

Proposition A: Capital Metro Continuation

Frequently Asked Questions

Q. Can't we just renegotiate the contract with Capital Metro?

- A.** The binding nature of Manor's relationship with Capital Metro is by election, not by contract. Capital Metro was established by a voter referendum in 1985. Manor joined the Capital Metro service area in 1986.

The agency is funded in part by a 1% sales tax levied by members of its service area. In order for Manor to withdraw as a member city, the City of Manor must hold an election and a majority of voters must choose not to continue Capital Metro service.

Interlocal agreements for Capital Metro members

Member cities can enter into separate interlocal agreements with Capital Metro. In October 2016, the City of Manor and Capital Metro finalized the last of several previous interlocal agreements proposing to allow for Manor sales tax revenue allocated to Capital Metro, but above the cost of Manor's service, to be used for certain transportation projects in the community as part of Capital Metro's Build Central Texas program. Funds made available through the interlocal agreement are contingent upon Manor remaining a member city of Capital Metro.

Interlocal agreements for other cities and counties

In 2008, Capital Metro approved a service expansion policy to encourage partnerships with cities and counties that do not dedicate a 1% sales tax to Capital Metro. Since 2008, several cities including Round Rock, Georgetown, Pflugerville, Hutto, and Buda have established interlocal agreements for contract transit services.

Q. I am disabled, what am I supposed to do if commuter bus or rail is no longer available?

- A.** The City of Manor will solicit bids from service providers other than Capital Metro that can provide transit service to disabled riders in Manor pursuant to Americans with Disabilities Act terms and requirements. If Proposition A fails, alternative services would not be available until sometime after the canvass of the November election.

Q. How much revenue does a 1% sales tax generate today? Would that increase over time?

- A.** In 2021, a 1% sales tax in Manor generated \$2,096,604.94 in revenue, which provided funding for infrastructure improvements, city operations, public safety operations, community development, and many other public services and projects. Likewise, Capital Metro received \$2,096,604.94 in Manor sales tax revenue for transit services in 2021. If this were compared with other City department budgets, it would be the third largest funding commitment behind the City's Police (\$4,966,454) and Streets (\$3,826,446) departments.

Over the next 10 years, according to the City's estimates, Capital Metro could receive an additional \$24.0 million or more in total projected sales tax revenue from Manor.

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Q. Does the City of Manor currently participate in Capital Metro operation decisions? How would the election change that?

- A. The City does not have the same local control over transit as it does other public services. Capital Metro services are determined by a percentage of sales tax revenue rather than an annual appropriation of City funds. In addition, transit operation and investment decisions are determined by the approval of Capital Metro Board of Directors rather than Manor City Council.

On August 17, 2022, the City Council approved a resolution stating the City's desire to use future revenue from an additional 1% sales tax on three (3) priority initiatives if Proposition A fails to remain with Capital Metro and Proposition B passes. If Capital Metro services were to end as a result of the election, since ridership is extremely low, the City will continue monitor the request for local transit service and implement a rideshare program that addresses the transit needs of the community.

If Proposition A fails, contract transit services would be subject to Capital Metro Board approval. Since 2008, several cities outside of Capital Metro's service area have established interlocal agreements with the transit authority for contract services including Round Rock, Georgetown, Pflugerville, Hutto, and Buda.

Q. What will happen to the train tracks?

- A. The Capital Metro does not currently operate commuter service on existing freight tracks through Manor. The City is not aware of any changes to rail infrastructure that would remove or reduce freight usage if Capital Metro future proposed services in Manor were to end after the November election.

Q. How much is it going to cost Manor to get out of this contract?

- A. The binding nature of Manor's relationship with Capital Metro is by election, not by contract. If the election result is a majority "NO" vote on Proposition A, Capital Metro would continue to be funded in part by a 1% sales tax until Manor's net financial obligation to Capital Metro is collected. As of April 2022, this is estimated to be \$9.8 million. However, the final net financial obligation amount will not be confirmed until after the election is canvassed.

Q. If we get out of Capital Metro, is it 5 years before we can get in again?

- A. If Proposition A passes (majority of voters choose to continue with Capital Metro), the City cannot hold a similar ballot measure for at least 5 years.

If Proposition A fails (majority of voters choose not to continue with Capital Metro), there is no similar restriction defined in the Texas Transportation Code regarding a ballot measure to join the transit authority.

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Q. What are the long term impacts of this election?

- A. According to the city's estimate, Capital Metro could receive an additional \$24.0 million or more in total projected sales tax revenue from Manor over the next 10 years. Manor City Council members have stated that a public vote on Capital Metro service will help the City prioritize long-term decisions and investments with regard to sales tax dollars.

Q. How much Manor sales tax revenue has Capital Metro already received?

- A. Since 1987, Capital Metro has received more than \$14.8 million in revenue generated from Manor sales taxes.

Q. How will Manor pay for transit service if the voters decide to get out and Manor contracts for the service?

- A. Sales tax revenue contributes to the City's general fund, one of 24 different fund groups managed by the City. General Fund revenue comes from Manor property taxes, sales taxes, and development-related fees, and funds are used to support a broad range of city services and programs.

Q. Will my taxes go up?

- A. Currently, a combined 8.25% sales tax rate is imposed on all retail sales, leases and rentals of most goods in Manor. The rate charged by the state of Texas is 6.25%, while Manor and Capital Metro each receive revenue from a 1% sales tax.

Regardless of any Proposition A vote outcome, there could be no imposition of sales taxes in Manor above the current 8.25% rate.

Q. Will my taxes go down?

- A. If the election result is a majority "NO" vote on Proposition A, the City's 1% sales tax would remain. However, Capital Metro would continue to be funded in part by a 1% sales tax until the City's net financial obligation to Capital Metro is collected in full.

After such time, and unless the 1% sales tax previously dedicated to Capital Metro is dedicated for another purpose, the combined sales tax rate in Manor would be reduced from 8.25% to 7.25%. Proposition B is requesting the 1% sales tax revenue allocated to Capital Metro will be utilized by the City of Manor as an additional General Fund revenue source to provide funding for community and economic development initiatives, public transportation, and expansion of critical public infrastructure projects. If Proposition B passes, the combined sales tax rate in Manor would remain at 8.25%.

Q. Will this lower my home value?

- A. According to the City's transit estimates, empirical research on the impacts of rail transit systems on property value is mixed in its conclusion. Historical evidence suggests that the value of properties generally increases in proximity to stations, but the City of Manor has no rail stations, therefore homes values will not be affected.

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Q. How long will it take to pay the penalty if we get out of Capital Metro?

- A. If the City's net financial obligation remains at \$9.8 million (as of April 2022), Capital Metro would continue to receive revenue from a 1% sales tax in Manor until that amount is collected. According to City estimates, Manor's net financial obligation could be paid in full by the end of 2026.

Q. Is there a way out of paying the financial obligation if Manor withdraws from Capital Metro?

- A. No. Manor's financial obligations to Capital Metro are calculated according to a formula established by State law. See Texas Transportation Code Sec. [451.001](#).

Q. If Proposition A fails, how will public transportation be managed without Capital Metro services?

- A. The City's public transportation needs are currently so limited that this election is being brought to the voters to decide if they desire Capital Metro services at all given the current annual cost per rider and the minimal benefit to the entire community as a whole. If Capital Metro bus services were to end as a result of the election, and since Manor currently receives no rail service, the City could work to re-establish some level of local transit service should the need ever arise.

Q. If Proposition A fails, what does that mean? What happens next?

- A. If the election result is a majority "NO" vote on Proposition A, Capital Metro services in Manor would stop on the day after the election results are canvassed, and the financial obligations of Capital Metro attributable to the City of Manor would cease to accrue. Moreover, Capital Metro would continue to be funded in part by a 1% sales tax until the City's net financial obligation to Capital Metro is collected. As of April 2022, this is estimated to be \$9.8 million and the estimated timeframe for the obligation to be paid in full is the end of 2026.

Q. If Proposition A passes, what does that mean?

- A. If the election result is a majority "YES" vote on Proposition A, existing Capital Metro services would continue and Capital Metro would continue to be funded in part by a 1% sales tax in the City of Manor. It is unknown if and when Capital Metro would provide rail service to the City of Manor in the future since no long-range plans had ever been discussed with the City Council.

Q. Can Capital Metro change Manor's service levels and cost?

- A. Changes to Capital Metro operations and investments are determined solely by Capital Metro and subject to approval by the Capital Metro Board of Directors.