

# MILWAUKEE COUNTY TRANSIT SYSTEM DEVELOPMENT PLAN: 2009-2013 Transit Service Improvement Alternatives



The Milwaukee County Transit System Development Plan is nearing completion. The last newsletter documented the findings of a performance and peer evaluation of the transit system and solicited public feedback on the evaluation. Since then, the following actions have occurred:

- Informational meetings were held in February and March of 2007 for the public to learn about and comment on the study.
- All public comments were reviewed and summarized by staff at the Southeastern Regional Planning Commission and the study advisory committee (see box on page 2).
- Using the evaluation findings and public comments, staff developed three potential service plans, or “alternatives”, for making short-term (five year) improvements to the transit system.

This newsletter describes the three service improvement alternatives, including their funding requirements. It concludes with a comparison of alternative funding options, which will be critical for implementing the final recommended alternative.

Public comments on the improvement alternatives submitted before \_\_\_\_\_, 2008 will be taken into consideration in the development of a final recommended transit service improvement plan. For more information on how to comment, see the last page of this newsletter. All documentation on plan development is available on the project website at [www.sewrpc.org/milwcotdp](http://www.sewrpc.org/milwcotdp).

## PRIORITIES FOR SERVICE IMPROVEMENTS

Staff at the Southeastern Wisconsin Regional Planning Commission, Milwaukee County Department of Public Works, the Milwaukee County Transit System (MCTS), and the Study Advisory Committee reviewed the findings of the performance evaluation and the public comments and identified several high-priority improvements. Given the short-term nature of the plan, staff focused on improvements to service that would make transit more

competitive with travel by private automobile, address the public comments, and be feasibly implemented over a five-year period:

- Extending routes to unserved areas in Milwaukee County with significant population or employment concentrations.
- Reducing transit travel times by converting major local routes to express routes and by adjusting Freeway Flyer service.
- Increasing the frequency of service to provide for desirable headway levels on more routes.
- Expanding weekday and weekend service periods to provide for desirable hours of service on more routes.

The preceding priorities are reflected in the proposed service improvements under both Alternatives 1 and 2, as described in the following sections. Alternative 3, which would maintain the transit system at 2008 service levels, represents a baseline for comparison against the other alternatives.

## ALTERNATIVE 1: EXTENSIVE SERVICE EXPANSION

Of the three potential service improvement plans, Alternative 1 represents the most aggressive attempt to address the priorities for service improvements identified above. Overall, the plan would:

- Expand fixed-route bus service by about 22 percent (4 percent per year) from 1,340,000 bus hours budgeted for in 2008, to 1,629,000 bus hours in 2013.
- Increase Transit Plus paratransit service by about 3 percent by 2013 (keeping pace with anticipated growth in ridership).

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## SUMMARY OF PUBLIC COMMENT ON THE PLAN

In February and March of 2007, Commission staff solicited public feedback on the transit development plan. Staff conveyed the plan findings at four public informational meetings, and several newspaper articles focused attention on transit issues. In total, 212 comments were submitted at informational meetings, or via letter, email, telephone, or through the Commission website. The full record of public comments is available online at [www.sewrpc.org/milwcotdp](http://www.sewrpc.org/milwcotdp).

Many individuals expressed support of the transit system in their comments, including 25 people who asked that service not be cut any further, and 19 people who favored establishing new dedicated funding sources for transit service.

### Comments on Unmet Transit Service Needs

The public comments confirmed the unmet needs identified in the transit system performance evaluation prepared by Commission staff:

- Areas Not Served. A number of people identified a need for more service in northern Milwaukee County, such as east-west service on Brown Deer Road. Five people asked for more service in southern Milwaukee County in the Cities of Oak Creek and Franklin, and four expressed support for more service to the Village of Hales Corners.
- Lengthy Travel Times. A need for faster travel times was indicated by the 11 comments requesting to restore the express bus services formerly provided over Fond du Lac Avenue; Forest Home Avenue; and Bluemound Road and Wisconsin Avenues. More frequent transit service would also result in faster travel times, and support for more frequent service was expressed in many comments.
- Inadequate Service Frequency. A number of people expressed support for more frequent transit service in general, and also on specific routes. Two people supported implementing 10-minute headways at all times, while two others suggested implementing peak-period headways of less than 10 minutes.
- Inadequate Service Hours. Four people identified a need for longer hours of service on freeway flyer and UBUS routes, and several identified a need for longer hours of service on local routes serving the far northern and southern portions of the County.
- Travel between Milwaukee and Surrounding Counties. A number of comments expressed support for more transit service between Milwaukee County and surrounding counties, including local bus service to Mequon in southern Ozaukee County, Germantown in southeastern Washington County, and various communities in eastern Waukesha County.

### Additional Unmet Transit Service Needs Identified in Public Comments

Public feedback in the comments helped staff identify additional unmet transit service needs that were not included in the initial performance evaluation:

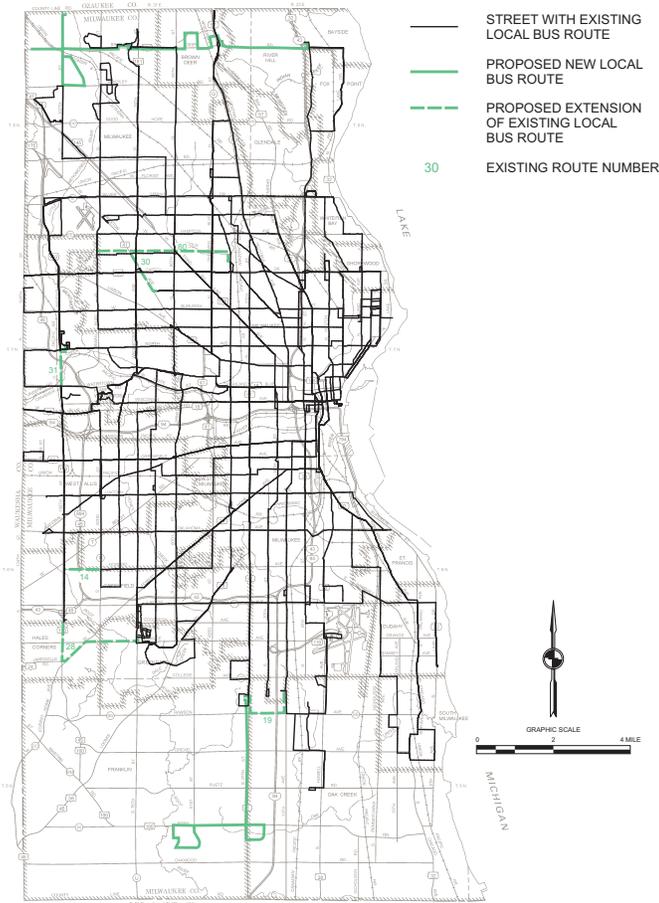
- Bicycle Accommodation on Buses. A total of 52 people expressed support for installing bicycle racks on MCTS buses. The benefits cited include a potential for increased transit ridership, a larger transit service area because bicycles enable longer travel to and from bus stops, and increased mobility by increasing the number of transportation options.
- Insufficient Options for Fares, Tickets and Passes. A number of people expressed support for offering a greater variety of passes, including three people who requested rechargeable "smart" fare cards, three who requested a one-day pass, and two who requested monthly passes.
- Lack of a Regional Transit Authority. Eight people expressed support for using a regional approach or a regional transportation authority to fund and operate transit service. The benefits cited by supporters include a potential for improved travel between Milwaukee County and surrounding counties, and the potential to use a dedicated funding source for transit.

### Response to Public Comments

The transit service improvement alternatives were developed to respond to the public comments and the findings of the system performance evaluation. In addition, MCTS has already applied for Federal grants to purchase and install bicycle racks on the front of buses; Route No. 19 - Greenfield Avenue was extended south on Miller Park Way to serve Centennial Plaza at Lincoln Avenue; and freeway flyer Route 40U was change to serve a new stop at the Rockwell Park-Ride Lot near the intersection of Greenfield Avenue and 4<sup>th</sup> Street.

Map 1

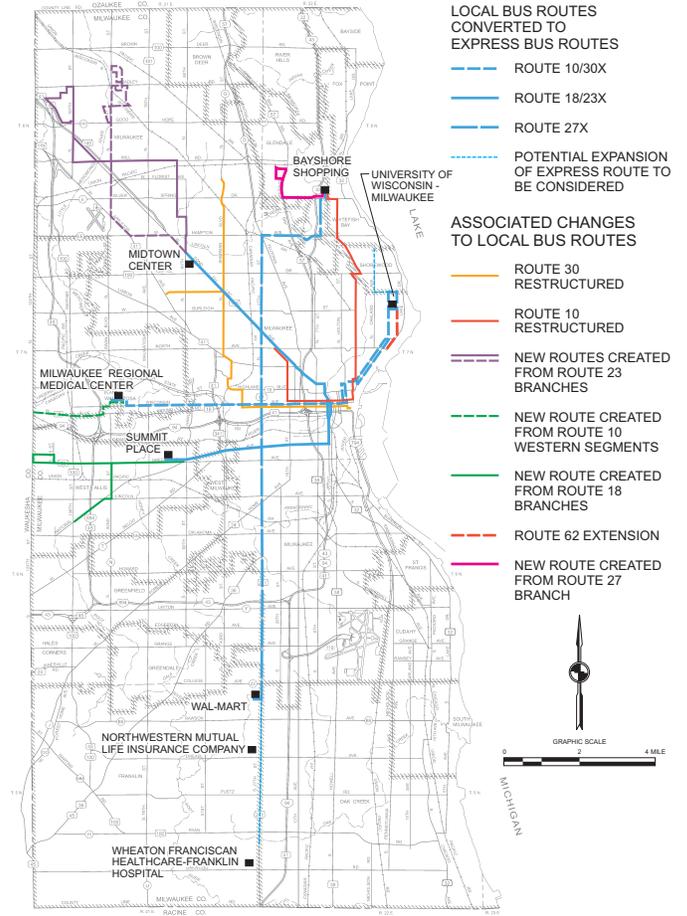
**CHANGES TO THE LOCAL BUS ROUTES OF THE MILWAUKEE COUNTY TRANSIT SYSTEM PROPOSED UNDER ALTERNATIVES 1 AND 2**



Source: Milwaukee County Transit System and SEWRPC.

Map 2

**EXPRESS BUS ROUTES FOR THE MILWAUKEE COUNTY TRANSIT SYSTEM PROPOSED UNDER ALTERNATIVES 1 AND 2**



Source: Milwaukee County Transit System and SEWRPC.

- Boost annual ridership by an estimated 10 percent, from 42.8 million (in 2008 budget) to 47.1 million in 2013.

The specific service improvements proposed under Alternative 1 are identified below.

**Add New Local Routes and Adjust Alignments of Existing Local Bus Routes**

To address the unmet needs for service in the far northern, western, and southern portions of the County, Alternative 1 would extend several bus routes and add several new routes, as displayed in Map 1. The proposed changes to the local bus routes would provide the following:

- An east-west route to serve the commercial and office development along Brown Deer Road
- Better transit service coverage in north-central and western Milwaukee County

- An extension of local bus service to the Village of Hales Corners
- An extension of local bus service to industrial and office parks in Franklin and Oak Creek
- Improved connectivity of transit system routes and ease in transferring between routes

The route additions and extension improvements outlined above represent a service increase of about 52,000 additional annual bus hours, or 4 percent, over year 2008 levels.

**Convert Local Bus Service to Express Bus Service in Three Corridors**

Alternative 1 proposes converting high-ridership local bus routes into three express bus routes in order to improve transit travel times. Map 2 displays the three proposed express bus routes along with proposed changes to the five

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local bus routes that would be affected. All routes would operate between 5:00 a.m. and 1:00 a.m. seven days a week, with frequent service. Buses would arrive every 7-10 minutes during weekday peak periods; every 9-16 minutes during weekday off-peak periods; and every 10-20 minutes on weekends.

- Route 10/30X would run from the Milwaukee Regional Medical Center in Wauwatosa to the University of Wisconsin-Milwaukee (UWM) over portions of Route Nos. 10 and 30. This route could also be extended north on Oakland Avenue to the intersection of Oakland Avenue and Kensington Boulevard in Shorewood.
- Route 18/23X would operate between Summit Place (S. 70th St. and Greenfield Avenue) and Midtown Center (N. 60th Street and Fond du Lac Avenue) over portions of Route Nos. 18 and 23.
- Route 27X would be a north-south route between the Bayshore Shopping Center and Wal-Mart (S. 27th Street and Sycamore Street) over the entire length of Route No. 27, with the addition of an extension to the Bayshore Shopping Center. This route could be extended south to the Northwestern Mutual Life Insurance Co. Campus at S. 27th Street and Drexel Avenue, or to the new Wheaton Franciscan Healthcare hospital near S. 27th Street and Oakwood Road.

The proposed express service represents an incremental move—achievable within a 5-year planning period—toward a faster system. A basic level of express service would be created by eliminating infrequently used stops to achieve stop spacing of one-quarter mile outside downtown Milwaukee. The conversion to express service would retain the most frequently used stops (representing about 80 percent of current passenger boardings and alightings on local routes). The express service could be upgraded to bus rapid transit (BRT) service similar to proposals that have been advanced by the Milwaukee County Executive and the City of Milwaukee Mayor. Enhancements to upgrade express bus service to BRT service would include exclusive bus lanes, transit priority at traffic signals, next-bus information displays, buses of a different design or with special markings and paint schemes, and specially designed bump-out bus stops potentially with other amenities such as high platforms for level passenger loading. The upgrading of express bus routes to BRT could also entail some route realignment.

The express services described above represent a service increase of about 54,000 additional annual bus hours, or 4 percent, over year 2008 levels. Because the express

services will replace the existing local bus service, the additional annual bus hours needed are solely due to the improved service frequency.

### **Upgrade Freeway Flyer Service**

Expanded freeway flyer service would address the sharp increase in ridership on those routes in recent years, ensure the routes meet the service standard that all passengers have a seat, and improve transit travel times. Alternative 1 proposes these improvements:

- Provide a minimum of 10 bus trips over each freeway flyer route during weekday morning and afternoon peak periods.
- Create one new freeway flyer route so that each route stops at no more than two park-and-ride lots (a service standard).
- Add two midday round-trips to each freeway flyer route.

The rapid services described above represent a service increase of about 32,000 additional annual bus hours, or 2 percent, over year 2008 levels.

### **Eliminate Bus Turn-back Points Along Selected Routes**

Many bus routes in Milwaukee County have “turn-back points”, points where some of the buses turn around before reaching the terminus of the route. Transit systems use turn-back points to efficiently provide more frequent service on the higher-ridership portions of routes. However, the turn-backs result in infrequent service—often not meeting standards—over the outer segments of the routes. The change proposed in Alternative 1 would provide consistent service levels on weekdays and weekends over the entire lengths of Routes 35, 57, and 64. Map 3 displays the affected route segments.

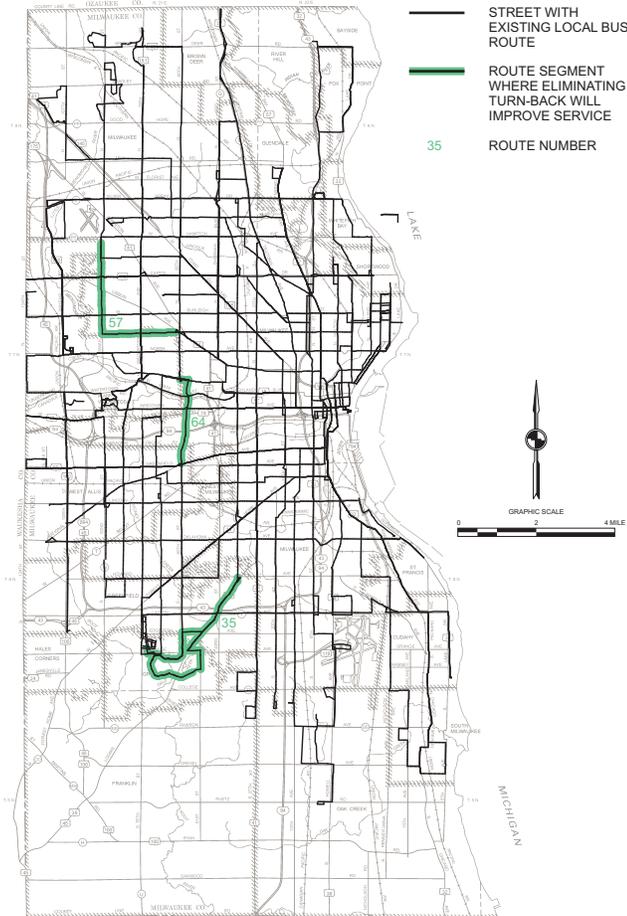
The elimination of bus turn-backs on the identified routes represents a service increase of about 20,000 additional annual bus hours, or 1.5 percent, over year 2008 levels.

### **Provide Desirable Headways on Fifteen Local Routes**

Earlier in the study, the Advisory Committee established standards for “headways”, or the amount of time between bus arrivals at a stop. According to the standards, buses should arrive no more than 10 minutes apart during weekday peak periods; no more than 20 minutes apart during weekday off-peak periods; and no more than 30 minutes apart on weekends. Currently, only a small area in the central portion of the County is served by local routes meeting the weekday standards for desirable headways. Alternative 1 would increase service frequencies to attain

Map 3

**LOCAL ROUTE SEGMENTS OF THE MILWAUKEE COUNTY TRANSIT SYSTEM WHERE TURN-BACKS ARE PROPOSED TO BE ELIMINATED UNDER ALTERNATIVES 1 AND 2**



Source: Milwaukee County Transit System and SEWRPC.

desirable headways on the 15 highest-ridership local routes, in addition to the five routes converted to express service.

The provision of desirable headways on 15 routes represents a service increase of about 118,000 additional annual bus hours or 9 percent over year 2008 levels.

**Provide 20 Hours of Service a Day on Weekdays and Weekends**

Lengthening bus route schedules to the number of hours specified in the service standards—20 hours a day—would address unmet needs for longer service hours identified in both the performance evaluation and in public comments. Bus routes operating from approximately 5:00 a.m. to 1:00 a.m. permit travel to and from all three traditional work shifts. Most local routes (25 of 30) currently operate 20 hours a day on weekdays, but only about half (14 of 30) do on Saturdays, and about a third (9 of 30) do on Sundays. Alternative 1 would improve the weekday schedules for

Routes 35 and 80 to provide service on the southern portion of their routes during morning and evening periods. On Saturdays and Sundays, Alternative 1 would lengthen route schedules to attain the desired service hours on the 15 highest-ridership local routes, and the five routes converted to express service.

The provision of desirable service hours on 15 routes represents an increase of about 13,000 additional annual bus hours, or 1 percent over year 2008 levels.

**ALTERNATIVE 2:  
LIMITED SERVICE EXPANSION**

Alternative 2 represents a scaling back of the proposals in Alternative 1, but would still address most of the priorities for service improvements. Overall, Alternative 2 would:

- Expand fixed-route bus service by about 15 percent (3 percent per year) starting from the 1,340,000 bus hours budgeted for in 2008 and increasing to 1,540,000 bus hours in 2013.
- Increase Transit Plus paratransit service by about 3 percent by 2013 (keeping pace with anticipated growth in ridership)
- Boost annual ridership by an estimated 6 percent, from 42.8 million (in 2008 budget) to 45.3 million in 2013.

The specific service improvements proposed under Alternative 2 are identified below.

**Add Same New Local Routes, Route Adjustments, and Express Bus Services as Proposed in Alternative 1**

For these two service aspects, Alternative 2 proposes exactly the same service as Alternative 1:

- Extension of several bus routes and addition of several new routes, as displayed in Map 1. The new routes represent a service increase of about 52,000 additional annual bus hours, or 4 percent, over year 2008 levels.
- Conversion of high-ridership local bus routes into three express bus routes in order to improve transit travel times as displayed in Map 2. The express routes represent a service increase of about 54,000 additional annual bus hours, or 4 percent, over year 2008 levels.

**Upgrade Freeway Flyer Service Without Adding Midday Service**

Alternative 2 proposes the same freeway flyer service expansion as in Alternative 1, but without adding new midday bus trips:

- A minimum of 10 bus trips over each freeway flyer route during weekday morning and afternoon peak periods.
- The creation of one new freeway flyer so that each route stops at no more than two park-and-ride lots (a service standard).

The freeway flyer services described above represent a service increase of about 24,000 additional annual bus hours, or 2 percent, over year 2008 levels.

**Eliminate Bus Turn-back Points Only During Weekdays**

Alternative 2 proposes eliminating turn-backs to provide consistent service levels only on weekday schedules over Routes 35, 57, and 64,. Unlike Alternative 1, bus turn-backs would remain on weekend schedules. Map 3 displays the affected route segments.

The elimination of weekday bus turn-backs represents a service increase of about 8,000 additional annual bus hours, or 0.6 percent, over year 2008 levels.

**Provide Desirable Headways on 10 Local Routes**

Alternative 2 would increase service frequencies to attain desirable headways on the 10 highest-ridership local routes, in addition to the five routes converted to express service.

The provision of desirable headways on 10 routes represents a service increase of about 57,000 additional annual bus hours, or 4 percent, over year 2008 levels.

**Provide 20 Hours of Service a Day on Weekdays**

Alternative 2 would ensure that bus schedules operate at least 20 hours a day on weekdays, but not on weekends. Because most routes (25 of 30) already meet that standard on weekdays, only the schedules for Routes 35 and 80 would be adjusted to provide service on the southern portion of their routes during weekday morning and evening periods.

The provision of desirable service hours on weekdays represents an increase of about 5,000 additional annual bus hours, or 0.4 percent, over year 2008 levels.

**ALTERNATIVE 3:  
MAINTAIN EXISTING SYSTEM**

Alternative 3 represents a “no expansion” approach. Under this alternative, the transit system would maintain fixed-route bus service at the existing 2008 levels. Overall, Alternative 3 would:

- Maintain fixed-route bus service at the 1,340,000 bus hours budgeted for 2008.
- Increase Transit Plus paratransit service by about 3 percent by 2013 (keeping pace with anticipated growth in ridership).
- Depress annual ridership by an estimated 5 percent, from 42.8 million (in 2008 budget) to 40.5 million in 2013, due to the fare increases that were assumed for all scenarios (see box on page 8).

Table 1 compares the proposed service expansions, equipment needs, and estimated ridership under Alternatives 1, 2, and 3.

**CAPITAL NEEDS FOR ALTERNATIVES 1, 2, AND 3**

Regardless of which alternative service plan is selected, significant capital investments must occur over the next five years to maintain the existing transit system equipment and facilities. All the proposals would require the following capital investments:

- A total of 204 buses to replace part of the current aging fleet,
- Replacement fareboxes to be installed in the existing fleet,
- Bicycle racks to be placed on the existing fleet,
- Various repairs, renovations, and upgrades to MCTS facilities (currently scheduled in the transit system's capital expenditure program), and
- Various transit enhancement projects such as improving bus stops, adding bus shelters, and adding accessibility features to make it easier for disabled persons to use bus services and facilities.

In addition, both alternatives 1 and 2 would require additional capital investments to implement the proposed service improvements:

- Additional buses and fareboxes to expand the fleet to provide service over new or extended routes and operate with lower headways. Alternative 1 would require 75 additional buses; Alternative 2 would require 60.
- Bicycle racks for the additional buses (75 for Alternative 1; 60 for Alternative 2).

Table 2 compares the capital investment required for each of the alternatives. Assuming Milwaukee County's priority in the use of limited Federal funds is to use these funds first on necessary capital projects, the Federal share for capital funding of each of the alternatives is approximately 80 percent. Milwaukee County's projected

**Table 1**

**COMPARISON OF SERVICE LEVELS, CAPITAL NEEDS,  
AND ESTIMATED RIDERSHIP UNDER ALTERNATIVES 1, 2, AND 3**

Service Characteristic	Alternative 1: Extensive Service Expansion	Alternative 2: Limited Service Expansion	Alternative 3: Maintain Existing System
Fixed-Route Service (Annual Vehicle Hours, Year 2013 )	1,629,000	1,540,000	1,340,000
Percent increase over 2008	22	15	--
Average Annual Percent Increase	4.1	2.8	--
Transit Plus Paratransit Service (Annual Vehicle Hours, Year 2013)	437,000	437,000	437,000
Percent increase over 2008	3	3	3
Estimated Total Annual Bus and Paratransit Ridership (Year 2013)	47.1 million	45.3 million	40.5 million
Percent Increase over 2008	10	6	-5
Expansion of Transit Service Area	New routes and route extensions to northern and southern portions of County	New routes and route extensions to northern and southern portions of County	No change
Express Bus Routes	3 express bus routes	3 express bus routes	No express routes
Freeway Flyer Service	10 freeway flyer routes  Each route would make 10 trips every a.m. and p.m.  Two midday round trips on each route	10 freeway flyer routes  Each route would make 10 trips every a.m. and p.m.	9 freeway flyer routes  Routes make between 4 and 10 trips every a.m. and p.m.
Turn-back Points on Local Routes	Eliminate turn-backs on weekdays and weekends	Eliminate turn-backs on weekdays only	No change
Headway Improvements	15 local routes and 3 new express bus routes would meet headway standards for all time periods	10 local routes and 3 new express bus routes would meet headway standards for all time periods	3 local routes meet headway service standards for all time periods
Hours of Service	Expand weekday hours on parts of Routes 35 and 80.  Provide 20 hours of service on Saturdays and Sundays on 15 local routes (in addition to express buses)	Expand weekday hours on parts of Routes 35 and 80.	No change
Bus Fleet Purchase Requirements	204 buses to replace aging fleet plus 75 buses to expand fleet	204 buses to replace aging fleet plus 60 buses to expand fleet	204 buses to replace aging fleet

Source: SEWRPC

**Table 2**

**PROPOSED CAPITAL EXPENDITURES FOR MILWAUKEE  
COUNTY TRANSIT SYSTEM UNDER ALTERNATIVES 1, 2, AND 3**

Capital Equipment/Project	Average Annual: 2003-07	Alternative 1: Extensive Service Expansion		Alternative 2: Limited Service Expansion		Alternative 3: Maintain Existing System	
		Five-Year Total	Average Annual	Five-Year Total	Average Annual	Five-Year Total	Average Annual
<b>Bus Fleet</b>							
Bus Replacement/Rehabilitation .....	\$3,408,000	\$76,415,000	\$15,283,000	\$76,415,000	\$15,283,000	\$76,415,000	\$15,283,000
Buses for Fleet Expansion: 75 for Alternative 1, 60 for Alternative 2...	--	28,125,000	5,625,000	22,500,000	4,500,000	--	--
Subtotal	\$3,408,000	\$104,540,000	\$20,908,000	\$98,915,000	\$19,783,000	\$76,415,000	\$15,283,000
Fareboxes for the Existing and Expanded Bus Fleet .....	--	\$6,013,000	\$1,202,600	\$5,810,000	\$1,162,000	\$5,000,000	\$1,000,000
Bicycle Racks for Existing & Expanded Bus Fleet.....	--	751,000	150,200	732,000	146,400	650,000	130,000
Facility Repair and Renovation .....	\$687,000	\$6,600,000	\$1,320,000	\$6,600,000	\$1,320,000	\$6,600,000	\$1,320,000
Other Projects <sup>a</sup> .....	\$50,000	944,000	188,800	953,000	190,600	994,000	198,800
<b>Total</b>	<b>\$4,145,000</b>	<b>\$118,848,000</b>	<b>\$23,769,600</b>	<b>\$113,010,000</b>	<b>\$22,602,000</b>	<b>\$89,659,000</b>	<b>\$17,931,800</b>
<b>Sources of Capital Funding</b>							
Federal <sup>b</sup> .....	\$3,338,400	\$98,214,300	\$19,642,900	\$93,375,600	\$18,675,100	\$74,019,700	\$14,803,900
Local (Milwaukee County).....	806,600	20,633,700	4,126,700	19,634,400	3,926,900	15,639,300	3,127,900

<sup>a</sup>At least one percent of the County's annual allocation of Federal Section 5307 formula transit assistance funds must be spent annually on projects that enhance transit services or use. Such "transit enhancement" projects include the bicycle racks noted above as well as bus shelters, signage, landscaping, bicycle storage lockers, improving transit access to parks, and actions that improve the ability of disabled individuals to use public transit. The costs shown on this line represent the expenditures needed under each alternative in addition those for the bicycle racks to meet this Federal requirement. The amount shown is based on the assumed levels of Federal Section 5307 formula transit assistance funds under the average scenario for future funding levels.

<sup>b</sup>Assumes 80 percent Federal share for all capital projects except bus purchases, for which 83 percent was assumed (to account for 90 percent Federal share for ADA-related bus accessibility features)

Source: Milwaukee County Department of Transportation and Public Works, Milwaukee County Transit System, and SEWRPC.

## FACTORS AND ASSUMPTIONS IN CONSIDERING FUNDING NEEDS

In order to forecast the costs and local funding needs for each alternative, Commission staff studied factors that affect the transit system budget. The factors, along with their trends, are listed below.

- Operating Expense per Vehicle Hour of Service. Operating expense per vehicle hour increased by 2.8 percent annually between 1995 and 2000 (during system expansion) and by 5.2 percent annually between 2001 and 2007 (during system contraction).
- State Operating Assistance. Annual operating assistance provided by the Wisconsin Department of Transportation through the Section 85.20 program has covered between 39 and 43 percent of the operating expenses for the transit system in recent years. The amount of Section 85.20 funding received by Milwaukee County increased by 5.2 percent annually from 1995 to 2000 (during system expansion) and by 1.7 percent annually from 2001 to 2007 (during system contraction).
- Federal Formula Funds. The Federal Transit Administration (FTA) provides annual allocations of Section 5307 formula funds, which are intended for capital purchases but may be used for the maintenance elements of operating expenses in 2007. These funds covered about 13 percent of transit system operating expenses in 2007. In the late 1990's, Milwaukee County accumulated a "bank" of about \$40 million in unused Section 5307 funds. In an attempt to avoid service cuts, since 2000 the banked allocations have been used to pay for operating expenses and capital projects, leaving less than \$9 million at the end of 2007. The County's annual allocation of new FTA Section 5307 funding has fluctuated between \$17 million and \$19 million over the past eight years.
- Capital Needs and Federal Earmark Funds. From 1999 to 2003, Milwaukee County received about \$5.1 million annually in Federal earmarks through the FTA Section 5309 program, which provided the bulk of bus replacement funding. In 2004-05, the County received about \$3.1 million annually; by 2006-07, Federal earmarks dropped to \$1.5 million per year. The County will need to replace 204 buses between 2010 and 2013, which will require a total of \$63.4 million in Federal funds. The current levels of earmark funds and banked Section 5307 formula funds are not sufficient to fund the County's bus replacement needs. Therefore, the annual allocation of Section 5307 funding (now used for operating expenses) will need to be used for bus replacements. This in turn will require more local funds to cover operating expenses.
- Transit Fares. Between 2003 and 2008, MCTS has raised transit fares by about 25 percent. Bus and paratransit fares are expected to increase with inflation in the next five years. Ridership is assumed to decrease 0.3 percent for every 1 percent increase in fares, in accordance with the Simpson-Curtain rule of transit fare elasticity, a commonly-used estimation tool in the transit industry.

Using the assumptions and factors outlined above, staff developed a range of estimates for their future values, as displayed in Table 3.

**Table 3**

### ESTIMATES OF FACTORS THAT DETERMINE FUTURE TRANSIT FUNDING NEEDS

Factor Used to Measure Future Funding Needs	Range of Possible Future Values		
	Worst-Case Scenario	Average Scenario	Best-Case Scenario
Annual Increase in Transit System Operating Costs Per Vehicle Hour	5%	3%	2%
Annual Increase in State Operating Assistance	2%	3%	4%
Annual Increase in Federal Formula Funds	1%	2%	3%
Annual Amount of Federal Earmark Funds	\$2 million	\$5 million	\$8 million
Replacement of 204 Buses	Will require a total of \$63.5 million in Federal funds from 2010 to 2013.		
Transit Fares	Expected to increase with inflation (15% total over 5 years)		

Source: SEWRPC

Table 4

**ESTIMATED RANGE OF ANNUAL OPERATING COSTS FOR MILWAUKEE COUNTY TRANSIT SYSTEM IN YEAR 2013 UNDER ALTERNATIVES 1, 2, AND 3**

Characteristic	Year 2008 Budgeted Costs <sup>a</sup>	Year 2013 Operating Costs (in Millions) for Best -Case, Average, and Worst -Case Scenarios <sup>b</sup>								
		Alternative 1: Extensive Service Expansion			Alternative 2: Limited Service Expansion			Alternative 3: Maintain Existing System		
		Best Case	Average	Worst Case	Best Case	Average	Worst Case	Best Case	Average	Worst Case
Costs and Revenues										
Operating Expenses .....	\$163.8	\$215.2	\$226.0	\$248.8	\$204.9	\$215.2	\$236.9	\$181.7	\$190.8	\$209.4
Passenger and Other Revenues <sup>c</sup> .....	50.8	61.4	61.4	61.4	59.3	59.3	59.3	53.7	53.7	53.7
Required Operating Assistance .....	113.0	153.8	164.6	187.4	145.6	155.9	177.6	128.0	137.1	155.7
Sources of Operating Assistance										
Federal .....	\$25.2	\$15.5	\$11.6	\$3.7	\$15.5	\$11.6	\$4.8	\$15.6	\$11.6	\$7.6
State .....	65.6	79.8	76.0	72.4	79.8	76.0	72.4	79.8	76.0	72.4
Local (Milwaukee County) <sup>d</sup> .....	22.2	58.5	77.0	111.3	50.3	68.3	100.4	32.6	49.5	75.7

<sup>a</sup>All data for 2008 reflect the adopted operating budget for the Milwaukee County Transit System.

<sup>b</sup>The assumptions used to forecast the financial data through year 2013 are described in the box on page 8 of this Newsletter.

<sup>c</sup>Passenger revenues vary with the ridership projected in each alternative assuming the proposed service changes. Ridership levels for each alternative do not vary on the best, average, and worst case public funding scenarios.

<sup>d</sup>No constraints were assumed for the total property tax levy for the bus and paratransit services provided by the Milwaukee County Transit System.

Source: Milwaukee County Transit System and SEWRPC.

local share for the necessary capital investments would be \$20.6 million over the five year period to implement the extensive service expansion in Alternative 1, \$19.6 million for the limited service expansion in Alternative 2, and \$15.6 million to maintain the existing system in Alternative 3. Table 2 indicates the projected breakdown between Federal and local funding.

**OPERATING FUNDING NEEDS OF ALTERNATIVE SERVICE PLANS**

The three alternative plans represent three levels of public investment as measured by their annual capital and operating costs over the next five years. Commission staff examined recent trends of factors that affect the MCTS operating budget and prepared a range of future values for those factors (see box on page 8).

The estimates of factors were used to develop three funding scenarios:

- “Best-Case Scenario”, which assumes low increases in operating cost per revenue hour of transit service, and high levels of Federal and State funding assistance.
- “Average Scenario”, which assumes average increases in operating costs per revenue hour of transit service, and average levels of Federal and State funding assistance.

- “Worst-Case Scenario”, which assumes high increases in operating costs per revenue hour of transit service, and low levels of Federal and State funding assistance.

Those three funding scenarios were then used to calculate the possible range of operating costs and the public funds needed for each of the three transit service improvement alternatives. Table 4 presents the possible range of annual operating costs for each of the alternatives. Depending on the scenario, by 2013, Alternative 1 could require annual operating assistance of as little as \$153.8 million, or as much as \$187.4 million; while Alternative 3 could require as little as \$128.0 million, or as much as \$155.7 million.

Table 4 also presents the estimated Federal, State, and local share of operating assistance under each alternative and scenario. Depending on the amount of Federal and State funding that is available for operating assistance, Milwaukee County's share of operating expenses could increase greatly by 2013. In 2008, Milwaukee County used \$22.2 million from the property tax levy for transit operating expenses. *Even if the County were to simply maintain the existing system (Alternative 3), by 2013 it would have to contribute \$75.7 million of property tax levy for transit operating expenses under the worst-case scenario, \$49.5 million under the average scenario, and \$32.6 million under the best-case scenario.*

Table 5

**PROJECTED REVENUE GENERATED BY A 0.5 PERCENT LOCAL SALES TAX, COMPARED TO MILWAUKEE COUNTY SHARE OF TRANSIT SYSTEM FUNDING UNDER THE “AVERAGE” SCENARIO <sup>a,b</sup>**

Service Improvement Alternative	2008 Budget (in Millions)	Yearly Local Share of Operating and Capital Expenses (in Millions)				
		2009	2010	2011	2012	2013
Alternative 1: Extensive Service Expansion .....	--	\$39.3	\$65.1	\$68.6	\$72.1	\$80.6
Alternative 2: Limited Service Expansion .....	--	34.9	62.5	63.8	63.0	72.0
Alternative 3: Maintain Existing System .....	\$22.4	26.3	46.1	47.7	45.5	53.2
Projected Annual Revenue for a 0.5% Local Sales Tax <sup>b</sup> .....	--	\$66.7	\$68.0	\$69.4	\$70.8	\$72.2
Projected Revenue Surplus <sup>c</sup>						
Alternative 1 .....	--	\$27.4	\$30.3	\$31.1	\$29.8	\$21.4
Alternative 2 .....	--	31.8	37.3	42.9	50.7	50.9

<sup>a</sup>Total local share of funding includes the local share required for both operating and capital expenditures.

<sup>b</sup>The potential tax revenue was estimated from a base of 2007 sales tax collections in Milwaukee County. County sales tax collections increased at a rate of 2 percent per year between 2002 and 2007, and were assumed to continue at that rate of growth between 2008 and 2012.

<sup>c</sup>A 3 percent annual return was assumed for any surplus revenues.

Source: Milwaukee County Transit System and SEWRPC.

**OPTIONS FOR DEDICATED FUNDING FOR TRANSIT**

Given the estimates of operating expenses and the potential local share needed as explained above, Milwaukee County cannot, even in the short term, continue to rely on the local property tax levy to fund the transit system. Various proposals for dedicated funding for transit have been advanced by public officials in recent years. Some officials have proposed that the growth in the existing sales tax collected on vehicle-related purchases be diverted from the State general fund and used for funding transit. The Southeastern Wisconsin Regional Transportation Authority has investigated many funding options including the possibility of levying a 0.5 percent additional local sales tax for transit. These two possibilities are among the most discussed options and are described below.

Future growth in sales tax on vehicle sales. Under this proposal, State legislation would be required to take the incremental growth in the current sales tax on motor vehicle-related purchases and designate it for mass transit.

However, Wisconsin Department of Revenue data indicate that statewide sales tax revenues on vehicle-related purchases declined from \$675 million in 2003, to \$630 million in 2006, an average annual decrease of 2.2 percent. In Milwaukee County, sales tax revenues on vehicle-related purchases declined by 2.3 percent annually over this same period. Thus, in recent years there has been no vehicle sales tax revenue growth to capture.

Furthermore, this proposal would entail the removal of future revenue from the general fund of the State budget, which has been running a substantial deficit. Moreover, obtaining approval of the use of these funds to replace local property tax funds of public transit can be expected to be very difficult, because it would eliminate any local funding of public transit under a Wisconsin transportation responsibility structure in which transit is considered to be a local responsibility. Lastly, to provide adequate funding to meet Milwaukee County transit needs, Milwaukee County would need to receive substantially more than the growth in vehicle-related sales tax generated in Milwaukee County alone, even during periods when such revenue growth was observed.

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Dedicated sales tax of 0.5 percent. Under this option, an additional 0.5 percent sales tax would be levied to raise revenues for the transit system. If the trend in County sales tax collections from 2002 to 2007 continues, a 0.5 percent sales tax in Milwaukee County would generate \$66.7 million for public transit in 2009 and \$72.2 million by 2013. Table 5 displays the revenue that would be generated by a 0.5 percent sales tax in Milwaukee County, compared to the local share of the combined operating and capital funding needs of Alternatives 1, 2 and 3 under the average scenario.

Public transit local funding needs over the next five years may be expected to increase faster than projected local sales tax revenues. This is due in part to the need to address long-deferred bus replacement, and under the expansion alternatives, an aggressive 15 to 22 percent expansion of service proposed to be implemented over only five years. However, it is also due to the expectation that transit system operating costs per vehicle hour of service may be expected to increase by 3 percent annually, while Federal, State, and local (sales tax) revenues are only projected to increase by 2 percent annually, based on the trend of the past five years. This indicates a need to adopt strategies to aggressively use available Federal funding—such as Federal Highway Administration Congestion Mitigation and Air Quality or Surface Transportation Program-Milwaukee Urbanized Area funds—to reduce local funding needs and a need to “bank” excess sales tax funds in early years to address this concern, until economic conditions improve and sales tax revenues begin to increase at 3 to 4 percent annually as they did in the 1990's. The projections indicate potential surpluses under each alternative through 2013. This is a conservative assessment, as it assumes no additional Federal funds beyond Federal formula and limited discretionary funds.

## CONCLUSION

Both the performance evaluation and the substantial public comment regarding MCTS service identified areas where the transit system currently does not adequately serve Milwaukee County residents' travel needs. Alternatives 1 and 2 present service improvements to address those needs; Alternative 3 offers a baseline they can be compared against.

The current funding sources for the transit system are insufficient to maintain the system at current levels, let alone make needed improvements. The analysis to determine future funding needs took many uncertainties into account by using best-case, average and worst-case scenarios. Given the estimates of operating and capital expenses and potential local share, Milwaukee County cannot, even in the short term, continue to rely on the local property tax levy to fund the transit system. The future of transit in Milwaukee County depends on securing a permanent source of dedicated funding.

## ADDITIONAL INFORMATION

An electronic version of this newsletter, study report chapters, meeting minutes, public meeting notices, and all other project materials are available at [www.sewrpc.org/milwcotdp](http://www.sewrpc.org/milwcotdp). More information can be obtained by contacting:

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## TELL US WHAT YOU THINK!

Give us your opinion of the alternative service improvement proposals and funding options for transit in Milwaukee County. Attend one of the meetings and give us your feedback, or send us your written comments using one of the methods below by \_\_\_\_\_, 2008.

Comments may be submitted by:

U.S. mail: P.O. Box 1607, Waukesha, WI 53187-1607

Website: [www.sewrpc.org/milwcotdp](http://www.sewrpc.org/milwcotdp)

E-mail: [milwcotdp@sewrpc.org](mailto:milwcotdp@sewrpc.org)

Fax: (262) 547-1103

Telephone: (262) 547-6721

## SCHEDULE OF PUBLIC INFORMATIONAL MEETINGS

Milwaukee County residents can learn about, ask questions, and comment on the transit development plan at \_\_\_ public informational meetings (see box). Staff will be available in an “open house” format to individually answer questions and respond to public input. A short presentation

will be given at \_\_\_ p.m. The meeting locations are handicapped accessible. Persons with special needs should contact the Commission office at (262) 547-6721 a minimum of 72 hours in advance so appropriate arrangements can be made.

### Schedule of Public Informational Meetings

Day, Date, 2008 5:30 – 7:00 p.m.

Presentation at 6:00 p.m. | Room Name

Place

Address

Day, Date, 2008 5:30 – 7:00 p.m.

Presentation at 6:00 p.m. | Room Name

Place

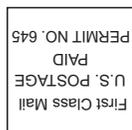
Address

Day, Date, 2008 5:30 – 7:00 p.m.

Presentation at 6:00 p.m. | Room Name

Place

Address



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