

TO: Members of the Intergovernmental Cooperation Council (ICC)
FR: County Executive Scott Walker
DT: Monday, June 6, 2008
RE: \$91.5 million worth of federal funding for transit

At the last meeting of the Intergovernmental Cooperation Council (ICC), I mentioned that the impact of Mayor Tom Barrett's streetcar system would be to reduce state and federal aid to the bus system by \$3 million. Mayor Barrett disputed our facts, so I had the management of the Milwaukee County Transit System (MCTS) review the assertions made by Mayor Barrett:

The Mayor contents that if cuts do occur, the cuts would also occur under my BRT plan. MCTS replied: *"The Mayor and the County Executive both have proposed BRT plans. We do not know the operating details of the Mayor's BRT plan. The County Executive's plan does assume that BRT would largely replace existing bus service in the BRT corridors. Under this assumption, there would be little or no additional operating cost for the BRT service and hence no impact on MCTS funding."*

The Mayor also charged that a BRT plan that replaces existing bus service with a new service would not qualify as an enhanced system. MCTS replied: *"The BRT service would still qualify as an enhancement because it would be part of a package of new vehicles, right-of-way improvements, signal preemption, improved customer information and other elements that will improve operating speed and make the service more attractive to those who travel longer distances."*

Then the Mayor says that our review assumes no changes in funding. MCTS says: *"The analysis did assume that there would be no changes in the current funding structures. We did assume that Federal formula funds would increase slightly given new ridership on the rail component. We did not include an estimate of potential Federal funding changes or revenue from BRT, since we were just asked to review the possible impact of the rail component. The impact of a \$1 million loss of Federal funds was an estimate, based on our best guess of the costs to operate a system of the type proposed. It could be high or low. As we pointed out in our original report, the entire funding formula could change in 2009."*

They continued: *"The estimate of the potential loss of State funds did assume a fixed pot for Milwaukee without the addition of funds if a new system were begun. What would actually be allocated to the Milwaukee area would be determined by the State legislature."*

In summary, the streetcar plan will hurt the current bus system because it will take \$3 million out of the pot of funding available for mass transit systems. Using all of the \$91.5 million on a BRT system is a better choice (which is why the leadership of the County Board supports this position too).