

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda-underwritten by global corporations-- includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With ALEC EXPOSED, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. DO YOU?

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Urban Transit Administration Act

Summary

ALEC's Urban Transit Administration Act is designed to achieve greater efficiency through competitively contracting transit services. This will be fulfilled through a "Regional Transit Policy Commission" that shifts at least five percent of non-competitive bus services and at least five percent of non-competitive paratransit services to public-private competition.

Model Legislation

Section 1. {Short Title} This act may be cited as the Urban Transit Administration Act

Section 2. {Legislative Declarations} The legislature finds and declares that:

- (A) Increased use of public transit service has the potential to improve air quality and traffic congestion in urban areas.
(B) Public transit service provides essential mobility to people with low incomes.
(C) Public transit's share of urban trips has continued to decline.
(D) Public transit unit costs have risen considerably ahead of competitive market rates.
(E) Public transit service has been planned and operated by public agencies, which have not been regulated despite their monopoly nature.
(F) Widespread experience has demonstrated the ability of private providers of public transit service to attract new riders to services and to improve system-wide cost effectiveness.
(G) Nonetheless, private providers of public transit service continue to be systematically denied the opportunity to participate in the production of public transit service, the consequences of which are that the public has not been provided with innovative new services and transit services are more costly than necessary.
(H) Experience in the United States and around the world, both in public transit and in other economic sectors, demonstrates that competition improves customer service and cost effectiveness.
(I) An agency that plans service cannot objectively choose between itself and other organizations for operation of services, even where service provision by others is in the public interest.
(J) Public transit needs to be reorganized to ensure that riders receive the broadest array of services at affordable fares and that funding contributed by taxpayers be used most cost effectively.

Section 3. {Definitions} The following words and phrases when used in this act shall have the meanings give in this seciton unless the context clearly indicates otherwise.

- (A) "Entrepreneurial service." A service provided by a private company without public subsidy.
(B) "Non-competitive service." A regional service that is not provided through public-private competition.
(C) "Public-private competition." A process under which the Regional Transit Policy Commission seeks competitive proposals from private and public organizations for the provision of any regional transit service.
(D) "Regional transit service." A transit service deemed to be regional in nature, and contained in the service plan. It shall not include any service not supported by federal, state or regional subsidies and provided under the auspices of a county or a city.
(E) "Regional transit service plan." An annual plan that includes all regional transit services intended to be operated during the next year, including modes of services, route alignments, timetable, vehicle appearance and markings, safety specifications and other service specifications.
(F) "Substantial duplication." A service which duplicated at least 75 percent of a particular regional transit service. It shall not mean any service operated within a geographical area designated as either an empowerment zone by any unit of government.

Section 4. {Establishment of the commission}.

Did you know that global corporation Kraft Foods was the corporate co-chair in 2011?

ALEC's Corporate Board

--in recent past or present

- AT&T Services, Inc.
• centerpoint360
• UPS
• Bayer Corporation
• GlaxoSmithKline
• Energy Future Holdings
• Johnson & Johnson
• Coca-Cola Company
• PhRMA
• Kraft Foods, Inc.
• Coca-Cola Co.
• Pfizer Inc.
• Reed Elsevier, Inc.
• DIAGEO
• Peabody Energy
• Intuit, Inc.
• Koch Industries, Inc.
• ExxonMobil
• Verizon
• Reynolds American Inc.
• Wal-Mart Stores, Inc.
• Salt River Project
• Altria Client Services, Inc.
• American Bail Coalition
• State Farm Insurance

For more on these corporations, search at www.SourceWatch.org.

(A) A Regional Transit Policy Commission is established in each metropolitan area with more than 500,000 residents according to the most recent decennial census.

(B) The Regional Transit Policy Commission shall be composed of the following members. (Delineation of appointing authorities and number of appointments such that, to the degree possible, all citizens are equally represented.)

(C) As soon as practicable following each decennial United States census, and no later than six months following the release of the final population counts for local jurisdictions within a metropolitan area of more than 500,000 residents, the state auditor shall propose such realignments of Regional Transit Policy Commission appointments as may be necessary to achieve equal representation.

(1) Such realignments should become effective 120 days following publication unless rejected by a house of the Legislature;

(2) In the event of a legislative rejection, the Legislature should adopt a realignment achieving equal representation within 120 days of the rejection.

(D) Notwithstanding any other provision of law, the commission shall have the following exclusive powers with respect to regional transit services:

(1) Determination of regional transit services;

(2) National transit planning, which shall include development of an annual transit plan, alignment of transit routes, scheduling of transit routes, marketing of services;

(3) Contracting, with any public or private organization for services within the regional transit system.

(4) Establishing fare structures;

(5) Authorizing entrepreneurial services.

(E) Notwithstanding any other provision of law, the commission shall be prohibited from:

(1) Directly operating public transit services;

(2) Employing personnel who operate transit vehicles, whether directly or through automatic mechanisms.

Section 5. {Service Contracts}.

(A) The commission shall contract for regional transit services as follows:

(1) Each year at least five percent of non-competitive bus services shall be converted to public-private competition measured by vehicle miles;

(2) Each year at least five percent of non-competitive paratransit services shall be converted to public-private competition measured by vehicle miles.

(3) Non-competitive rail transit services operated over publicly owned rights of way shall be converted to public-private competition at the greatest feasible rate;

(4) No service provided through public private competition shall revert to non-competitive operation.

(B) Contracts for non-competitive transit services shall be executed with public operators for services not yet subjected to public-private competition.

(1) Contract prices shall be based upon cost per mile in service to the public;

(2) Initial non-competitive service contract rates shall be no greater than the cost per mile for the previous to the contract year, minus the fully allocated cost per mile of the functions assumed by the commission;

(3) Year to year contract prices shall change at a rate no greater than the Consumer Price Index minus three percentage points. At the beginning of the fourth year, the commission shall make recommendations to the legislature for any changes it deems necessary to the cost increase limit for the next five years.

(C) With respect to services operated under public-private competition:

(1) All service shall be subjected to public-private competition at least every five years;

(2) At no time may any individual contract for bus or paratransit services exceed a peak requirement of 50 vehicles.

(3) A contract shall specify all contract rates for the duration of the contract, including renewal option periods, based upon the results of the competitive process, in actual amounts or in a base amount to be periodically adjusted in relation to the change in an indexation system specified in the competitive process.

(4) A rate adjustment may be negotiated to equitably account for increases or decreases in service levels that exceed 20 percent of the service level specified in the original contract;

(5) A contract shall contain no provision relating to the employee compensation, union representation, staffing levels, work rules or any other conditions of employment with respect to a contractor or a contractor's employees;

(6) Notwithstanding any other provision of this act, the commission shall have authority

to use public-private competition for the provision of services in emergencies, according to the terms and conditions it finds to be in the public interest, for a maximum of six months.

Section 6. {Entrepreneurial services}

(A) The commission shall authorize entrepreneurial services as follows:

(1) Non-rail services that are part of the regional transit plan shall be subjected to the following conditions:

- (a) The service shall be provided without subsidy.
- (b) The service shall operated in accordance with the regional fare and transfer structure.
- (c) The service shall meet the specification of the regional transit plan.
- (d) The service shall be initiated no sooner than the expiration of the contract for such service.
- (e) At least three month's notice shall be provided of the intention to discontinue a service.
- (f) The operator shall post a reasonable performance bond, consistent with a regulation to be adopted by the commission within three months of the effective date of this act.
- (g) The operator shall demonstrate proof of insurance that meets the requirements of the state public utilities commission for similar services.

(2) Non-rail services that are not a part of the regional transit plans shall be subjected to the following conditions;

- (a) The service shall not substantially duplicate any service in the regional transit plan.
- (b) At least three month's notice shall be provided of the intention to provide service.
- (c) At least three month's notice shall be provided of the intention to discontinue a service.
- (d) The operator shall demonstrate proof of insurance that meets the requirements of the state public utilities commission for similar service.

Section 7. {Funding}

(A) The use of all regional, state and federal subsidies for any regional transit service shall be subject to the approval of the commission.

(B) The commission shall not receive federal funding.

(C) The commission shall be the recipient of all state and regional funding.

(D) The commission shall reduce its payment to a public operating company by the amount of federal funding received by the public operating company.

(E) The commission may establish a separately administered public agency to administer federal funding and federally assisted assets, which may have no more than the following authority:

- (1) Receipt of federal funding;
- (2) Disbursement of such funding according to standards established by the commission;
- (3) Ownership and leasing of federally assisted assets.

Section 8. {Publicly Owned Operating Companies}

(A) The publicly owned operators of regional transit service shall be reconstructed as one or more publicly owned operating corporations (public operating companies) by the governing board.

(B) A public operating company shall receive subsidies only as approved by the commission.

Section 9. {Report on Private Ownership}

(A) By *{insert date}* the commission shall prepare a report to the legislature regarding the potential for sale of public operating corporations to private interests. The report shall include:

- (1) An assessment of the commercial viability of each public operating company.
- (2) At least one recommended procedure for sales of public operating corporations, including a tentative schedule.
- (3) Delineation of proposed safeguards to ensure that the public receives no less than a representative market price for any public operating company.
- (4) Draft legislative provisions required to authorize sales consistent with the recommended procedure.

Section 10. {Severability clause.}

Section 11. {Repealer clause.}

Were your laws repealed?

Exposed

By the Center for
Media and Democracy
www.prwatch.org

Section 12. {Effective date.}

ALEC's Sourcebook of American State Legislation 1995

**Center for Media and Democracy's quick
summary**

This ALEC-proposed bill mandates that the provision of some public service be opened to bidding by private contractors, and that the contract be awarded on a "lowest cost" basis. While competition can be beneficial, competition without standards is not. "Lowest cost" requirements for procurement contracts tend to lower labor compensation among providers. They are also associated with even worse performance on health and safety, environmental, and reporting requirements than public agencies.

An early and for that reason only important effort to privatize provision of some public service, through competitive contracting for provision of some service, and "lowest cost" or "least cost" instructions on awards to bidding contractors. This proposed bill is particularly onerous in targeting transit services used most heavily by the poor. Downward pressure on performance standards, as well as labor standards.

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