

## MILWAUKEE COUNTY'S TRANSIT CRISIS



Rob Henken, President  
May 2008

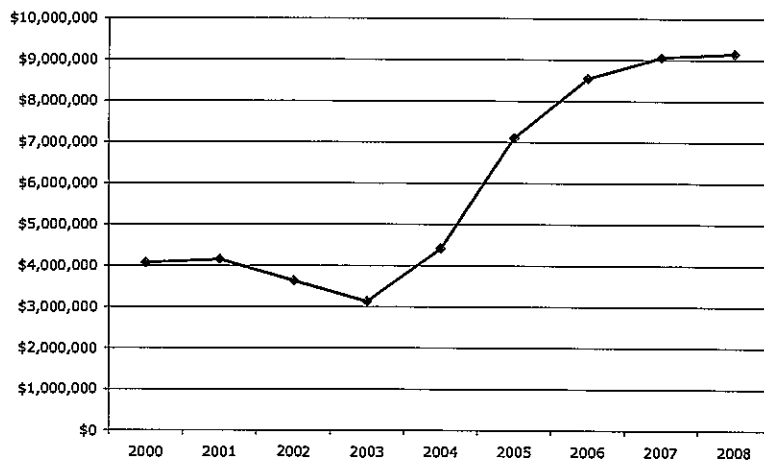
### Purpose of Report

*"The primary purpose of this report is to ensure that policymakers understand and acknowledge the dimensions of the problem facing MCTS. What is most critical is that they act immediately to implement realistic short-term and long-term fiscal solutions, or develop a plan for strategically ramping down transit service in a manner that will cause the least harm to riders and the local economy."*

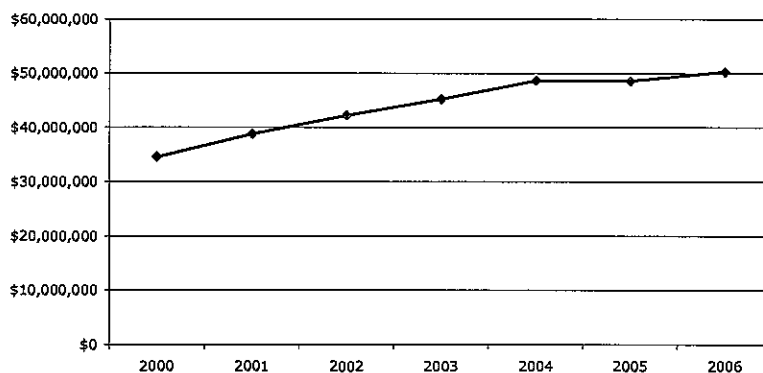
## MCTS operating expenses (millions)

	2000 Actual	2008 Budget	% change
Employee Expenses	\$90.0	\$115.7	28.6%
Bus Repair Parts	\$3.6	\$2.8	-21.7%
Fuel	\$4.1	\$9.2	124.7%
Other Transit Expenses	\$7.0	\$6.7	-3.3%
<b>Total Operating Expenses</b>	<b>\$104.6</b>	<b>\$134.4</b>	<b>28.5%</b>

## MCTS fuel expenses, 2000-2008



## MCTS fringe benefit expenses



Source: National Transit Database

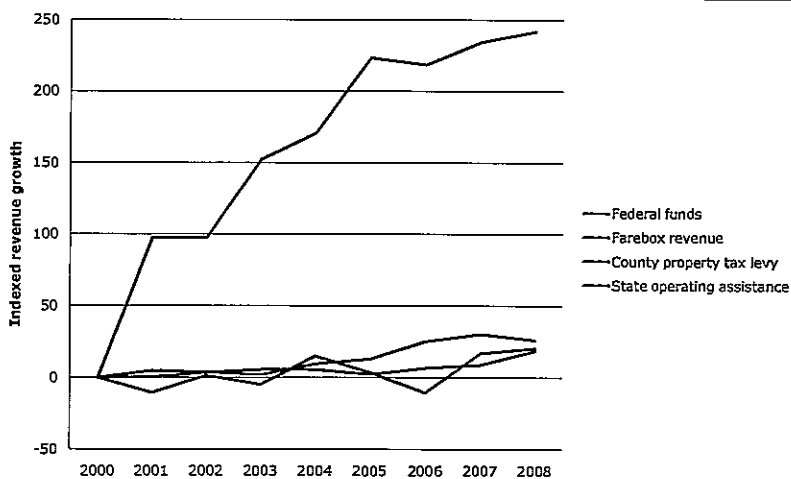
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## MCTS operating revenue (millions)

	2000 Actual	2008 Budget	% change
<b>Revenue</b>			
Passenger Revenue	\$35.2	\$43.5	23.9%
Other Transit Revenue	\$2.2	\$3.5	59.9%
<b>Total Operating Revenue</b>	<b>\$37.4</b>	<b>\$47.1</b>	<b>26.0%</b>
<b>Public Funding</b>			
Federal (Capitalized Maintenance)	\$5.5	\$18.7	242.0%
State Operating Assistance	\$46.6	\$55.4	18.8%
Local (Milwaukee County Tax Levy)	\$10.8	\$13.0	20.5%
Other State and Federal	\$4.4	\$0.3	-93.7%
<b>Total Public Funding</b>	<b>\$67.2</b>	<b>\$87.3</b>	<b>29.9%</b>
<b>Total Revenue</b>	<b>\$104.6</b>	<b>\$134.4</b>	<b>28.5%</b>

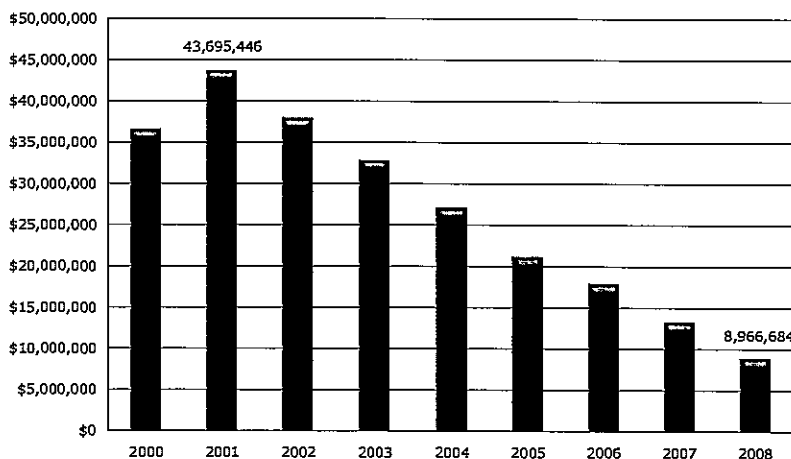
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## Indexed growth of MCTS fixed-route revenue sources



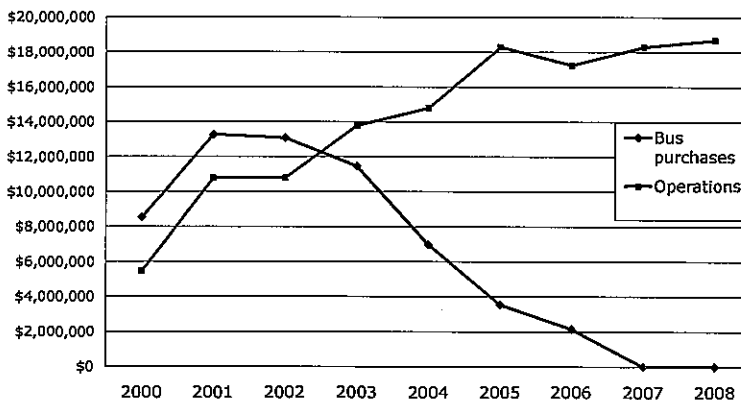
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## Federal funds available



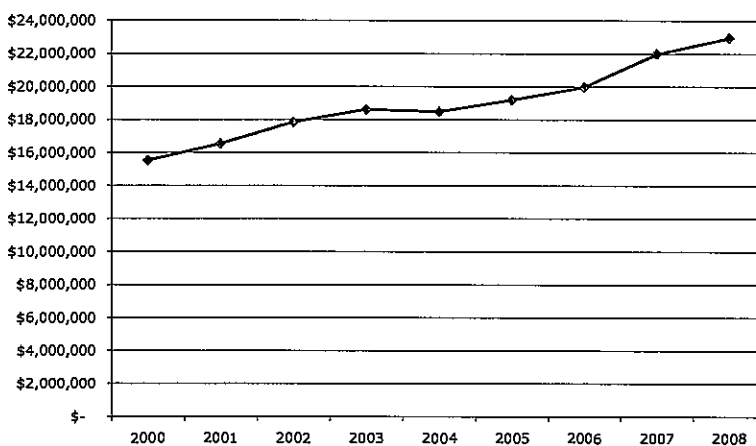
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## Use of federal funds: new bus purchases vs. operations



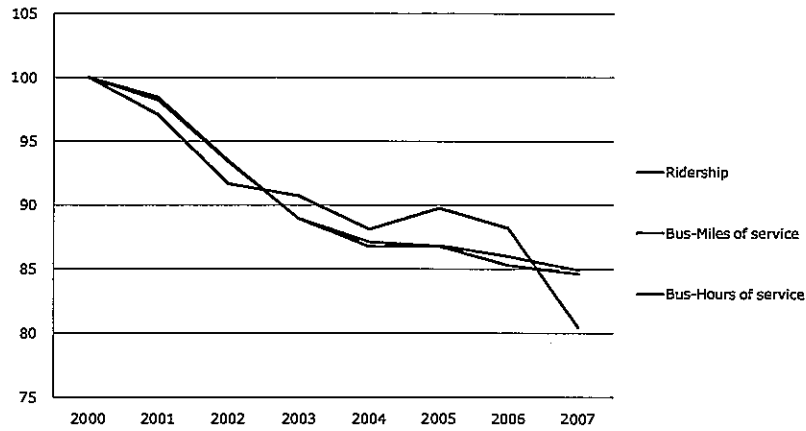
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## Paratransit operating expenses



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## MCTS bus service and ridership decline



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## Rider profiles - 2007

	2007
Do not have a valid drivers license	52%
Always have a choice to ride bus or use alternative	23%
Don't always have a choice to ride bus or use alternative	75%
<b>Primary reason for bus usage</b>	
Work	43%
Social/recreational	20%
Medical reasons	14%
Shopping	13%
School	9%

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## MCTS and peer systems – Cost effectiveness


Transit system	2006	Rank	2000	Rank
MCTS (Milwaukee, WI)	\$2.62	1	\$1.53	1
GCRTA (Cleveland, OH)	\$2.84	2	\$3.18	12
SORTA (Cincinnati, OH)	\$2.88	3	\$2.36	3
Metro (Minneapolis, MN)	\$3.23	4	\$2.30	2
TARC (Louisville, KY)	\$3.32	5	\$2.48	4
RTD (Denver, CO)	\$3.46	6	\$2.79	9
IndyGo (Indianapolis, IN)	\$3.47	7	\$2.53	5
METRO (St. Louis, MO)	\$3.52	8	\$2.93	10
RIPTA (Providence, RI)	\$3.65	9	\$2.63	6
AC Transit (Oakland, CA)	\$3.78	10	\$2.65	7
COTA (Columbus, OH)	\$4.15	11	\$3.31	13
KCATA (Kansas City, MO)	\$4.19	12	\$3.16	11
Port Authority (Pittsburgh, PA)	\$4.30	13	\$2.73	8
DDOT (Detroit, MI)	\$4.71	14	\$3.44	14
Average	\$3.58		\$2.72	

## Funding projection assumptions

- The Federal earmark for bus purchases doubles from \$1.5 to \$3 million per year.
- Farebox and other transit revenue each increase 3% per year.
- Operating expenditures increase 3.5% per year.
- State operating assistance increases 2.5% per year.
- Federal 5307 formula funds increase by 1% per year.
- County property tax levy remains flat.
- The entire \$4.3 million in banked Federal capitalized maintenance reserves is utilized in the operating budget in 2009.


## MCTS funding projections (millions)

	2008 Budget	2009 Budget	2010 Budget	2011 Budget	2012 Budget
<b>Revenue</b>					
Passenger Revenue	\$43.5	\$44.9	\$46.2	\$47.6	\$49.0
Other Transit Revenue	\$3.5	\$3.6	\$3.7	\$3.9	\$4.0
<b>Total Operating Revenue</b>	<b>\$47.1</b>	<b>\$48.5</b>	<b>\$49.9</b>	<b>\$51.4</b>	<b>\$53.0</b>
<b>Expenses</b>					
Employee Expenses	\$115.7	\$119.8	\$124.0	\$128.3	\$132.8
Bus Repair Parts	\$2.8	\$2.9	\$3.0	\$3.1	\$3.2
Fuel	\$9.2	\$9.5	\$9.8	\$10.1	\$10.5
Other Transit Expenses	\$6.7	\$7.0	\$7.2	\$7.5	\$7.7
<b>Total Operating Expenses</b>	<b>\$134.4</b>	<b>\$139.1</b>	<b>\$144.0</b>	<b>\$149.0</b>	<b>\$154.2</b>
<b>Public Funding</b>					
Federal (Capitalized Maintenance)	\$18.7	\$19.0	\$4.3	\$0.9	\$5.8
State Operating Assistance	\$55.4	\$56.8	\$58.2	\$59.7	\$61.1
Local (Milwaukee County Tax Levy)	\$13.0	\$13.0	\$13.0	\$13.0	\$13.0
Other State and Federal	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
<b>Total Public Funding</b>	<b>\$87.3</b>	<b>\$89.0</b>	<b>\$75.7</b>	<b>\$73.8</b>	<b>\$80.2</b>
<b>Surplus/Deficit</b>	<b>\$0</b>	<b>(\$1.6)</b>	<b>(\$18.3)</b>	<b>(\$23.7)</b>	<b>(\$21.1)</b>

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## Year-to-Year Options

- ❑ Divert property tax dollars from other County functions
- ❑ Increase property taxes
- ❑ Re-bid transit management contract
- ❑ Raise paratransit fares, cut paratransit service and/or increase the paratransit charge to human services programs
- ❑ Continue to raise fares and cut service

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## MCTS funding projections (millions) – including vehicle registration fee and BRT

	2008 Budget	2009 Budget	2010 Budget	2011 Budget	2012 Budget
<b>Revenue</b>					
Passenger Revenue	\$43.5	\$44.9	\$46.2	\$47.6	\$49.0
Other Transit Revenue	\$3.5	\$3.6	\$3.7	\$3.9	\$4.0
Vehicle Registration Fee	\$0.0	\$5.6	\$5.6	\$5.6	\$5.6
<b>Total Operating Revenue</b>	<b>\$47.1</b>	<b>\$54.1</b>	<b>\$55.5</b>	<b>\$57.0</b>	<b>\$58.6</b>
<b>Expenses</b>					
Employee Expenses	\$115.7	\$119.8	\$124.0	\$128.3	\$132.8
Bus Repair Parts	\$2.8	\$2.9	\$3.0	\$3.1	\$3.2
Fuel	\$9.2	\$9.5	\$9.8	\$10.1	\$10.5
Other Transit Expenses	\$6.7	\$7.0	\$7.2	\$7.5	\$7.7
<b>Total Operating Expenses</b>	<b>\$134.4</b>	<b>\$139.1</b>	<b>\$144.0</b>	<b>\$149.0</b>	<b>\$154.2</b>
<b>Public Funding</b>					
Federal (Capitalized Maintenance)	\$18.7	\$15.0	\$16.5	\$5.6	\$3.8
State Operating Assistance	\$55.4	\$56.8	\$58.2	\$59.7	\$61.1
Local (Milwaukee County Tax Levy)	\$13.0	\$13.0	\$13.0	\$13.0	\$13.0
Other State and Federal	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
<b>Total Public Funding</b>	<b>\$87.3</b>	<b>\$85.0</b>	<b>\$87.9</b>	<b>\$78.5</b>	<b>\$78.2</b>
<b>Surplus/Deficit</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$0.5)</b>	<b>(\$13.5)</b>	<b>(\$17.5)</b>

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## Milwaukee County – sales and gas tax scenarios

	Structur al Deficit	Structural Deficit + Eliminate Property Tax	Structural Deficit + Eliminate Property Tax + \$10 Vehicle Registration Fee	Structural Deficit + Eliminate Property Tax + \$10 Vehicle Registration Fee + Implement BRT
<b>Sales Tax</b>	.16%	.33%	.28%	.26%
<b>Gas Tax</b>	5.9 cents	10.8 cents	9.4 cents	8.5 cents

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## Conclusions

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- ❑ A striking structural imbalance has been building for years. Spend-down of reserves and deferral of bus replacements has averted full-fledged crisis, but time is about to run out.
- ❑ Recent U.S. News and World Report article details fiscal crises facing other transit systems; notes that federal transportation trust fund will run out of money next year, suggests answers must come from local revenue.
- ❑ A matter of priorities. No silver bullets. Increased efficiency a laudable goal, but likely not a source of significant savings. Which will it be - enhanced revenue or severe cuts in service?