

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION

W239 N1812 ROCKWOOD DRIVE • PO BOX 1607 • WAUKESHA, WI 53187-1607 •

TELEPHONE (262) 547-6721
FAX (262) 547-1103

Serving the Counties of:

KENOSHA
MILWAUKEE
OZAUKEE
RACINE
WALWORTH
WASHINGTON
WAUKESHA



MEMORANDUM

IMPACT OF THE MILWAUKEE STREETCAR ON THE MILWAUKEE COUNTY TRANSIT SYSTEM

This memorandum discusses the potential impacts of Phase 1 of the Milwaukee Streetcar project—and potential extensions—on the ridership and operations of the Milwaukee County Transit System (MCTS).

THE MILWAUKEE STREETCAR PROJECT

Phase 1 of the Streetcar project is a 2.1 route-mile¹ modern streetcar line between the Milwaukee Intermodal Station and the intersection of N. Prospect Ave. and E. Ogden Ave. Peak period headways for Phase 1 are planned to be 10 minutes, and off-peak headways are planned to be 15 minutes. 1,840 passengers are expected to board Phase 1 on the average weekday during its first full year of operation. Figure 1 displays the Phase 1 Streetcar route in black, as well as the first extension traveling along E. Michigan St. and E. Clybourn St. to The Couture development, proposed for the site of the Milwaukee County Downtown Transit Center.

Potential extensions of the Milwaukee Streetcar are shown in Figure 2, with the initial plans for the extensions shown in red. Further extensions are more conceptual, and are shown in green. The first planned extension is shown in blue (along with the Phase 1 route).

MILWAUKEE COUNTY TRANSIT SERVICE IN THE DOWNTOWN AREA

MCTS provides service to the same approximate area as Phase 1 of the Streetcar project, although none of the MCTS routes individually connect the same locations as the Streetcar. Figure 1 shows boardings in 2012 on the MCTS routes (for the segments shown), as well as the estimated boardings for Phase 1 of the Streetcar. Although these routes have changed slightly with the additional express services introduced on January 18, 2015, the areas served by MCTS have not changed significantly.

POTENTIAL IMPACTS OF PHASE 1 OF THE MILWAUKEE STREETCAR

Phase 1 of the Streetcar project may be expected to have only minor impacts on MCTS. This is mainly due to the length of the project, which at 2.1 miles is significantly shorter than the MCTS bus routes serving downtown. The following discussion also applies to the first proposed extension of the Streetcar to the proposed Couture development.

Operations

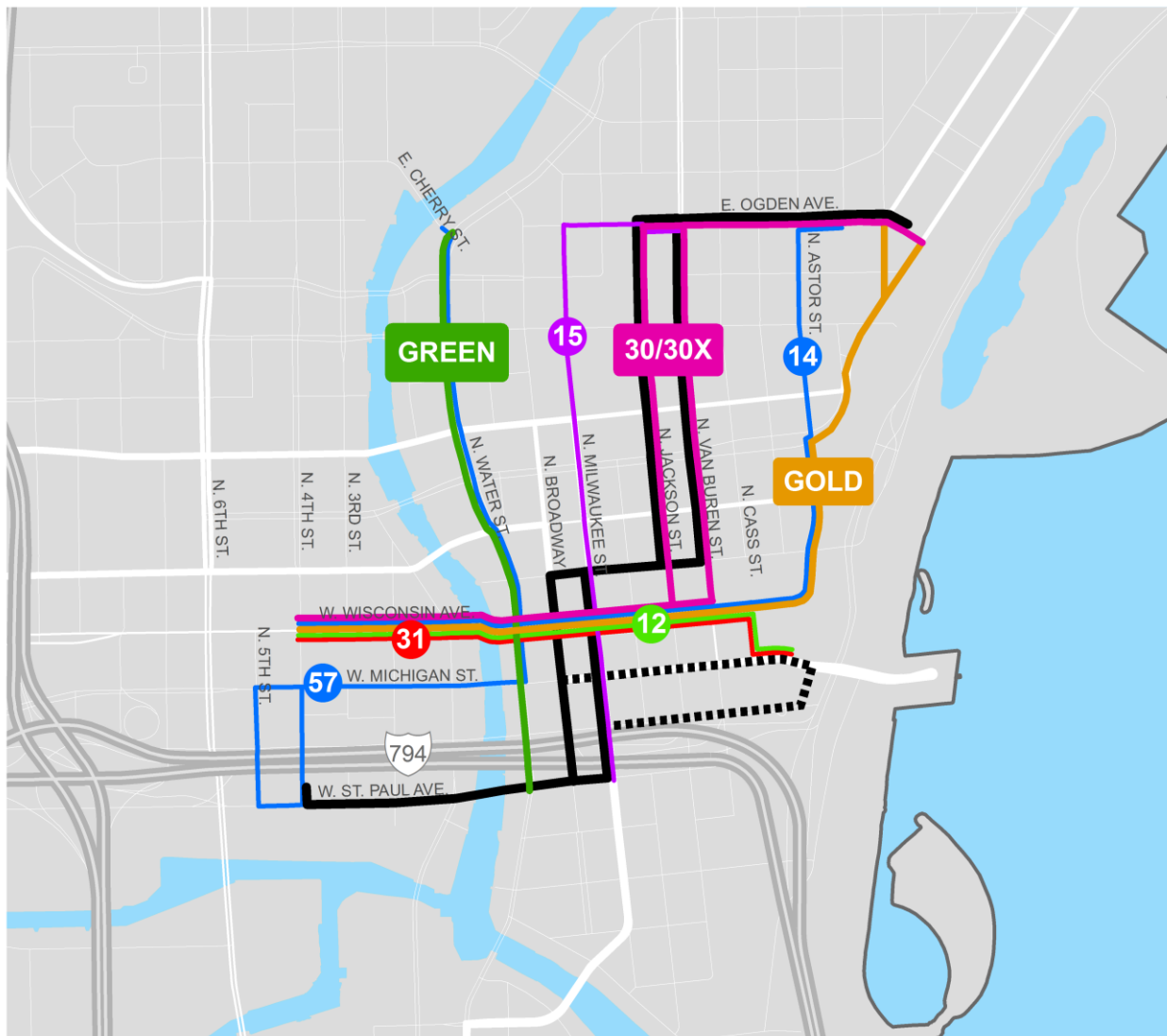
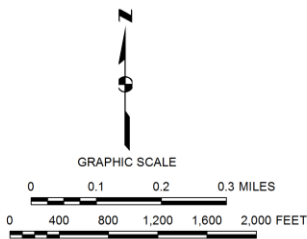
Given the relatively short route of Phase 1 of the Milwaukee Streetcar, there would be no substantial reason for MCTS bus routes to be modified in response to the Milwaukee Streetcar. Phase 1 of the Streetcar project may

¹ 'Route-mile' refers to the length of a one-way trip for a streetcar vehicle, from terminus to terminus.

Route	Year 2012 Boardings
10	1,283
12	1,041
14	456
15	854
30	3,698
31	426
57	351
Green	1,431
Total	9,540

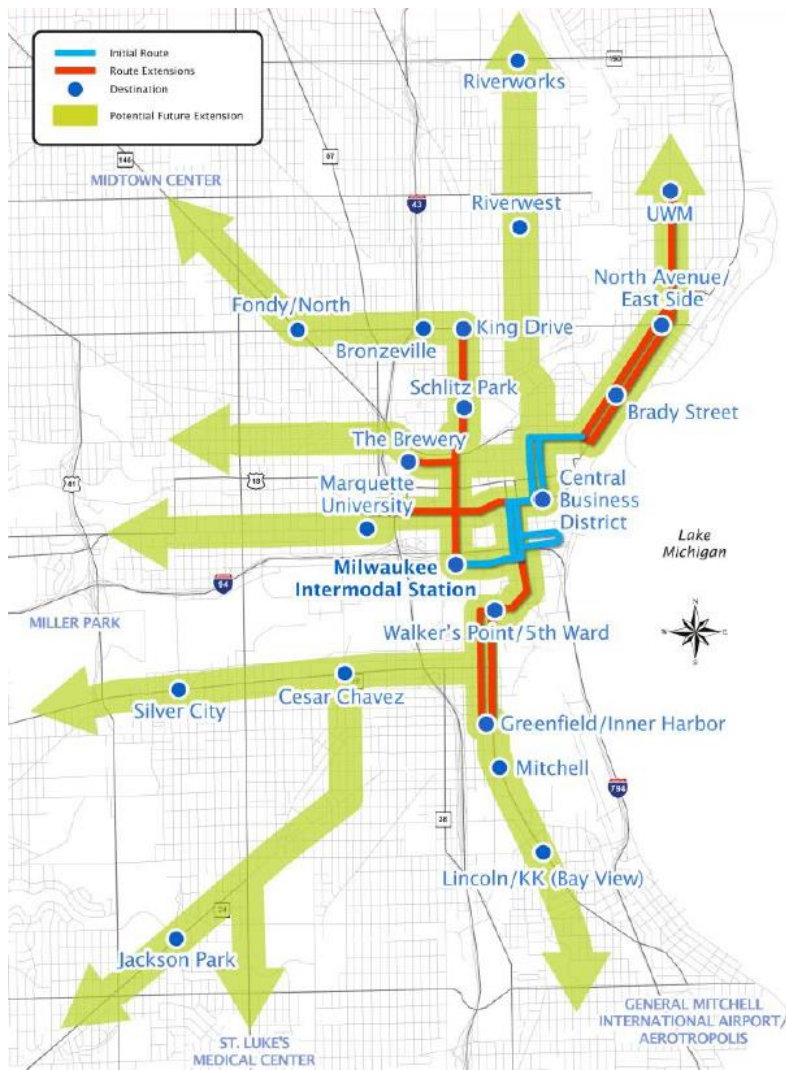
Streetcar	1,840
-----------	-------

- MCTS LOCAL ROUTES - DOWNTOWN
- MCTS EXPRESS ROUTES - DOWNTOWN
- MILWAUKEE STREETCAR - PHASE 1
- MILWAUKEE STREETCAR - LAKEFRONT EXTENSION



Source: SEWRPC and the Milwaukee County Transit System

Figure 1: Route of Phase 1 and the Lakefront Extension of the Milwaukee Streetcar Project and Segments of Selected MCTS Routes: 2015



Source: The City of Milwaukee

Figure 2: Potential Extensions of the Milwaukee Streetcar

Streetcar passengers are previous MCTS passengers, the 1,840 weekday boardings projected for Phase 1 of the Streetcar represent less than 1.5 percent of MCTS' 136,000 boardings on a typical weekday.

Funding

If Phase 1 of the Streetcar project attracts some riders away from MCTS services, it may negatively affect MCTS passenger revenue slightly. The expected effect is about a 0.4 percent decline in passenger revenue, based on the approximately 500 daily MCTS passenger boarding which may be expected to use the Streetcar rather than MCTS. However, the Streetcar may be expected to encourage more individuals to consider using MCTS—particularly if Milwaukee County and the City of Milwaukee work together to provide free or reduced-fare transfers between the services and if the MCTS MCard is accepted on the Streetcar. This has the potential to offset any loss in MCTS revenue, and potentially increase overall MCTS revenue.

temporarily affect the routing of MCTS vehicles during construction, but should have minimal effect on MCTS vehicles once the Streetcar is in operation.

Ridership

City of Milwaukee Streetcar planning and engineering studies indicate that ridership on Phase 1 of the Streetcar is projected to primarily consist of residents, workers, and tourists who would otherwise be walking.² The Streetcar is also expected to attract individuals who would otherwise take a taxi for a short trip, and also those who have driven a private automobile to downtown, but then need to travel to a different downtown destination and would otherwise retrieve and re-park their car. Although individuals could currently complete this type of travel using MCTS, a large volume of research has indicated that most people have a preference for rail, and therefore would ride a rail service, but not the existing bus service. The Streetcar project is considered to have the potential to attract a small portion—about 500 daily boardings—of the more than 9,500 daily boardings on MCTS routes in the portion of the downtown area where the Streetcar operates. The overwhelming majority of these MCTS passenger boardings are traveling to or from areas outside of downtown, and therefore would not be able to replace their bus trip with a trip on the Streetcar.

Even in the unlikely scenario in which all Streetcar passengers are previous MCTS passengers, the 1,840 weekday boardings projected for Phase 1 of the Streetcar represent less than 1.5 percent of MCTS' 136,000 boardings on a typical weekday.

² "Milwaukee Streetcar Study: Ridership Forecast Update Memorandum," 3/11/2011, City of Milwaukee.

There are two types of Federal Funds annually provided to the Milwaukee urbanized area that will be affected by the operation of the Milwaukee Streetcar: Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Funds and FTA Section 5337 State of Good Repair Funds. MCTS currently utilizes Section 5307 funds, and FTA Section 5339 Bus and Bus Facilities Funds. The amount of Section 5339 funds received by MCTS will be unaffected by the operation of the Milwaukee Streetcar.

With respect to Section 5307 funds, the operation of the Milwaukee Streetcar could bring additional Section 5307 funds to the Milwaukee urbanized area after its initial two years of operation. In order to receive Section 5307 funds, the City of Milwaukee would either need to become a designated recipient—a process which requires the consent of the Governor of the State of Wisconsin, Southeastern Wisconsin Regional Planning Commission (as the Metropolitan Planning Organization (MPO) for the Milwaukee urbanized area), and the other five public transit operators in the Milwaukee urbanized area, including Milwaukee County—or work with Milwaukee County to agree upon the proportion of the overall Section 5307 funds that should be passed through Milwaukee County to the City—similar to the current agreement between Waukesha County and the City of Waukesha.

Regardless of whether or not the City of Milwaukee becomes a designated recipient, the distribution of Section 5307 funds will need to be negotiated between the City or Milwaukee and the other public transit operators in the Milwaukee urbanized area (Milwaukee County, Ozaukee County, Washington County, Waukesha County, and the City of Waukesha). Currently, those five operators divide Section 5307 funds annually based on a formula agreed upon in 2006³, wherein the funds are divided based on the revenue vehicle miles of transit service, revenue vehicle hours of transit service, revenue passengers, and passenger miles reported to the National Transit Database for the most recent year available, with 25 percent of the Section 5307 funds apportioned to the urbanized area distributed using each criterion. The total amount of Section 5307 funds apportioned to the Milwaukee urbanized area is a function of population, population density, revenue vehicle miles of service, and passenger miles.

If the methodologies to apportion the funds to, and within, the Milwaukee urbanized area are maintained, Phase 1 of the Milwaukee Streetcar would have minimal effect on the amount of Section 5307 funds received by Milwaukee County each year. In 2014, Milwaukee County received 90.5 percent of the Section 5307 funds allocated to the Milwaukee urbanized area for a total of \$17,731,810. If Phase 1 of the Milwaukee Streetcar had been operating in 2012, Milwaukee County would have received 89.6 percent of the Section 5307 funds allocated to the Milwaukee urbanized area in 2014 for a total of \$17,790,335. The Streetcar would result in a decrease in Milwaukee County's share of the urbanized area's Section 5307 funds; however, the potential increase in Section 5307 funds apportioned by the FTA due to the operation of the Milwaukee Streetcar could more than offset this reduction. It should be noted that this conclusion is based on the FTA's current funding level and the current formula used by the FTA to allocate funds throughout the nation. It is possible that this funding level or this formula could change by the first year the Streetcar would likely be eligible for FTA formula funds—the year 2020. The Section 5307 funds annually allocated to the Milwaukee area have ranged from \$18.3 million to \$21.5 million since the year 2000, and were \$19.6 million in 2014. In addition, it is also possible that the allocation formula agreed upon by the public transit operators in 2006 could be reconsidered.

FTA Section 5337 State of Good Repair funds are available only to transit operators with fixed-guideway services, including rail transit and buses operating in exclusive lanes. The only Section 5337 funds allocated to the Milwaukee urbanized area are allocated to Waukesha County for the bus service operating over exclusive lanes on segments of West Bluemound Road. The Milwaukee Streetcar would result in additional Section 5337 funds being allocated to the Milwaukee urbanized area, starting seven years after Streetcar operations are initiated.

³ *“Method for Distributing Federal Formula Funds in the Milwaukee Urbanized Area,”* 6/29/2006, Southeastern Wisconsin Regional Planning Commission.

With respect to funding from the State of Wisconsin, it may be expected that the State would consider the Streetcar—as currently proposed—a separate system within the MCTS service area. If State programs remain unchanged and are applied according to Section 85.20 (4m) (a) 7. of the State Statutes, then the Milwaukee Streetcar system may be considered a Tier B system, and therefore eligible for about 53 percent of operating expenses to be paid by the State after the expiration of the Congestion Mitigation and Air Quality grant the City has received to fund the first 18 months of operations. Alternatively, the State may consider the Streetcar a “light rail system” and may not contribute any funding to the Streetcar. Another possibility is that under Section 85.20 (4m) (a) 6.cm the State could consider the Streetcar to be another transit system within the MCTS service area and suggest MCTS allocate a portion of its State aid to the Streetcar, “in any manner the eligible applicant (Milwaukee County) considers desirable.” The State could also change State Statutes and enforce a sharing of funding between MCTS and the Streetcar.

A new local revenue source for public transit—City of Milwaukee parking revenues from areas served by the Streetcar—has been proposed by the City to fund the future operating expenses associated with Phase 1 of the Streetcar that are not covered by passenger or other revenues, or Federal and State funding.

The operator of Phase 1 of the Milwaukee Streetcar is still undecided, but the City of Milwaukee has indicated it plans to contract the operation and maintenance of the Streetcar to an outside party. No matter the organization chosen to operate and maintain the Streetcar, it appears unlikely that the City would be interested in anything more than an operating partner. Therefore, should MCTS become the operator of the Streetcar system, it is not expected that the City would pursue County ownership of the Streetcar system, and therefore Phase 1 of the Streetcar is not expected to increase the transit-related burden on the County’s tax levy—provided the City of Milwaukee continues to accept responsibility for the operating costs of the Streetcar.

POTENTIAL IMPACTS OF EXTENSIONS OF THE MILWAUKEE STREETCAR

Further extensions of the Milwaukee Streetcar beyond service to the lakefront via E. Michigan St. and E. Clybourn St. have been tentatively identified by the City, and are conceptually shown in red in Figure 2. These extensions have the potential to significantly impact the operations, ridership, and funding of MCTS.

Operations

Should further extensions be pursued by the City, such as an extension connecting the University of Wisconsin-Milwaukee (UWM) to downtown Milwaukee, MCTS bus routes would need to be carefully analyzed to determine if they should be truncated or rerouted to avoid duplicating service provided by the Streetcar. This may allow MCTS to serve new areas or provide increased service in other areas as resources are reallocated away from the areas served by the Streetcar. However, as the Streetcar extensions may serve the highest ridership areas of MCTS, the amount of new service provided could not be expected to equal the amount of truncated service. In addition, Federal and State funding could be reduced, and limit the provision of new service.

Ridership

If further extensions of the Streetcar are completed, it is significantly more likely that they will compete for the same riders as MCTS bus routes, and therefore more likely that MCTS would see a decline in ridership due to the Streetcar. This decline could be mitigated by reducing or eliminating MCTS service in the areas served by the Streetcar, and reallocating the resources used to provide service in those areas to increase service—and therefore ridership—in other areas. However, as the Streetcar extensions would serve the highest ridership areas of MCTS, the amount of service provided and ridership generated by reallocated resources could not be expected to equal the amount of service truncated or ridership lost. In addition, Federal and State funding could be reduced, and also limit the provision of new service.

Funding

Assuming the Streetcar and any extensions continue to be owned by the City of Milwaukee, the local funding source for the Streetcar would remain separate from the County tax levy used to support MCTS. Therefore, if the

County continued funding MCTS at the same level, any funding saved from reducing service in areas served by the Streetcar could be reallocated to increase service in other areas. Because it is likely that the Streetcar extensions would serve some of the same areas as the highest-ridership MCTS routes, it can be expected that those areas newly-served by MCTS would not provide as much passenger revenue. Moreover, MCTS could be expected to receive less FTA Section 5307 funding, as its share of Milwaukee area transit service and ridership would be expected to decline. State funding could be affected as well. Therefore, MCTS may not be able to provide the same number of service hours for a given level of County tax levy, and may not be able to expand service significantly.

CONCLUSIONS

Phase 1 of the Milwaukee Streetcar project would provide service in downtown Milwaukee, which is heavily served by existing MCTS bus routes. However, the Streetcar route would directly connect additional destinations in the downtown with the Intermodal Station, which now would require a transfer or a multi-block walk. It is not expected that Phase 1 of the Streetcar project would have a significant effect on the operations or ridership of MCTS. If current Federal laws and funding levels are not modified, it may be expected that the Streetcar would either have no effect or slightly increase the amount of Federal funding MCTS receives. The effect on State funding of MCTS is not as clear. Current State law would appear to indicate that State funding of MCTS may perhaps not be affected, as either the Streetcar would be eligible for its own State funding as a Tier B transit system or it would be considered a light rail system and be ineligible for State funding. However, State law could be changed to specifically address the Streetcar system. The City of Milwaukee has proposed a new local funding source—parking revenues from areas served by the Streetcar—for the Streetcar, and therefore it is not expected that the Streetcar will increase the transit-related burden on the County's tax levy, no matter which entity operates and maintains the system for the City.

In contrast to Phase 1, potential extensions to destinations such as UWM may result in declines in MCTS ridership, and MCTS services should be coordinated with the Streetcar to prevent duplication. Because it is likely that the Streetcar extensions would serve some of the same areas as the highest-ridership MCTS routes, it can be expected that any new service would not be as efficient as the service removed from areas served by the Streetcar. Also, MCTS could be expected to receive a lesser share of FTA Section 5307 funding as its share of Milwaukee area transit service and ridership would be expected to decline. State funding could be affected as well. Therefore, it is unlikely that the amount of service MCTS would provide in new areas would equal the amount of MCTS service provided in areas where there could be duplication with the Streetcar.

* * *