

## MINUTES OF THE EIGHTH MEETING

### SOUTHEASTERN WISCONSIN REGIONAL TRANSIT AUTHORITY

DATE: December 18, 2006  
TIME: 8:00 a.m.  
PLACE: City of Racine City Hall  
730 Washington Avenue  
Room 209  
Racine, WI

#### Board Members

Karl Ostby, Chairman..... Kenosha County Representative  
Len Brandrup.....City of Kenosha Representative  
David Eberle..... Racine County Representative  
Joseph "Jody" Karls.....City of Racine Representative  
Sharon Robinson.....City of Milwaukee Representative  
George A. Torres..... Milwaukee County Representative

#### Board Members Excused

Julia Taylor.....Governor's Representative from City of Milwaukee

#### Staff Members

Philip C. Evenson..... Executive Director, SEWRPC  
Kenneth R. Yunker.....Deputy Director, SEWRPC  
Albert A. Beck..... Principal Planner, SEWRPC

#### Consultant Team (Transit Advocacy and Communications)

Ed Henschel  
Michael Ley  
James Madlom  
H. Carl Mueller  
Rosemary Potter  
Brandon Scholz  
Kerry Thomas  
Barbara Ulichny

#### Guests

F. H. "Chip" Brewer..... Director, Worldwide Government Relations  
S. C. Johnson & Son, Inc.  
Donna L. Brown.....Systems Planning Group Manager, Southeast Region,  
Wisconsin Department of Transportation  
Roger Caron..... Executive Director, Racine Area Manufacturers and Commerce  
Anita Gulotta-Connelly..... Vice President and Director of Administration,  
Milwaukee County Transit System  
Brian Dranzik..... Research Analyst,  
Milwaukee County Board of Supervisors  
Michael J. Glasheen..... Transit Planner, City of Racine

Guests (continued)

Geoffrey Greiveldinger.....Chief of Staff, Racine County Executive's Office  
Richard M. Jones.....Commissioner of Public Works, City of Racine  
Glenn Lampark..... Director of Public Works, Racine County  
Frederick J. Patrie..... Director of Public Works, Kenosha County  
Albert Stanek..... Chief, Intercity Planning,  
Division of Transportation Investment Management,  
Wisconsin Department of Transportation  
Michael E. Vebber..... Acting Director,  
Milwaukee County Transit System

## **ROLL CALL AND INTRODUCTIONS**

Chairman Ostby called the meeting to order at 8:05 a.m., noting that a quorum was present.

## **APPROVAL OF AGENDA**

There were no changes identified by Board members to the meeting agenda.

## **REVIEW AND APPROVAL OF MINUTES OF THE NOVEMBER 20, 2006, MEETING**

Referring to the second "bullet" on page 3 of the minutes, Chairman Ostby asked if the Milwaukee 7 group had followed through on taking a position in support of the Kenosha-Racine-Milwaukee (KRM) commuter rail project. Mr. Yunker responded that the Milwaukee 7 regional economic development advisory council, meeting on November 29, 2006, had identified the KRM commuter rail as one of the highest legislative priorities for southeastern Wisconsin.

A motion to approve the minutes as presented was made by Mr. Eberle, seconded by Mr. Torres, and carried unanimously by the Board.

## **REVIEW AND DISCUSSION OF WRITTEN COMMENTS RECEIVED**

Chairman Ostby noted that one comment had been received through the RTA website since the last meeting and had been distributed to the Board with the meeting agenda. At the suggestion of Mr. Karls, the Board acknowledged receipt of the comment and placed it on file.

## **UPDATE ON KENOSHA-RACINE-MILWAUKEE COMMUTER RAIL SERVICE CORRIDOR STUDY/DRAFT ENVIRONMENTAL IMPACT STATEMENT**

Chairman Ostby asked the Commission staff to provide an update on the KRM study. Mr. Yunker stated that work was proceeding on refining the estimates of project costs and benefits, and preparing the financial plan for the project. He stated that public informational meetings would likely be scheduled in January to present this information. He noted that at the last RTA meeting, information was provided on project costs. He then distributed a handout presenting a funding plan being considered for the KRM commuter rail service and a second handout identifying important deadlines related to submitting a "new starts" funding request for the KRM project to the Federal Transit Administration (FTA). The handouts have been included in Attachment 1 to these minutes.

Mr. Yunker stated that under the proposed funding plan, approximately 80 percent of the commuter rail capital costs would be provided through Federal and State funds, leaving about 20 percent to be funded locally; and that Federal and State funds were proposed to cover about 90 percent of the annual operating and maintenance costs of the commuter rail service, leaving about leaving about 10 percent to be funded locally. With respect to project deadlines, he indicated that the first significant deadline faced by the Board would be to get language into the 2007-2009 State budget related to the Board's funding recommendations for the KRM service. Mr. Yunker also stated that by March 2007, the RTA would need to confirm that it intends to sponsor and implement the KRM commuter rail project and request that the Regional Planning Commission amend the regional transportation plan for the year 2035 to include the project. The following questions were raised and comments made by Board members:

1. Chairman Ostby asked Mr. Yunker to clarify what the RTA should request be included in the proposed 2007-2009 State budget. Mr. Yunker and Ms. Ulichny identified two key items: enabling legislation for the dedicated funding source identified by the RTA to fund the local share of the operating and capital costs of the KRM project; and a commitment of the State funds needed for the anticipated capital costs for the commuter rail project. Mr. Brandrup suggested the RTA perhaps should also seek a commitment from the Wisconsin Department of Transportation Secretary for the proposed Congestion Mitigation and Air Quality Improvement (CMAQ) Program funds proposed to cover a portion of the KRM project capital costs.
2. Referring to the FTA Section 5307 funds proposed for funding commuter rail operating and maintenance costs, Mr. Brandrup noted that these funds could be put toward funding 80 percent of the maintenance and paratransit components of the KRM operating costs. He asked if the maintenance costs for the KRM service were high enough to enable use of the identified amount of Section 5307 funds. Mr. Yunker stated that the maintenance element of the KRM service operating costs exceeded \$6 million, which would allow for use of the \$4.3 million in Section 5307 funds identified.
3. Mr. Brandrup noted that total funding for the State's transit operating assistance program will need to be increased to provide funding for the KRM commuter rail service along with the other transit systems in the state. Mr. Yunker agreed, but noted that such funding would not be required in the 2007-2009 biennium.
4. Mr. Brandrup stated that when the FTA reviews the KRM project, it will check to see if the proposed State and local funding will indeed be available. Otherwise, the FTA will identify problems with the financial plan for the KRM service, and may not permit it to advance. Mr. Yunker agreed with that observation, noting that the submittal to the FTA will need to be as strong and definitive about funding as possible.

## **PRESENTATION AND DISCUSSION OF FUNDING SOURCE RESEARCH TO DATE**

Chairman Ostby asked Mr. Ley and Mr. Henschel from the consultant team to review with the Board the findings of the research on funding the local share of the capital and operating costs for the KRM commuter rail project. Mr. Henschel distributed three handouts: one summarizing the estimated share of operating and capital costs of the KRM project to be funded with Federal, State, and local funds; one presenting five alternative options for funding the local share of KRM project capital and operating costs; and one presenting an evaluation of the five alternative local funding options for KRM commuter rail project (see Attachment 2 to these minutes).

With respect to the sharing of the capital costs shown in the first handout, Mr. Ley stated the distribution of the costs among funding sources was based on the proposed funding plan distributed by Mr. Yunker, and

that he had assumed the total annual local share for the KRM project--including an annual debt service for capital costs and the local share of annual operating costs--would be just under \$5 million. Mr. Ley stated that the second handout presented information on the assumptions for five local funding options for the KRM project and the total revenues each option would generate. He indicated the third handout presented an evaluation of the five funding options. He also noted that the revenues shown for each option were preliminary estimates that would be refined and finalized for the option selected by the Board

The following questions were raised and comments made by Board members concerning the information provided by Mr. Ley:

1. Chairman Ostby asked if the identified capital costs and funding were one-time costs or if they also included continuing capital costs. Mr. Yunker stated that the capital costs and funding shown were comprehensive costs for system start-up, and did not include capital costs for service expansion or for replacing equipment over the very long term. He noted that the annual allocation of FTA formula funds to the Milwaukee urbanized area was expected to increase by about \$8 million with the operation of the commuter rail service, and that only about one-half of that increase had been assumed for funding commuter rail operations. The remaining funds would be made available to fund any service expansion or equipment replacement.
2. Chairman Ostby asked if ways to trim the costs for the KRM project had been identified in case they were needed. Mr. Yunker stated that staff had identified options which would reduce costs, including fewer stations and reduced service levels.
3. Mr. Eberle suggested that the possibility of using revenues from the State's Petroleum Environmental Cleanup Fund be explored. He observed that the number of gasoline stations needing the environmental clean-up funds available through this program has gone down in recent years and there may be surplus State funds in the program that could be transferred to fund the KRM project.
4. In response to a question from Mr. Torres as to whether the funding options assumed continuation of the current \$2 car rental fee levied to provide funds for RTA operations, Mr. Ley stated that the options assumed no change in the car rental fee. Ms. Ulichny and Mr. Karls observed that the Board had not yet addressed governance issues for the KRM commuter rail and public transit services and that the RTA itself may need more funds if the scope of its work is expanded to include responsibilities for service operation.

Mr. Brandrup noted that the Board will need to make recommendations concerning governance soon as the decision must be documented in the FTA "new starts" funding request as well as in its report to the Legislature. He stated that WisDOT had already indicated that it will not accept responsibility for operating the KRM commuter rail service and that the Regional Planning Commission cannot operate the system within the scope of its charter. Chairman Ostby stated that he believed there was agreement that the RTA should be the sponsor for the KRM commuter rail, and will contract for the operation of the KRM service.

5. Regarding the motor fuel excise fee identified under Option 1, Mr. Brandrup observed that using a motor fuel tax could put the RTA in direct competition with the Wisconsin Department of Transportation (WisDOT) for fuel tax revenues and the State may not be totally supportive of Option 1. Mr. Ley stated that an uncertainty associated with this option was how changes in fuel price will affect demand and the tax revenues collected. Mr. Evenson noted that increases in the fuel efficiency of motor vehicles will also affect demand and revenues. Mr. Yunker

stated that these were all reasons why revenues generated by a motor fuel tax would be unable to keep pace with inflation.

6. Mr. Karls noted that WisDOT had proposed including higher vehicle registration fees in the next State budget and commented that this might make it difficult for the RTA to enact the vehicle registration surcharge proposed under Option 2. Mr. Yunker stated that there was currently almost 1 vehicle for each person 16 years of age or older in the Region, which meant there may not be a lot of growth potential associated with using vehicle registration fees as a revenue source for the RTA.
7. Referring to the dedicated local option sales tax identified under Option 5, Mr. Karls asked if each RTA county could establish a different rate for the sales tax, possibly setting a higher rate than needed to fund the KRM project and using the additional revenues for other transit needs. Mr. Ley and Mr. Mueller indicated that such a course of action would be possible. Mr. Evenson suggested that it would be reasonable to allow individual counties in the RTA to levy a higher sales tax if they were ready to commit to removing public transit funding from the property tax. Mr. Torres suggested the Board should let it be known that after establishing a local funding source for the KRM project, the RTA could, upon the request of the local transit operator, ask for additional funding to address the needs of all public transit.
8. Mr. Brandrup asked if it would be difficult to set up the sales tax identified under Option 5 so that it ultimately could be increased to fund the needs of all public transit. Mr. Ley indicated that the only difficulty would be in deciding the target revenue the tax would need to generate and the tax rate. He distributed a handout which presented two additional funding options identifying how funds could be generated to cover the local costs for both the KRM project and the existing public transit systems (see Attachment 2 to the minutes). He stated that the 2007 budgeted local tax levy for each transit system, totaling about \$24 million, had been used for these options to represent the existing local costs for public transit. Mr. Brandrup stated that that figure was too low as it did not reflect that Federal capital funds are being used for operations.
9. Mr. Karls indicated that he was ready to propose action by the Board on a local funding source. He suggested that the Board drop the property tax identified under Option 4 from further consideration and the Board concurred with this suggestion. He also suggested that the motor fuel tax under Option 1 and the value capture fees and financing mechanism under Option 2 should both be rejected because neither provided a stable funding source with predictable revenue levels. He believed the sales tax under Option 5 was the best revenue source for both the KRM project and public transit.
10. Ms. Robinson stated that she was concerned about recommending a local funding source without knowing if the scope of responsibilities for the RTA would be limited to only the KRM commuter rail or would cover both commuter rail and public transit. Mr. Karls stated that the local sales tax under Option 5 would provide the best opportunity for using one funding source for both commuter rail and public transit, something that would be difficult or impossible with the other funding options.
11. Mr. Eberle asked how stable the revenue stream resulting from a sales tax would really be. Mr. Ley indicated that sales tax revenues will fluctuate with the economy and would drop when there is a downturn in the local economy. He stated that with the local sales tax, the RTA would need to build into its revenue projections the “dips” that may occur when the economy slows. Chairman Ostby commented that tax-free internet sales are beginning to affect sales tax

revenues. Mr. Ley indicated that he believes that the States and Congress will eventually deal with this situation.

12. Mr. Evenson asked what proportion of State sales tax revenues are generated by nonresidents of Wisconsin. Mr. Ley estimated that between 22 and 25 percent of statewide sales tax revenues come from nonresidents. Mr. Brandrup noted that could be a positive argument for use of the sales tax by the RTA.
13. Mr. Torres asked if there were other fees or taxes that should be considered to in lieu of, or to supplement, the sales tax. Mr. Brandrup noted that the top three revenue sources used to finance government programs were the property tax, personal income tax, and sales tax. He stated that RTAs that have relied on revenue sources other than the top three have had problems generating the revenues they need. He also noted that the current sales tax rates in Kenosha, Racine, and Milwaukee Counties were low compared to other areas of the country.

Chairman Ostby and Ms. Robinson cited the support for the KRM project that has been indicated by the business community in the past. Ms. Robinson expressed her concern over how the business community would react to a sales tax for the KRM project and public transit. Chairman Ostby suggested that the business community may want to weigh in on the issues related to establishing a sales tax for the KRM project and public transit.

14. In response to a question from Chairman Ostby on what the FTA will require in a "new starts" application, Mr. Yunker stated that the application will need to identify that the RTA is authorized as the sponsor and operator of the KRM commuter rail, and have a sound financial plan including demonstrating that proposed Federal, State, and local funding will be available. He added that showing that the RTA could address the transit funding needs of existing public transit systems would improve the application to the FTA. Mr. Patrie suggested that the RTA allow enough flexibility in its funding and governance recommendations to allow it to add projects that would strengthen its request for Federal new starts funding.
15. Chairman Ostby asked the Board to clarify what it should be requesting from the Legislature beyond enabling legislation for dedicated local funding. Mr. Brandrup stated the Board should be requesting funding for commuter rail and for existing public transit systems. Mr. Scholz stated that the board should also request that the State provide its share of the capital costs of the KRM project needed in the 2007-2009 budget, which could include \$8 to \$10 million for the State share of preliminary and final engineering and could include vehicle procurement. He also suggested that the request could include having the State commit to providing in the future operating assistance funds for the commuter rail service, and to continuing the \$2 car rental fee for the administrative costs of the RTA. Mr. Evenson stated that the Board should also request that the RTA be authorized to issue bonds for the costs of the KRM project.

[Secretary's Note: Subsequent to the meeting, staff determined that \$8 to \$10 million in State funds for the capital costs of the KRM project would not be needed during the 2007-2009 budget biennium as engineering for the project would still be underway. The amount of State funds that should be requested in the 2007-2009 State budget should be \$1 million to cover the State's share of the costs for preliminary and final engineering.]

Chairman Ostby indicated that he believed the Board should clarify the governance issues it faces on commuter rail and public transit services before making a recommendation for a dedicated funding source. By way of background, Mr. Evenson stated that the RTA legislation

enacted in the early 1990's allowed the local transit operators to turn over their transit operations to the RTA if the operator wanted to do so, and the RTA was empowered to take on transit operations. He suggested that governance issues for the present RTA included whether to limit its scope to operating and funding the KRM commuter rail service or to also include operating the local transit systems if requested to do so. Mr. Brandrup suggested that the RTA should request authority to enact dedicated funding for transit in a county, if requested by the public transit operator in the county. Mr. Torres suggested that the RTA indicate that any increase in the sales tax for a member county over what is needed for just the KRM project would be used to replace the property taxes levied for the public transit system in that county. Mr. Karls suggested that it should be made clear that increases in the sales tax for a RTA county over what is needed for just the KRM project would be limited to only the county making the request for the additional sales tax.

After discussion of these issues, Mr. Karls made the following motion:

To request from the State of Wisconsin the legislative authority for the following actions: to permit the RTA to sponsor and operate the proposed Kenosha-Racine-Milwaukee commuter rail service; to establish bonding authority of up to \$50 million to enable the RTA to borrow the anticipated local share of funds required for initiating the commuter rail service; to levy a regional sales tax over all three RTA counties--Kenosha, Milwaukee, and Racine--in an amount up to 0.05 percent to support commuter rail operations, including debt service; to levy sales taxes over its constituent counties in amounts up to 0.45 percent to support local public transit systems with the intent of permitting property tax relief by shifting the local share of the cost of public transit in the three counties to the sales tax--with such county sales tax to be considered by the RTA in a county upon the request of the governing body of the public transit operator in a county; to permit the RTA to sponsor and operate local public transit services in Kenosha, Racine, or Milwaukee Counties should local transit operators request the RTA to assume such functions; to retain the present authority of the RTA to levy a \$2.00 per vehicle rental fee in the three-county region for the purpose of covering the costs of RTA administrative operations; and to request the State share of capital assistance required in the 2007-2009 biennium necessary to fund preliminary and final engineering and vehicle procurement.

The Board agreed to take a preliminary vote on Mr. Karls' motion at the current meeting and to discuss the issues identified with local and State elected officials and their staffs. A vote on the final language for the motion, which would be modified as needed to reflect any issues raised during the above discussions with elected officials, would be scheduled for the January 9, 2007 RTA meeting. The motion was seconded by Mr. Brandrup and unanimously carried by the Board.

Ms. Ulichny suggested that the Board send a letter communicating the matters identified by the Board to the Governor as soon as possible so that discussions with his staff could begin on incorporating the issues into the proposed budget. Mr. Evenson stated that staff would prepare a draft of the letter in the next few days for review by Chairman Ostby. At the suggestion of Ms. Robinson, Mr. Evenson indicated a copy of the draft letter would be sent to all Board members so their comments and any concerns could be reflected in the final letter.

[Secretary's Note: After considering the feedback provided by the Board on the draft letter to the Governor, Chairman Ostby determined that the letter would not be sent until

the Board has the opportunity to discuss it further at its January 9, 2007 meeting.]

## **FINANCIAL REPORT**

Chairman Ostby asked the Commission staff to review with the Board a financial report for the RTA (see Attachment 3 to the minutes). Mr. Evenson stated that the report identified the first payment from the Wisconsin Department of Revenue of the funds collected through the \$2 car rental fee. Based on that initial payment, he indicated the RTA could expect annual revenues from the fee to be between \$500,000 and \$700,000. He stated the funds had been deposited in the Wisconsin Local Government Investment Pool and in an account at Johnson Bank. He indicated the statement also listed the first set of bills for the work done by the communications consultant team through the month of October 2006. More charges by the consultant team would be identified in subsequent financial statements along with minor out-of-pocket expenses that the Commission has incurred on behalf of the RTA.

In response to a question from Chairman Ostby, Mr. Evenson indicated he believed the rental car fee would provide the RTA with sufficient funds to complete the mandated tasks set forth in the enabling State RTA legislation and represented a stable funding source for the continuing administrative costs of the RTA.

## **ADJOURNMENT FROM CITY HALL**

On a motion made by Mr. Karls, seconded by Mr. Eberle, and carried unanimously, the meeting was adjourned to the Racine State Street train station at 10:20 a.m. for a briefing on the remodelled facility.

## **RECONVENE AT THE NEWLY REMODELLED RACINE TRAIN STATION FOR A SHORT BRIEFING**

The meeting was reconvened at 10:45 a.m. in the remodelled Racine State Street train station. Mr. Glasheen provided information on the work that had been completed to refurbish the train station and on the work that remained to be done.

## **ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at 11:05 a.m. on a motion by Mr. Karls, seconded by Ms. Robinson, and carried unanimously.

Respectfully submitted,

Kenneth R. Yunker  
Recording Secretary



# SOUTHEASTERN WISCONSIN REGIONAL TRANSIT AUTHORITY

## K-R-M COMMUTER RAIL LOCAL COST SHARE SUMMARY

### CAPITAL COSTS AND REVENUES

COST	FEDERAL REVENUE	STATE REVENUE *	LOCAL SHARE
\$237 MILLION	\$118.5 M FTA New Starts (50%) \$18-36 M FHA CMAQ \$136.5-154.5 M Total	\$41-\$50M	\$41-\$50M (\$82.5 - \$100.5 M State & Local)

### ANNUAL OPERATING COSTS & DEBT SERVICE

	FEDERAL OPERATING ASSISTANCE	STATE OPERATING ASSISTANCE	FAREBOX REVENUE	NET LOCAL SHARE
\$14.7 MILLION	\$4.3 M	\$5.5 M	\$3.8 M	\$1.1 M
DEBT SERVICE \$50 M @ 4.5%, 20 Years **				\$3.8 M P & I
				<b>TOTAL ANNUAL LOCAL SHARE \$4.9 M</b>

Source: SEWRPC, with modified TACT-VK assumptions

- \* State of Wisconsin provides 50% of non-federal share of capital costs
- \*\* Higher of \$41-\$50 M estimate range assumed

## SOUTHEASTERN WISCONSIN REGIONAL TRANSIT AUTHORITY

### FUNDING SOURCES ANALYSIS

December 18, 2006

#### LOCAL SHARE ALTERNATIVES TO FUND AN ESTIMATED \$5 MILLION ANNUALLY FOR K-R-M COMMUTER RAIL OPERATING COSTS AND LOCAL SHARE DEBT SERVICE

##### OPTION 1: RTA ONE CENT/GALLON MOTOR FUEL EXCISE TAX ON MOTOR FUEL SOLD IN MILWAUKEE, RACINE, & KENOSHA COUNTIES

- ON GASOLINE AND DIESEL FUEL SOLD AT RETAIL
- ONE CENT/GALLON WILL PROVIDE AN ESTIMATED \$5.7 MILLION PER YEAR

##### OPTION 2: \$6 PASSENGER CAR AND LIGHT DUTY TRUCK ANNUAL REGISTRATION SURCHARGE

- FOR VEHICLES REGISTERED IN THE THREE COUNTIES
- \$6 ANNUAL SURCHARGE WILL PROVIDE AN ESTIMATED \$5.7 MILLION PER YEAR

##### OPTION 3: CAPITAL COST VALUE-CAPTURE RECOVERY FOR TRAIN STATIONS AND OTHER RELATED INFRASTRUCTURE SUCH AS PARKING AND TRAFFIC FACILITIES

- Property Tax Increment Financing
- Sales Tax Increment Financing
- Development/Impact Fees
- Real Estate Transfer Fee
- Revenue estimates cannot be made at this time. Amounts and timing will depend on pace of planning and construction, and associated subsequent residential and commercial development.

##### OPTION 4: PROPERTY TAX OF 6 CENTS PER \$1,000 OF VALUE

- FOR REAL AND PERSONAL PROPERTY LOCATED IN THE THREE COUNTIES
- 6 CENTS ON \$250,000 PROPERTY WOULD EQUAL \$15 PER YEAR
- WOULD PROVIDE AN ESTIMATED \$5.3 MILLION PER YEAR
- STATE-WIDE FORESTRY MILL TAX PRECEDENT (2 CENTS/\$1,000 OF VALUE)

##### OPTION 5: DEDICATED LOCAL-OPTION RTA SALES TAX OF .0375%

- SIMILAR TO COUNTY OPTION SALES TAX, RTA LEVY PIGGYBACKED ON EXISTING STATE AND COUNTY OPTION SALES TAX BASE IN 3 COUNTIES
- .0375% ( 3 ¾ CENTS PER \$1,000 OF GOODS OR SERVICES SOLD) WOULD PROVIDE AN ESTIMATED \$6 MILLION PER YEAR

			Initial Screen: Options - Funding Criteria								
	FUNDING SOURCE	Can Raise Sufficient Funds	Stable Source of Revenue	Broad Based	Acceptable Incidence	Relates to Transit Impacts	Commonly Used for Commuter Rail	Ease of Collection	Politically Feasible	Composite Score <sup>4</sup>	
1	Motor Fuel Excise Fee <sup>1</sup>	Yes	Fluctuates w/ Price	Yes	Yes	Yes	Yes	Uncertain	TBD	12	
2	Auto Registration Surcharge <sup>2</sup>	Yes	Yes	Yes	Yes	Yes	No	Yes	TBD	12	
3	Capital Cost Value Capture Recovery										
	A. Property Tax TIF	Uncertain	No	No	Yes	Yes	No	Yes	TBD	7	
	B. Sales Tax TIF	Uncertain	No	No	Yes	Yes	No	Uncertain	TBD	6	
	C. Development Fees	Uncertain	No	No	Yes	Yes	No	Yes	TBD	7	
	D. Real Estate Transfer Fee	Uncertain	No	No	Yes	No	No	Yes	TBD	5	
4	Property Tax <sup>3</sup>	Yes	Yes	Yes	Questionable	No	Yes	Yes	TBD	11	
5	RTA Sales Tax <sup>3</sup>	Yes	Yes	Yes	Yes	No	Yes	Yes	TBD	12	

<sup>1</sup>Charged to gasoline and diesel fuel

<sup>2</sup>Charged to passenger cars and light duty trucks only

<sup>3</sup>Charged in the 3 County area only

<sup>4</sup>Yes=2: Uncertain/fluctuates with price/Questionable =1; No =0 - Political feasibility not scored here

<sup>1</sup>Charged to gasoline and diesel fuel<sup>2</sup>Charged to passenger cars and light duty trucks only<sup>3</sup>Charged in the 3 County area only<sup>4</sup>Yes=2; Uncertain/fluctuates with price/Questionable =1; No =0 - Political feasibility not scored here

**FUNDING OPTIONS TO FINANCE BOTH K-R-M COMMUTER RAIL AND THE LOCAL COST SHARE OF MILWAUKEE COUNTY, CITY OF RACINE, AND CITY OF KENOSHA TRANSIT SYSTEMS**

**LOCAL SHARE OF TRANSIT (BUS SYSTEMS) COSTS: 2007 BUDGETED**

• Milwaukee County	\$21,063,000
• City of Racine	\$1,328,000
• City of Kenosha	<u>\$1,700,000</u>
• Total	\$24,091,000

Sources: Milwaukee County and Cities of Racine and Kenosha

**OPTION 6: FUND K-R-M COMMUTER RAIL + 50% OF TRANSIT LOCAL SHARE**

K-R-M:	\$ 5 Million
50% Transit local share	<u>\$12 Million</u>
Total	\$17 Million

**Potential alternative revenue sources (illustrative)**

- .125% dedicated RTA local option sales tax, or
- 3 cents per gallon RTA motor fuel excise tax in the 3 counties, or
- \$18 auto/light truck RTA annual registration surcharge in the 3 counties, or
- A combination of 2 or more of the above 3 alternatives at different rates

**OPTION 7: FUND K-R-M COMMUTER RAIL + 100% OF TRANSIT LOCAL SHARE (\$29 MILLION)**

**Potential alternative revenue sources (illustrative)**

- .2% dedicated RTA local option sales tax (\$32 million), or
- .1% dedicated RTA local option sales tax + 3 cents per gallon RTA motor fuel excise tax in the 3 counties (total of \$33 million), or
- .1% dedicated RTA local option sales tax + \$14 auto/light truck RTA annual registration surcharge on vehicles registered in the 3 counties (\$29 million), or
- A combination of 2 or more of the above 3 alternatives at different rates

**FUNDING PLAN FOR KENOSHA-RACINE-MILWAUKEE COMMUTER RAIL****Capital Cost Funding <sup>a</sup>  
(millions)**

Source	Type of Funding	Percentage	Amount
Federal Transit Administration (FTA) Section 5309 Transit Capital Investment Program - Discretionary Grant for New Starts	Federal	50	\$118.5
Federal Highway Administration (FHWA) Congestion Mitigation and Air Quality Improvement (CMAQ) Program Funds <sup>b</sup>	Federal	7.5-15	18.0-36.0
Commuter Rail Transit System Development Grant Program <sup>c</sup>	State	17.5-21.25	41.25-50.25
Required Local Share	Local	17.5-21.25	41.25-50.25
Total		100	\$237

**Annual Operating and Maintenance Cost Funding <sup>a</sup>  
(millions)**

Source	Amount	Remarks
Federal Transit Administration	4.3	Section 5307 Urbanized Area Formula Assistance Program funds. <sup>d</sup>
Wisconsin Department of Transportation	5.5	Section 85.20 Urban Transit Operating Assistance Program. <sup>e</sup>
Local	1.1	Required local share.
Total Net Annual Operating and Maintenance Cost	10.9	

<sup>a</sup> All costs are in 2006 dollars. Total operating cost is an estimated \$14.7 million annually, of which passenger fares may be expected to fund \$3.8 million, leaving \$10.9 million to be funded annually with Federal, State, and local funds.

<sup>b</sup> The CMAQ funds would be obtained over a period of 6 years at equal annual amounts of \$3 to \$6 million. Other Federal funds could be used along with CMAQ funds including freeway construction mitigation funds during IH94 reconstruction between the Wisconsin-Illinois state line and the Mitchell Interchange.

<sup>c</sup> This program was created under the 2003-2005 Wisconsin State Budget (2003 Wisconsin Act 33) to provide grants in partial support (50 percent of nonfederal share up to a maximum State share of 25 percent) of engineering, property acquisition, equipment acquisition, and infrastructure construction projects related to the development or extension of commuter rail transit systems in the state.

<sup>d</sup> Extension of commuter rail service to Milwaukee would make an estimated additional \$8 million of FTA Section 5307 formula funds available to the Milwaukee area. About \$6 million of these funds can be used annually for capitalized maintenance.

<sup>e</sup> This State program currently provides about \$100 million annually to fund local urban public transit system operations in Wisconsin. Commuter rail operations would be eligible under this program. This program is now widely used by urban bus transit and taxi systems and total program funding would need to be increased to also fund commuter rail. Approximately 40 percent of Milwaukee County Transit System total operating costs are funded by this State program.

Source: SEWRPC.

**SOUTHEASTERN WISCONSIN REGIONAL TRANSIT AUTHORITY**

**Deadlines**

January 2007	Governor submits to State Legislature proposed 2007-2009 State Budget
February 2007	State Legislature begins to consider Governor's proposed budget
May/June 2007	Regional transportation plan is amended to include KRM commuter rail
June 2007	Required submission of Year 2007 New Starts Projects to Federal Transit Administration
June 2007	Adoption of 2007-2009 State Budget by State Legislature and Governor

**Timeline of RTA Required Actions**

December 2006	RTA proposes funding source for local funding for potential inclusion in Governor's budget. (This could also be done in January 2007, but would then be more difficult to achieve inclusion in the Governor's budget. The RTA could also propose a funding source by June 2007 which would not be included as part of the 2007-2009 budget. This would be viewed far less favorably by the Federal Transit Administration in their consideration of a discretionary New Starts Capital Grant)
March 2007	RTA confirms that the RTA intends to sponsor and implement the KRM commuter rail, and requests the Regional Planning Commission to amend the regional transportation plan to include KRM commuter rail

**SOUTHEASTERN WISCONSIN REGIONAL TRANSIT AUTHORITY  
FINANCIAL REPORT: DECEMBER 18, 2006**

**Collected Vehicle Fees Received From the  
Wisconsin Department of Revenue**

<u>Collection Period</u>	<u>Amount</u>
June 1 – September 30, 2006	\$217,839.72*

\* Net amount after payment of Statutory fee to WDOR.

**Progress, Billing, and Payment Report: October 30, 2006  
Communications Consultant**

<u>Work Element</u>	<u>Total Budget</u>	<u>Percent Complete</u>	<u>Amount Billed to Date</u>	<u>Amount Paid to Date*</u>
1 – Communications Strategy	\$39,450	24%	\$9,441.89	--
2 – Funding Source Research	\$58,225	1%	\$447.56	--
3 – Communications Materials	\$53,550	5%	\$2,602.91	--
4 – Public Opinion Assessment	\$69,100	5%	\$3,744.47	--
5 – Outreach -- Elected Officials and Business	\$118,125	2%	\$2,764.40	--
6 – Outreach -- Public	\$157,550	8%	\$12,898.56	--
<b>Total</b>	<b>\$496,000</b>	<b>6.4%</b>	<b>\$31,899.79</b>	<b>--</b>

\* The initial payments will be made during the week of December 18, 2006.