

Observations about Milwaukee County Transit System:

Since 2000, the state increased operating assistance funding by less than 1.5% on an average annual basis. That is not enough to keep pace with inflation (source: SEWRPC)

Since 2001, the Milwaukee County Transit System has been drawing down federal Section 5307 transit assistance funds to avoid aggressive internal spending reductions. Inevitably this will create a shortfall in the operating budget in about three years since, effective 2005, the money in this account has been earmarked for bus replacement.

The lack of state transit operating assistance keeping pace with inflation and the pressures on the tax levy driven by the pension and health care costs and state mandate costs may require up to a 35% reduction in service by 2010.

Reaction to Milwaukee Transit Plan

The Milwaukee Transit plan proposed by Mayor Tom Barrett includes \$107.65 million in new spending – with \$52.59 million being on a new rail line in downtown Milwaukee. The plan uses all of the federal \$91.5 million and would require a local match of \$16.15.

Approximately half of the additional spending goes to a new rail system that covers a three-mile area in downtown Milwaukee. In contrast, the transit-dependent populations in the county are not in the downtown area, but in the central and northwestern portions of Milwaukee. The new rail system does not address the needs of these areas.

In addition, possible sources of funding for the local match that are identified by the City of Milwaukee include:

- Park East Land Sales Proceeds: a fixed percentage of these funds are required – by federal guidelines – to be sent to the State DOT and then used on a federal highway project in Milwaukee County. These funds – per an agreement with the state DOT - are already designated for the costs of the demolition of the annex parking structure that was taken down as part of the Marquette Interchange work.

- State Mass Transit Aids: as mentioned, the bus system is in need of additional help by 2010. Tapping state aid for a new rail based system will only put additional strain on the bus based system. A new system will hurt bus routes in other parts of the city and county.
- Gas Tax: unlike proposals to use the growth in the existing sales tax collected on vehicle related sales, revenues from the gas tax are based on a fixed per gallon basis. Revenues from a sales tax can grow without raising the tax. To get to \$16.15 million would require an increase in the gas tax.

The presentation also raises additional questions:

- Who will run the system?
- What will be the criteria for expanding the system and how will it be funded?
- How would the operating cost be covered when, current funding sources cannot keep up with the transit needs we already have in place?
- State funds for transit are fixed sum certain, any additional growth would only make the current fiscal situation for the bus system worse.

Ironically, staff from the Milwaukee County Department of Transportation and Public Works approached City of Milwaukee Department of Public Works staff about the idea of a Bus Rapid Transit system pilot. Initially, several routes were discussed and the city has reservations about using a dedicated lane. The County Executive hopes that there is still an opportunity to use the \$91.5 million on the bus system.

A Bus Rapid Transit plan will provide a way to improve and upgrade the current bus system. New buses, dedicated lanes, timed signals and improved shelters would all be a part of the proposed upgrades.

Support Current Bus-Based Transit System

County Executive Walker proposes that the state government take the growth in the current sales tax on motor vehicle related sales and designate it for mass transit. If enacted, this plan would provide \$33.4 million for the 2007/2009 state budget and \$103.5 million for the next state budget cycle. Nearly half of that would be available for the Milwaukee County Transit System.

In the past, Rep. Jeff Stone inserted into the state budget a plan that would eventually move all of the current sales tax on automobile related sales into the transportation fund. Governor Doyle vetoed that provision, but this new idea should not raise the same concerns because it does not remove existing revenues from current year in the general fund.

Recently, Rep. Stone and Sen. Jeff Plale proposed a new version of the plan as part of a comprehensive package to cover funding for the KRM project and new support for the transit systems in Milwaukee County, Racine and Kenosha.

In addition, County Executive Walker calls for the quasi-public company that runs the Milwaukee County Transit to do more to lower its costs. Management positions make considerably more than similar positions in county government and labor contracts are much more generous than the county contracts. Controlling costs must also be a part of saving the bus system.