered several concerns about program governance and implementation that are critical to the program's success, regardless of the leadership model chosen.

Project Connect's staff and leadership have made incredible progress since 2020 considering the unprecedented nature of the program's size and scope.

Project Connect is one of the largest capital programs in Austin's history. While questions about leadership and governance structures remain unresolved, it is important to acknowledge the tremendous progress made on Project Connect over the past one and a half years. Since Austin voters approved Proposition A in November 2020, the City and Capital Metro set up and staffed ATP, initiated the federal grant application process, and proceeded promptly with environmental permitting, initial design, and many other tasks that are critical to delivering a large, complex infrastructure program like Project Connect. When we spoke with stakeholders and members of the community, there was unified approval and praise of the abilities, competencies, and experience among the leadership and staff of the City, Capital Metro, and ATP.

With Project Connect in its second year of implementation, now is the time to resolve outstanding questions about the program's governance and leadership structures, and establish the roles and responsibilities of all three partner organizations.

Large transit capital projects are inherently complicated, politically messy, and need to move fast. The governance and leadership challenges and questions facing Project Connect are not unique, and in fact are very common for similar projects around the world. Disputes among agencies about roles, responsibilities, and leadership are routine and expected. In fact, those with experience building large transit projects elsewhere said that the challenges facing the project today are small compared to what the project will face when streets are torn up during construction. Conflict and disagreements will inevitably intensify, so establishing governance, leadership, and roles now is critical to surmounting those forthcoming challenges.

Many interviewees explained that the political culture in Austin is one that places a high priority on collaboration, buy-in, and compromise. Those traits will serve Austin well when deploying Project Connect. But for projects to be successful, institutional leaders must be decisive and move forward quickly, even with limited information.

There are significant disagreements over the interpretation and rationale for ATP's intended independence.

A major focus of our questioning was to understand how Austin leaders, stakeholders, and community members interpreted the "independent" nature of ATP as laid out in the ballot language and Contract with the Voters. This questioning revealed significant differences in how independent ATP was intended to be, and from whom ATP was intended to be independent.

For some, ATP was created primarily to insulate Project Connect and its finances from the politics of the City Council and create a legal way to leverage Proposition A funds and issue debt. For others, ATP was created as independent entity due to a lack of trust over Capital Metro's ability to deliver large projects. Some individuals also saw the creation of an independent organization as an important strategy to garner political support for the ballot measure. Many did not see "independence" as a primary concern and were instead focused on the outcomes of the project rather than the institutional arrangements. Regardless of whether these views are correct, there is no doubt a wide range of recollections on what independence means and why ATP was established.

What matters now is how to best leverage the existence of ATP to achieve the best outcomes for Project Connect in a transparent fashion within the wide interpretation of "independence." Of course, the politics of why independence was prioritized for some will not go away during Project Connect, and to ignore it could create risks in the future. But the city of Austin, Capital Metro, and ATP should not let the intent of independence be the enemy of good and transparent governance decisions now. While the ATP Board has the sole authority to decide on its leadership structure, **there needs to be a collaborative, transparent, final decision among the project partners on a governance structure that makes sense for Project Connect for the long run.**

Discussions around "independence" also raised related questions about ATP's intended "autonomy." Though the two terms were often used interchangeably by interviewees, some viewed autonomy as the extent to which ATP should retain its own internal processes, policies, and identity, regardless of leadership model.

Setting up ATP as a new organization required leveraging existing resources and services, particularly at Capital Metro, with whom ATP shares services like information technology, accounting, and human resources. Sharing such services can be beneficial from a cost and efficiency standpoint, and many organizations do so, particularly when they are closely collaborating. However, our research shows one of the benefits of the SPDV model is the ability for a new organization to create policies and procedures

optimized for the task of building a megaproject outside the confines of existing institutions.⁶⁶

Many stakeholders did not believe ATP should function as if it were a division of Capital Metro, nor be run as if it were a wholly autonomous, unconnected transit agency. While some staff and stakeholders acknowledged the benefits and efficiencies of shared services, others felt that the autonomy given to ATP does not extend to developing its own internal culture, policies, and procedures. These individuals felt little choice but to follow Capital Metro's lead when developing internal processes, and expressed concern that ATP is being operated as a department of Capital Metro. Regardless, ATP and Capital Metro are both working towards a common goal in the delivery of Project Connect, and must be close partners whether or not they share an executive director.

The long term future of ATP – whether it is in existence just for the construction of the major components for Project Connect or whether it will have a long term role in asset ownership – is unclear. What is clear is that project implementation will take at least 10 years, if not longer. **Regardless of which leadership model is chosen, there needs to be a mutually agreed upon definition of ATP's independence, and a clear decision about how autonomous ATP will be from Capital Metro.**

Some of the confusion and uncertainty around internal policies and procedures is understandable given that ATP is still being set up. However, uncertainty and internal instability over roles, responsibilities, and organizational autonomy is not sustainable in the long run. **As ATP continues to staff up and grow, its board leadership and staff, where appropriate, should decide whether it wants to continue sharing some services with Capital Metro. ATP staff must also determine which policies or procedures make sense to borrow from Capital Metro, and which they should develop internally going forward.** Maintaining shared services does not preclude ATP from developing a distinct culture or internal policies. Having independent services should not prevent ATP from remaining a close partner to Capital Metro.

There are serious misunderstandings related to the roles and responsibilities of the City, ATP, Capital Metro, and their respective boards.

Staff, stakeholders, and community members alike had very different responses and perceptions on how roles and responsibilities should be divided among ATP, Capital Metro, and the City. Some of the confusion or disagreement is understandable, given the newness of the program. But the unresolved and unclear nature of each party's roles and responsibilities remains a major risk.

As discussed in section 4.1, many roles are already established and memorialized in the ballot measure language, the JPA, and other documents approved by all parties. ATP has the responsibility for project design, issuing debt, and letting construction contracts.

⁶⁶ "Saving Time and Making Cents: A Blueprint for Building Transit Better," Eno Center for Transportation, 2021.

The City is responsible for transferring Proposition A revenue to ATP, issuing permits, coordinating utility relocation, and allocating the \$300 million anti-displacement fund. Capital Metro is helping set up ATP through seconded staff and shared services, managing the federal environmental review process, and will eventually operate the system. What appears to be in question is whether ATP or Capital Metro have the lead role of planning (for example, where stations will be located), capital programming (how to prioritize projects within the budgets), and interactions with the federal government (who will apply for and receive federal grants and loans).

Based on information and advice from regional and external experts, these tasks could be technically led by either ATP or Capital Metro. Practically speaking, there are likely logical leads for each, based on risk, accountability, and collaboration. This Independent Analysis was not intended to assign these tasks, but the likely answer will involve close collaboration regardless of lead agency. For example, planning decisions will affect the cost of the program (important to ATP) and operational readiness (important to Capital Metro). The programming of investments will affect the ability to raise necessary revenues (important to ATP) and the coordination of operations and other capital investments (important to Capital Metro). Acknowledging that Capital Metro is already established as the designated federal grant recipient for transit projects in the region, the FTA will need to have confidence that both partners will be good stewards of federal funds, and bondholders will need to have confidence that federal grants will arrive in time for payments, whether through Capital Metro or directly to ATP.

Our case study research demonstrates that **making sure everyone agrees on the roles and responsibilities and that they are clear to agency staff and the public is more important than defining the tasks themselves**. Additionally, organizational roles and responsibilities might change as the project progresses, so the **boards need to be open to altering defined roles and responsibilities in the future as needed**.

With a lack of clarity on roles and responsibilities, there is a risk of Project Connect becoming divisive and territorial among agencies, regardless of the leadership model chosen. As discussed above, uncertainty and jurisdictional conflict is a risk to the timely and on-budget delivery of Project Connect. **To ensure a transparent, collaborative resolution to these uncertain roles, all three boards need to participate in a joint session to agree on roles and responsibilities. The session needs an external moderator and expert to lead the discussion and arrive at a consensus, and should promptly follow the ATP Board's decision on organizational leadership.** The outcome of the session also needs to include and acknowledge future flexibility in some roles and responsibilities as the program develops.

In addition to unclear roles and responsibilities across agencies, several interviewees mentioned that there are unclear distinctions between roles and responsibilities of staff and board members. Some suggested that perhaps this is because several ATP board members have not served in this capacity before, while others suggested this dynamic is related to the undefined institutional roles, mentioned above. Regardless, board

members at all three institutions bring important experience but also limited time to commit to the project. Board member experience should be leveraged while also trusting staff to make decisions when appropriate. Once the roles and responsibilities of the organizations are well understood, it will be easier to delineate roles of staff and board members. To ensure clear delineation of responsibilities, **all board members and staff should participate in training on how they differentiate between staff roles and board roles.**

Some members of staff and the community are losing faith that their voices are being heard in key decisions.

The community members in Austin want to be part of the development and implementation of Project Connect. Few, including many on the advisory committees, seem to know who is in charge of major decisions, who to talk to, and how they can get involved. Both staff and community members are concerned that major program and design decisions are pre-determined, and that public consultation is either being done too late in the process, or public engagement is being done to simply "check the box."

For example, in individual interviews as well as the community town halls, issues of anti-displacement and transportation equity were top priorities for many stakeholders and the broader community. There was broad appreciation for the inclusion of dedicated anti-displacement funding within Project Connect, though many community members remain acutely concerned about how this money will be spent, and how effective potential anti-displacement measures will be.

Given the City's role in allocating and implementing much of the anti-displacement funding within Project Connect, our analysis did not find a significant impact of either leadership model on the program's anti-displacement element. **However, all parties must remain responsive to the community's real concerns about displacement and ensure transparency in funding allocations and major program decisions.**

In addition to anti-displacement, many community members expressed concern over whether Project Connect would exacerbate inequalities in Austin's existing transportation system. Several community members worried that bus service is declining, Project Connect is taking precedent over the existing bus network, and that the bus network will continue to be neglected as a result. Others worried that service disruptions or other negative construction impacts of Project Connect would impact historically disadvantaged communities, including transit-dependent riders in areas like East Austin.

Those expressing this concern do not have the confidence in a joint leadership model where a single person manages both the existing bus network and also Project Connect. We do not necessarily agree with this assessment (we have not evaluated the bus network, and there are ample models where a single transit agency manages a capital program and operates an existing network), but whether it is real or perceived, it is a major concern. **Regardless of the leadership model chosen, Capital Metro's**

Board and leadership needs to ensure that bus riders are not neglected now and throughout Project Connect.

One of the biggest risks to Project Connect is if the public loses faith in the credibility of the program or its implementing entities. People generally understood that they while they might not be able to influence or debate every single decision, they would still like to be informed, listened to, and be able to understand how and why key decisions are being made. **ATP, Capital Metro, and the City need to invest in more in-house public outreach professionals and programs, and collaboratively work together to coordinate unified community outreach efforts. This needs to be balanced with the agencies' ability to make quick and decisive action to move the project forward.**

Our conversations with stakeholders in Austin also revealed a lack of information sharing and transparency between agencies. Many staff and community members felt that information was intentionally being withheld or they were intentionally being left out of the decision-making process for decisions that affect them or their organization directly. It is unclear whether this is real or perceived, or intentional or unintentional, and it is likely the result of lack of clarity on varying roles and responsibilities.

With roles and responsibilities clearer, inviting stakeholders, staff, and board members (when appropriate) to participate in decision-making will make the project more transparent, collaborative, and allow staff the ability to prepare for future tasks. Expanding participation and collaboration should not result in having too many people involved in final decision-making if there are clear processes and roles in place. **Leadership and staff need to establish formal, written processes and information sharing agreements, be willing to share key documents with one another, invite staff across all three entities to key meetings when appropriate, and respond with clear rationale when not.**

4.3 Assessing Shared and Separate Leadership Models

The central question facing the ATP Board is whether ATP should continue to share an executive director with Capital Metro. This Independent Analysis evaluates the advantages and disadvantages of both shared and separate leadership models, and captures community perspectives on the current leadership arrangement. This section summarizes key feedback on leadership structures from Eno's conversations with Austin stakeholders, community town halls, and case study interviews. This section also lays out benefits and risks to both leadership models, and how ATP could go about mitigating risks of the model it ultimately chooses.

Coordination

Delivering a megaproject like Project Connect requires significant coordination with multiple public agencies, businesses, communities, and other regional actors. Among the primary benefits of a shared leadership arrangement is its simplicity. We spent significant time speaking with leaders in other regions that have used SPDVs like ATP to deliver large transit projects. Some leaders, especially leaders of operating agencies,

wished that there had either been joint leadership in some form or no SPDV at all given the inherent efficiencies in having one leader.

Having one leader can naturally help coordinate operations and capital construction staff, allow one person to speak for the entire program instead of their area of responsibility, and provide a single point of contact for external stakeholders ranging from the federal government to community members. Supporters of the current shared leadership model frequently cited the need for strong, unified leadership to move the project along in a timely fashion.

An SDPV with separate leadership, however, can operate at an "arms-length" from their parent or partner institutions. This can allow the SPDV to helpfully operate outside of the distractions and confines of existing institutions, and also adjudicate conflicts or competing priorities between multiple sponsors. SPDVs are proven to minimize scope creep and "gold plating" by more objectively weighing requests for scope enhancements against project costs and timelines. **Doing so, however, will require a clear process for evaluating scope additions, and a willingness for staff to make tough decisions about when to reject such additions.**

A common concern in our conversations is the risk that Project Connect could suffer from conflict, indecision, or jurisdictional battles between ATP and Capital Metro under a separate leadership arrangement. Leaders in other regions with separate leadership attributed much of the success of their capital projects to strong working relationships between organizations and clear processes for how disputes are elevated to leadership to ensure timely, prompt conflict resolution, ideally at the staff level. **Should ATP adopt separate leadership, there must be a strong, collaborative relationship between both executive directors and their staffs. Clear decision-making processes, dispute resolution mechanisms, and frequent coordination will be essential to keeping both organizations aligned and the project moving forward.**

System Integration and Operational Readiness

Successful execution of Project Connect entails more than building new transit infrastructure. Ensuring that the physical infrastructure that will be built by ATP meets Capital Metro's operational and safety standards is critical to the program's success, and part of the shared mission of ATP and Capital Metro.

Ensuring a smooth operational handoff can be tricky. In fact, external experts mentioned that the same tension and worry between a capital project and operations exists in other regions even where capital and operations departments exist within the same agency.

Achieving operational readiness and successfully integrating Project Connect within Austin's existing bus and rail network will require significant and regular coordination between ATP and Capital Metro staff, regardless of the leadership model chosen. One key benefit of the current shared leadership model is the ability to align the capital construction perspective and expertise at ATP with Capital Metro's operational focus.

Having the same executive director of both organizations helps build on the natural synergy, accountability, and coordination that is needed across both staffs to make sure that program design and construction decisions are being made with an eye towards operational readiness, maintenance, and safety.

Experts involved in SPDV-built projects stressed the importance of early coordination and involvement of the transit operator in design and contracting decisions. In Los Angeles, a master cooperative agreement between LA Metro and the Gold Line Construction Authority contains specific direction on how both agencies will be involved in the project design process. LA Metro is part of the committee that awards the design-build contract, and works closely with the chosen contractors and construction authority staff to provide operational design specifications, review 30, 60, and 90-percent design documents, and inspect the infrastructure ahead of operational handover.

Regardless of the leadership model chosen, Capital Metro needs to be closely and collaboratively involved in the design and construction process so it is able to deliver service when ready. **Under either leadership arrangement, ATP and Capital Metro should enter into an agreement that clearly and specifically outlines Capital Metro's involvement in design review and inspection, as well as processes for resolving design related disputes and conducting operational handover.**

Accountability

When discussing leadership structures with other leaders and experts around the world, all agreed that a single executive leader can effectively manage the disparate responsibilities of operations and large capital programs at a transit agency. However, when informed that a single executive director would report to two different boards of directors, there was much more hesitation, with most saying it will be very difficult and time consuming for a single executive to report directly to two independent bodies.

The only instance of true shared executive leadership across two independent transportation companies we found is in Copenhagen. There, the executive director of the Metro company is *by law* the executive director of the light rail company. The light rail agency does have an independent board, but that board does not have authority over its shared executive leadership. Other agencies that share executive leadership do not have independent reporting structures. For example, in Karlsruhe, Germany, the executive director oversees five independent transit organizations but ultimately reports only to the mayor of Karlsruhe.

While joint leadership made sense to start up ATP, advice and expertise from other regions suggest that reporting to two boards will be a challenging task in the long run. **If a shared leadership structure is kept, there will need to be transparency over the roles and jurisdictions of both boards over program decisions. Both boards should also consider establishing a joint performance review process with clear benchmarks and targets for the executive director in their capacity overseeing both agencies' roles in Project Connect.**

Organizational Partnership and Balance of Power

The questions raised about board accountability under a shared leadership model were indicative of a much broader concern about the balance of power and potential conflicts of interest between ATP and Capital Metro. Supporters of the shared leadership model argued that ATP and Capital Metro should, ideally, be in alignment when implementing Project Connect. Numerous interviewees, however, argued that there could be instances where the interests of Capital Metro and its operation of the existing bus system could conflict with ATP's mission of constructing Project Connect's rail infrastructure. These conflicts could make it difficult to discern whether program decisions are being made in the best interest of Capital Metro or ATP. **If shared leadership is kept, there should be a clear organizational structure, chain of command, and managerial separation between the two agencies.**

In addition to integration with Capital Metro's existing transit system, Project Connect will also integrate with the existing transportation infrastructure built and owned by the city of Austin. The program will require significant coordination with City departments to relocate utilities, secure permits, and prioritize competing demands for the publicly owned right-of-way in which the new light rail lines will operate. Our conversations in Austin revealed concerns that shared leadership skews the balance of power in the favor of Capital Metro and ATP compared to the city of Austin. Some interviewees felt that the City's priorities and concerns – for example, how light rail will integrate with the existing ped-bike network – are being sidelined or dismissed, and doubted whether a shared leadership model could objectively balance the competing interests of the City and Capital Metro when constructing Project Connect.

Most stakeholders noted that the working relationship between the City and Capital Metro has improved significantly over the past two decades, but acknowledged that there will always be a natural tension between the two given the City's role of balancing all users of the public right-of-way. Some stakeholders, however, were concerned that the current leadership model could, either in appearance or practice, exacerbate this tension.

Public Perception and Trust

As discussed above, there are significant differences in how Austin stakeholders view ATP's *intended* independence. When asked about the current *perception* of ATP's independence, some members of the community felt that ATP was sufficiently independent given its separate board, while others viewed ATP operating too much as if it were extension of Capital Metro. A consistent finding among the latter group was confusion over where Capital Metro ends and ATP begins. While some of this confusion is understandable given the newness of the organization, it is very clearly due to the unclear roles or responsibilities of each party. However, a shared leadership model can make it more difficult, though not impossible, to establish clear boundaries between the two organizations.

The perceived lack of ATP's independence under a shared leadership model is a program risk through the potential implications of this perception on public trust. A few interviewees felt very strongly that shared leadership would result in the ATP Board

being viewed as a "rubber stamp" for Capital Metro, and that shared leadership would be perceived as a violation of the Contract with the Voters. Under this view, public backlash could jeopardize the program's current political momentum by making it easier for opponents to sow doubt about the credibility and independence of ATP, undermining public support for future ballot measures, or even leaving ATP vulnerable to lawsuits alleging violation of the Contract. It is unclear whether this risk would manifest itself in actual program delays.

Executive Director Recruitment

The immediate short-term impact of adopting a separate leadership model will be the need for the ATP Board to conduct a search for a new executive director. This search will demand a significant amount of time from the ATP Board and staff during a period in which Project Connect is on an aggressive timeline to seek federal grant funding. A few stakeholders argued that the move would be detrimental to the program's schedule. There was also skepticism that the ATP Board will be able to find a suitable candidate in a timely fashion. **These impacts can be mitigated, though the potential for program delays or challenges in recruitment should be taken into consideration and planned for accordingly. Similarly, if the ATP Board decides to pursue separate leadership, it must work with its current executive to ensure a smooth transition.**

A separate leadership model would also require the board and staff to determine the qualities they seek in an executive director. Some interviewees felt that the ideal leader of ATP does not necessarily need be a transit agency executive, but rather an individual with strong experience managing large capital projects.

Nearly all interviewees were complimentary of the team that ATP has assembled, but some felt that the program would benefit from more expertise from leaders who have managed a construction authority or capital division of an existing agency. Other individuals cited political savviness, a collaborative leadership style, a commitment to community engagement and equity, and consensus building as desired traits in a new executive director. There is an expectation among staff and community members that there would be a transparent process to hire a new executive director who has the confidence of the community and both Capital Metro and the city of Austin. **The ATP Board should develop a profile for a new executive director that aligns with program roles and responsibilities.**

Given the decade-long timeline of Project Connect and the average tenure of transit agency executives, a leadership change at Capital Metro is certainly possible. Should the current executive director depart, some interviewees (but not all) felt it would be very difficult to recruit a future executive director to run both Capital Metro and ATP.

Given the uncertainty around if or when such a leadership vacancy would occur, it is difficult to assess which of these views is most likely. **If shared leadership is maintained, the ATP Board should consider the possibility of such a vacancy, and determine whether a future transition to separate leadership**

is desirable, or whether shared leadership is intended to be maintained throughout the program.

4.4 Leadership Structure Options

Our analysis found that either leadership model can work as long as it is clearly aligned across all three boards that are involved in Project Connect. Regardless of the model chosen, the ATP Board and other entities need to actively be part of establishing the supporting structure to make it successful.

Whether the ATP Board opts to retain its current leadership structure or adopt a separate leadership model, it is critical for the ATP Board to act swiftly and decisively. Consistent advice from project implementation specialists around the world highlighted the need for project leadership to be willing and able to act without perfect information. Project Connect is at a critical phase in its implementation, and needs clarity on leadership, roles, and responsibilities to be successful in the long run.

Option 1: Maintain current joint leadership structure.

The current leadership model helped get Project Connect up and running after passage of Proposition A. Having unified leadership was important to the speedy setup of ATP and making meaningful progress on the planning, design, and federal permits required to launch construction. Retaining this model in the future will help with coordination between Capital Metro and ATP, limit those parties blaming each other for missteps, and avoid the immediate need for the ATP Board to engage in a costly and time-consuming executive search. But ATP, the City and Capital Metro will similarly need to invest time to ensure that this leadership structure is supported by good governance. ATP will need to navigate potential risks around perceived independence and must be able to trust the executive director to fully represent both organizational interests at joint meetings and subsequent agreements.

For this model to work, the ATP Board must at least do the following:

- Work with the City and Capital Metro Board to establish transparent roles and jurisdictions of both boards over program decisions.
- Work with Capital Metro to create a clear organizational structure, chain of command, and managerial separation between the two agencies to ensure that independence and autonomy are respected.
- Create a joint performance review process with clear benchmarks and targets for the executive director in their capacity overseeing both agencies' roles in Project Connect.
- Consider the possibility of a future leadership vacancy and determine whether a future transition to separate leadership is desirable, or whether shared leadership is intended to be maintained throughout the program.

Option 2: Establish separate leadership structure

Establishing separate leadership will create clearer lines for executive reporting, make distinctions between ATP and Capital Metro sharper, and can enable a complete focus on implementing the capital construction element of Project Connect. The ATP executive and the ATP Board will need to be more intentional with their collaboration and coordination with Capital Metro, and will need to spend considerable time recruiting a qualified executive. The ATP Board should recognize that this option could also cause delays to the program schedule, particularly if the transition period is clumsy.

For this model to work, the ATP Board must at least do the following:

- Establish a strong, collaborative relationship between both executive directors and their staffs. Clear decision-making processes, dispute resolution mechanisms, and frequent coordination will be essential to keeping both organizations aligned and the project moving forward.
- Mitigate and plan for potential challenges related to recruitment.
- Develop a profile for a new executive director that aligns with program roles and responsibilities.
- Work with the current executive to ensure a smooth transition.
- Ensure Capital Metro is closely and collaboratively involved in the design and construction process so it is able to operate service when ready.

Necessary actions regardless of leadership structure

As discussed in Sections 4.2 and 4.3, there are several governance elements that are critical to the successful delivery of Project Connect. Once the ATP Board decides on its leadership structure, it needs to do the following with the City and Capital Metro regardless of the model chosen:

- Participate in a joint session with all three boards to talk through and agree upon the final decisions on roles and responsibilities. The session needs an external moderator and expert to lead the discussion and arrive at a consensus and should promptly follow the ATP Board's decision on organizational leadership.
- Participate in training for board members and staff to ensure clear delineation of responsibilities between staff and board members.
- Establish an agreement that clearly and specifically outlines each organization's involvement in design review and inspection, as well as processes for resolving design related disputes and conducting operational handover.
- Provide transparency on how major program decisions are made to ensure all parties have confidence in the leadership of ATP.
- Agree mutually on a definition of ATP's independence, and clearly establish how autonomous ATP will be from Capital Metro.
- Establish formal, written processes and information sharing agreements with Capital Metro and the City, be willing to share key documents with one another, invite staff across all three entities to key meetings when appropriate, and respond with clear rationale when not.

- Create a clear process for evaluating scope additions, and empower staff to make tough decisions about when to reject such additions.
- Invest in more in-house public outreach professionals and programs, and collaboratively work with the City and Capital Metro to coordinate unified community outreach efforts. This needs to be balanced with the agencies' ability to make quick and decisive action to move the project forward.
- Remain responsive to the community's real concerns about displacement and ensure transparency in funding allocations and major program decisions.

5.0 Conclusion

Good governance is critical to the successful delivery of any megaproject. There is no "right" approach to governance. What is important is to set a clear structure for decision-making, define clear roles and responsibilities across organizations, ensure program accountability to boards and the public, and develop strong, collaborative relationships across teams.

During the early stages of a massive program like Project Connect, some disagreement about roles and responsibilities is to be expected. The ATP Board's decision to have a transparent, community-wide process to evaluate governance and leadership through this Independent Analysis was the right one and will be helpful to Project Connect in the long run.

As Project Connect enters its second year of implementation, now is the time to resolve these outstanding questions and establish an appropriate leadership model. The findings above should serve as a framework for the ATP Board to determine the appropriate leadership model for the organization, and for all three partners to address outstanding questions about community accountability, agency roles, and equity. It is up to the ATP Board to decide which leadership model will work best for ATP, but it is critical for the Board to make a clear decision, establish clear roles and responsibilities with the City and Capital Metro, and move ahead with the implementation of Project Connect. This is the best way to ensure the Contract with the Voters is fulfilled.