



Southeastern Wisconsin

Regional Transit Authority

Recommendations to the Governor and Legislature

*Submitted per Wisconsin State Statute 59.58(6)
November 15, 2008*

Submitted By:

Southeastern Wisconsin Regional Transit Authority

Len Brandrup, City of Kenosha Representative

David Eberle, Racine County Representative

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Sharon Robinson, City of Milwaukee Representative

Julia Taylor, Governor of Wisconsin Representative

George A. Torres, Milwaukee County Representative

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November 15, 2008

Governor Jim Doyle
Wisconsin State Legislature

Dear Governor Doyle, State Senators and State Representatives:

Over the last 26 months, the Southeastern Wisconsin Regional Transit Authority has diligently researched and analyzed transit needs and challenges in this region and discussed potential solutions to meet the transit needs of our residents, encourage economic development and make southeastern Wisconsin an attractive place to work, live and recreate.

On behalf of my fellow RTA commissioners, I'm pleased to tell you that we've made significant progress in working together as a region and have found that we are all ultimately striving for the same goal: a more vibrant, prosperous southeastern Wisconsin region. We believe the RTA's consensus on this report is an important indication that regionalism is taking hold, and that we are making decisions with the best interest of the region and state in mind.

We present to you today recommendations for dedicated funding, governance and operations of transit that we feel will lead to a more efficient, effective regional transit system that will progress beyond municipal boundaries and focus on connecting people to jobs and education within the region.

Based upon our community, business and labor outreach, public polling, and individual meetings with transit experts throughout the region, we firmly believe that transit is a top priority for southeastern Wisconsin. These constituencies support a dedicated funding source for transit for different reasons – access to jobs, economic development potential, its ability to attract and retain workers, improved access to education institutions and cultural amenities – and we've listened to their feedback. We agree that transit is critically important to the economic health and vitality of this region, and that a dedicated sales tax is the only viable funding mechanism to preserve our current transit systems and implement new inter-county options. We respectfully ask for your support of our recommendations for all the same reasons.

Thank you for the opportunity to study transit and present you with our recommendations for ensuring the health and vibrancy of a regional transit system. We look forward to working with local governments and the current Legislative Council Committee to ensure that solving our transit challenges is a top priority in the region and we encourage you to join us in accomplishing this goal.

Best regards,



Karl J. Ostby
Chairman
Southeastern Wisconsin Regional Transit Authority

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Southeastern Wisconsin Regional Transit Authority
Report to the Governor and Legislature
November 15, 2008

Executive Summary

HISTORY AND BACKGROUND

The Southeastern Wisconsin Regional Transit Authority (RTA) was formed by the Wisconsin State Legislature and tasked with researching and developing recommendations to the Governor and Legislature regarding dedicated funding and governance for a regional transit system in southeastern Wisconsin.

Made up of appointees from the Mayors of the cities of Kenosha, Racine and Milwaukee, the County Executives of Kenosha, Racine and Milwaukee counties, and the Governor, the group commenced meeting in September of 2006.

After in-depth research, analysis, business and community outreach, and meetings with appointing authorities, the group came to consensus on recommendations on November 10, 2008.

RESEARCH

To become thoroughly informed about transit in the region and the nation, the RTA researched and analyzed funding, governance and operations information from peer systems across the nation. The RTA determined that transit systems in the region are uniquely dependent upon state and federal funding and utilize local property tax funding rather than dedicated local funding.

Working with staff from the Southeastern Wisconsin Regional Planning Commission (SEWRPC), Virchow Krause and Mueller Communications, the RTA reviewed the current budgets and funding necessary to maintain and enhance the region's current transit network. The region's existing transit systems are not being maintained, with significant service reductions and fare increases over the last several years. Moreover, the transit systems have been utilizing federal funds largely intended for capital project funding, for their annual operating funding. This is a result of the transit systems' unique heavy dependence on federal and state funding, which has not kept up with inflation. At the request of RTA members and appointing authorities, alternate sources of funding, such as gas tax, payroll tax, sales tax, car rental fee, PECFA funds and funds collected from vehicle emissions testing were studied in terms of viability, as an alternative to funding transit with the property tax.

In addition, the RTA researched support for potential dedicated funding sources for both transit and Kenosha-Racine-Milwaukee commuter rail (KRM) with key stakeholders throughout the three-county region, providing briefings to chambers of commerce, community, labor and economic development groups and conducting in-depth opinion leader surveys, public polling and other outreach activities.

RECOMMENDATIONS

Recommendations for the preservation, improvement, expansion and enhanced coordination of transit service within and between Kenosha, Racine and Milwaukee counties were approved by the RTA on November 10, 2008.

Specifically:

- The RTA recommends that it continue as the permanent RTA for southeastern Wisconsin. The permanent RTA will initially include the counties of Kenosha, Milwaukee, and the urbanized area of Racine, which is currently defined as the area east of I-94 in Racine County, with the enabling legislation to provide a mechanism whereby other urbanized areas and/or counties may be added at some future date.
- The RTA recommends that it be enabled to levy up to 0.5 percent sales tax as a dedicated source of funding to support transit, commuter rail and other transit projects in the region. The RTA recommends that transit be removed from the property tax, resulting in a mandatory reduction in those taxes. The RTA recommends that all revenue generated from a sales tax raised in each county stay within each county and be used to pay for each county's recommended transit service plan. In addition, the RTA supports that local municipalities be granted authority to enact up to an additional 0.15 percent sales tax for public safety purposes at the request of each individual municipality and taxable only within that municipality.
- A majority of the RTA board members recommended that the RTA be empowered by the state to maintain oversight of transit service and operations in the RTA region and become the sole designated recipient in the region to receive Federal transit aids from the U.S. Department of Transportation, Federal Transit Administration, state transit funding and the dedicated local funding source for transit raised in each municipality.
- The RTA recommends that it subcontract with the current operators for local bus transit service, or assume operations deemed appropriate. The RTA also supports establishment of a local transit planning group in each county consisting of members appointed by local elected officials. These groups will develop a transit service plan and budget that will be submitted to the RTA. The RTA will then use the transit revenue to fund the recommended transit plans, including existing transit needs within and between the counties, as well as new elements recommended by the local transit groups. The local transit groups and systems will be expected to participate in annual audits with the RTA.
- Lastly, the RTA Board recommends that it be granted bonding authority by the Governor and Legislature to cover capital improvements.

Following the RTA's vote on revenue sources, the Racine County appointee stated he would have required that each County, or in the absence of each County, each municipality in the RTA area, take action to put in place the RTA and its taxing authority, either through a referendum or governing body approval. However, there was no other support for this issue, so the report does not include this provision as an official recommendation of the RTA.

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SECTION ONE

INTRODUCTION AND BACKGROUND

The 2005-2007 State Biennial Budget Bill created a Regional Transit Authority to serve the Counties of Kenosha, Milwaukee, and Racine. This report documents the activities of that Authority over the period February 2006 through November 2008 and sets forth a series of transit related findings and recommendations of the Authority Board. As such, this document constitutes the final report by the Authority to Governor Jim Doyle and the members of the Wisconsin Legislature.

CHARGE TO RTA BOARD

The enabling legislation (Section 59.58(6) of the *Wisconsin Statutes*) sets forth the charge made by the Governor and Legislature to the RTA Board. That charge consists of providing recommendations to the Governor and the State Legislature that respond to the following:

- A proposal that specifically identifies a permanent regional funding source to provide local funds for the portion of operating and capital costs of commuter rail and public transit that are not covered by passenger fares and that considers all potential funding sources.
- A recommendation as to whether the responsibilities of the authority should be limited to collection and distribution of regional transit funding or should also include operation of transit service.
- A plan for the distribution among the mass transit operators in the region of any permanent regional funding specified.
- A plan to improve the coordination of expanded mass transit, commuter rail, and passenger rail in the region.
- A recommendation on the use of bonding for commuter rail and public transit in the region, and the role of the authority in such bonding.
- A recommendation on whether the authority should continue in existence after September 30, 2009.

RTA BOARD COMPOSITION

The enabling legislation created a seven-member board to govern the RTA. Three of the members, one from each county, were appointed by the county executive of the county and approved by the county board. Three additional members, one from the most populous city in each of the three counties, were appointed by the mayor of that city and approved by the common council. The seventh member was appointed by the Governor from the most populous city in the three-county region.

The membership of the RTA Board is as follows, the Board having approved a set of bylaws and elected officers early in 2006:

- Karl J. Ostby, Chair Kenosha County Representative
- Julia H. Taylor, Vice-Chair Governor’s Appointment/City of Milwaukee
- Joseph F. Karls, Treasurer City of Racine Representative
- David Eberle, Secretary Racine County Representative
- Len Brandrup City of Kenosha Representative
- Sharon D. Robinson City of Milwaukee Representative
- George A. Torres Milwaukee County Representative

The enabling legislation explicitly provided that the Authority could take no action without the approval of at least six members of the Board. This requirement proved to be troublesome because of the requirements of the Wisconsin Open Meetings Law. More particularly, Wisconsin courts have recognized the concept of a negative quorum on matters pertaining to that law. In the case of the RTA Board, two members would constitute a negative quorum given the extraordinary requirement that six of seven votes were necessary for the Board to take any action. Under the negative quorum concept, then, it was not possible for two individual Board members to discuss matters relevant to the Board’s charge without calling a Board meeting. This greatly inhibited the normal informal interaction that goes on between individual members of most public bodies. Based upon discussions with those individuals who were most responsible for securing the RTA enabling legislation, it became apparent that this result was an unintended consequence of the lawmaking in question. Attempts to modify the law to enable Board members to individually speak to each other outside of Board meetings proved unsuccessful.

RTA ACTIVITIES

Meetings

The RTA Board met a total of 25 times over the 34-month period February 2006 through November 2008. Meetings of the Board were rotated among a number of venues in the three counties. A full record of all of the meetings, including the materials distributed at those meetings, is maintained on the RTA website: www.sewisrta.org. In a few cases, the meetings were facilitated by telecommunications. All meetings were open to the public. No closed sessions were held.

Staffing and Support

Primary staff support to the RTA Board was obtained on a no cost basis from the Southeastern Wisconsin Regional Planning Commission. That Commission’s Executive Director and Deputy Director effectively functioned in those same capacities in assisting the RTA Board. Personnel in the Central and Southeast District offices of the Wisconsin Department of Transportation responded to inquiries from the Board.

Following the conduct of a qualifications-based selection process, Mueller Communications, Inc., was engaged to provide research and communications support services to the RTA Board. Mueller Communications retained a number of sub-contractors as part of this effort. Together, Mueller and the sub-contractors were called the Transit Advisory and Communications Team (TACT).

The Team was charged with responsibilities in five categories of work: the development, implementation, and production of communications strategies and materials; the conduct of funding source research; assessment of public opinion relative to transit issues; outreach to elected officials, agency staff, the business community, and the general public; and lobbying on matters related to potential commuter rail services as the 2007-2009 State Biennial Budget Bill was being formulated.

Funding

The enabling legislation provided funding for support of the RTA Board's activities. That funding came in the form of a \$2.00 per vehicle rental contract fee. Residents of the three-county region who were faced with renting vehicles when their private vehicles were in shops for repairs or service were explicitly exempted from paying that fee. The rental contract fee was imposed through the Wisconsin Department of Revenue and began on June 1, 2006.

The RTA Board named the Southeastern Wisconsin Regional Planning Commission as the fiscal agent for the Board. Funds not required to cover expenses by the Board were kept in an account maintained with the State Treasurer in the Wisconsin Local Government Investment Pool. The RTA Board authorized annual audits of its financial activities. Audit reports are posted on the afore-referenced website.

Public Participation

The RTA Board invited public participation in its activities in two ways. The Board invited testimony relative to transit issues during several of its meetings. In addition, the Board maintained on its website an open invitation for individuals to submit comments. Any comments received were routinely shared with Board members. All documentation attendant to these activities has been posted on the RTA website referenced above.

Coordination with Commuter Rail Steering Committee

During the time when the RTA Board was pursuing its mission and responding to its statutory charge, there was underway an intergovernmental effort to develop a draft Environmental Impact Statement and attendant documentation relative to the proposed establishment of commuter rail service between Kenosha and Milwaukee. That effort was sponsored by an intergovernmental partnership created by the Counties and Cities of Kenosha, Milwaukee, and Racine, the Wisconsin Department of Transportation, and the Southeastern Wisconsin Regional Planning Commission. During the conduct of its activities, the RTA Board received regular reports on the activities of and progress being made by the intergovernmental partnership, which had established a Steering Committee for this purpose. One member of the RTA Board, Len Brandrup, the Director of Transportation for the City of Kenosha, also served on the commuter rail Steering Committee. The activities of that Steering Committee are documented on its own website: www.sewrpc.org/KRMonline.

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SECTION TWO

FINDINGS

Before formulating its recommendations, the RTA Board considered carefully all of the materials that it had been presented relative to current transit activities, the funding of transit services, the benefits of transit services, and plans for transit services in the region, as well as material attendant to the potential commuter rail transit services between Kenosha, Racine, and Milwaukee. Upon that consideration, it formulated a number of significant findings that provide the basis for the recommendations set forth later in this report. What follows immediately below is a statement of each finding by major category, followed in some cases with a brief exposition of the basis for the finding.

PRESENT DELIVERY OF PUBLIC TRANSIT SERVICES

The RTA Board made the following four findings relative to the present delivery of public transit services in the three-county region. These services are being provided by Milwaukee County and the Cities of Racine and Kenosha.

- When compared to peer transit agencies across the Nation, the Milwaukee, Racine, and Kenosha transit systems perform very well in terms of cost efficiency and effectiveness.

The Wisconsin Department of Transportation (WisDOT) conducts performance audits of the State's transit systems every five years. The WisDOT audits have always concluded that the Milwaukee, Kenosha, and Racine transit systems are very cost-efficient and effective compared to their peers. Table 1 compares the Milwaukee County Transit System to the transit systems serving 11 metropolitan areas larger than the Milwaukee area and to 11 metropolitan areas smaller than the Milwaukee area. Figures 1, 2, and 3 compare the Milwaukee County Transit System (MCTS) to these other 22 systems with respect to percent of operating costs paid by passenger fares, total operating cost per passenger, and net operating cost per passenger. With respect to percent of operating costs paid by passenger fares, MCTS ranks second among 23 systems. With respect to net and total operating cost per passenger, MCTS ranks fourth and fifth, respectively among the 23 systems.

Table 2 and Figures 4, 5, and 6 provide similar comparisons for the Kenosha and Racine transit systems to 13 transit systems of similar size metropolitan area and transit service. The Kenosha and Racine transit systems generally are among the most efficient and effective of these systems.

- There is a lack of express transit service both within the Milwaukee County transit service area and between the three transit service areas of the region. This inhibits the provision of a desirable level of transit service and is a factor in failing to attract "choice" riders, that is, those residents who have a motor vehicle available for tripmaking.

Table 1

COMPARISON OF PUBLIC TRANSIT SYSTEMS IN METROPOLITAN AREAS SIMILAR IN POPULATION TO THE MILWAUKEE AREA: 2004

Metropolitan Area	Transit Operator	Service Area	Year 2000 Population (millions)	Year 2004 Transit Service			Financial Information for All Services Provided by Transit System ^a						
				Types of Transit Service	Annual Revenue Vehicle Miles of Service (millions)	Annual Ridership ^b (millions)	Total Operating Cost (millions)	Farebox Revenue (millions)	Net Operating Cost (millions)	Federal Share (millions)	State Share (millions)	Local Share (millions)	Source of Dedicated Local Funding
St. Louis, MO	Bi-State Development Agency (Metro)	1 county plus portions of 2 other counties in 2 states	2.08	Bus and Light Rail	21.7	44.8	\$168.4	\$36.5	\$131.9	\$15.2	\$1.5	\$115.2	0.25% Sales tax
Denver, CO	Regional Transportation District	4 counties plus portions of 3 other counties	1.98	Bus Light Rail	42.9	81.3	\$288.0	\$74.1	\$213.9	\$39.4	\$0.2	\$174.3	0.6% Sales tax
Cleveland, OH	Greater Cleveland Regional Transit Authority	1 county plus portions of 4 other counties	1.79	Bus and Heavy Rail and Light Rail	23.9	57.5	\$214.3	\$39.1	\$175.2	\$16.5	\$4.2	\$154.5	1.0% Sales tax
Pittsburgh, PA	Port Authority of Allegheny County	1 county plus portions of 4 other counties	1.75	Bus Light Rail and Inclined Plane	29.5	66.1	\$289.0	\$71.8	\$217.2	\$38.3	\$151.5	\$27.4	Sales tax ^c
Portland, OR	Tri-County Metropolitan Transportation District of Oregon (Tri-Met)	Portions of 3 counties	1.58	Bus and Light Rail	30.0	97.4	\$282.7	\$72.1	\$210.6	\$46.8	\$2.5	\$161.3	0.6618% payroll tax (1/01/08)
Cincinnati, OH	Southwest Ohio Regional Transit Authority	1 county plus portions of 3 other counties	1.50	Bus	11.3	23.1	\$71.9	\$21.4	\$50.4	\$12.6	\$1.3	\$36.5	0.3% payroll tax
Norfolk, VA	Hampton Roads Transit	7 cities in one county	1.39	Bus and Ferryboat	10.6	19.6	\$50.2	\$15.5	\$34.7	\$15.0	\$10.1	\$9.6	--
Sacramento, CA	Sacramento Regional Transit District	4 cities in one county	1.39	Bus and Light Rail	10.5	30.5	\$119.9	\$25.5	\$94.4	\$15.1	\$2.5	\$76.8	0.5% Sales tax
Kansas City, MO	Kansas City Area Transportation Authority	7 counties in 2 states	1.36	Bus	7.9	12.9	\$51.1	7.0	\$44.1	\$9.9	--	\$34.2	0.375% Sales tax
San Antonio, TX	VIA Metropolitan Transit	1 county	1.33	Bus	17.8	42.2	\$103.2	\$18.3	\$84.9	10.2	--	74.7	0.5% Sales tax
Las Vegas, NV	Regional Transportation Commission of Southern Nevada	Portions of 1 county	1.31	Bus	14.8	50.6	\$99.5	\$42.4	\$57.1	\$2.2	--	\$54.9	0.25% Sales tax
Milwaukee, WI	Milwaukee County Transit System	1 county	1.31	Bus	17.5	53.7	\$141.3	\$45.8	\$95.5	\$16.9	\$57.9	\$20.7	--
Indianapolis, IN	Indianapolis Public Transportation Corporation	1 county	1.22	Bus	6.2	9.0	\$39.9	\$9.6	\$30.3	\$10.2	\$8.6	\$11.5	--
Providence, RI	Rhode Island Public Transit Authority	Statewide	1.18	Bus	7.5	16.4	\$74.5	15.3	\$59.2	\$13.3	\$37.4	\$8.5	6.25 cents per gallon gas tax
Columbus, OH	Central Ohio Transit Authority	1 county plus portions of 3 other counties	1.13	Bus	8.3	14.5	\$71.5	12.9	\$58.4	\$10.7	\$0.9	\$46.8	0.25% Sales tax
New Orleans, LA	New Orleans Regional Transit Authority	Portions of 1 parish	1.01	Bus and Light Rail	10.7	47.1	\$108.4	\$36.2	\$72.2	\$14.9	\$2.3	\$55.0	1.0% Sales tax ^d
Buffalo, NY	Niagara Frontier Transportation Authority	1 county	0.98	Bus and Light Rail	9.2	23.1	\$89.5	\$23.0	\$66.5	\$8.3	\$25.8	\$32.4	0.125% Sales tax
Memphis, TN	Memphis Area Transit Authority	Portions of 3 counties in 2 states	0.97	Bus and Light Rail	9.2	11.7	\$46.6	\$10.7	\$35.9	\$8.1	\$8.8	\$19.0	--
Austin, TX	Capital Metropolitan Transportation Authority	Portions of 3 counties	0.90	Bus	13.8	35.1	\$139.5	\$15.8	\$123.7	\$12.3	--	\$111.4	1.0% Sales tax
Salt Lake City, UT	Utah Transit Authority	Portions of 6 counties	0.89	Bus and Light Rail	19.7	26.6	\$141.5	\$23.6	\$117.9	\$30.5	--	\$87.4	Sales tax ^e
Jacksonville, FL	Jacksonville Transportation Authority	1 county	0.88	Bus and Automated Guideway	10.2	9.6	\$66.3	\$20.4	\$45.9	\$1.8	\$4.3	\$39.8	1.0% Sales tax
Louisville, KY	Transit Authority of River City	1 county plus portions of 4 other counties in 2 states	0.86	Bus	7.5	15.2	\$52.1	\$6.8	\$45.3	\$11.2	\$1.2	\$32.9	0.2% payroll
Charlotte, NC	Charlotte Area Transit System	1 county plus portions of 4 other counties in two states	0.76	Bus	10.1	18.4	\$68.9	\$10.2	\$58.7	--	\$12.5	\$46.2	0.5% Sales tax

^aFinancial data include figures for transit services not listed including paratransit services for the disabled and vanpool programs. These services make up a small part of total service and ridership for the transit system.

^bTotal boarding passengers including those transferring between routes.

^cPortion of State 1.22% Sales tax, and \$1 per tire, \$2 per vehicle rental, and 3% of vehicle lease.

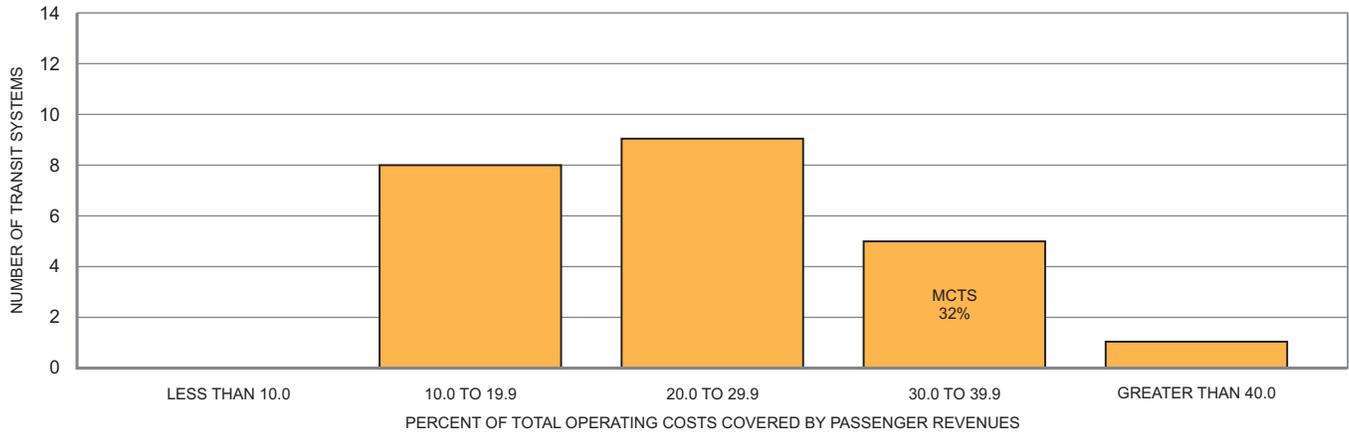
^dAlso 0.6% hotel room tax.

^e0.4375% in Salt Lake County, 0.5% in 2 counties, and 0.25% in 3 Counties.

Source: Milwaukee County Transit System, 2004 National Transit Database, and SEWRPC.

Figure 1

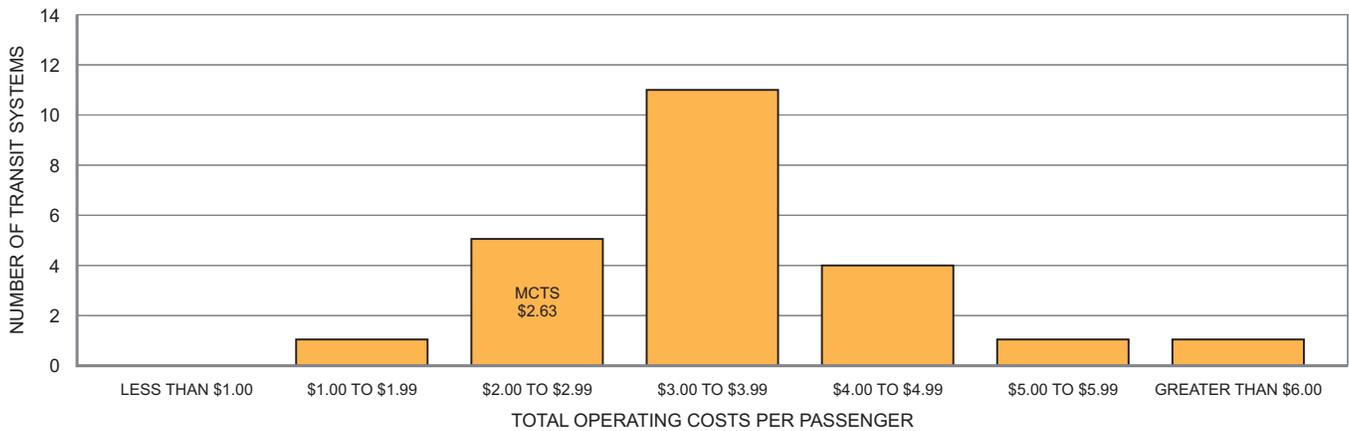
PERCENT OF TOTAL OPERATING COSTS COVERED BY PASSENGER REVENUES FOR TRANSIT SYSTEMS IN METROPOLITAN AREAS SIMILAR IN POPULATION TO THE MILWAUKEE AREA: 2004



Source: Milwaukee County Transit System, 2004 National Transit Database, and SEWRPC.

Figure 2

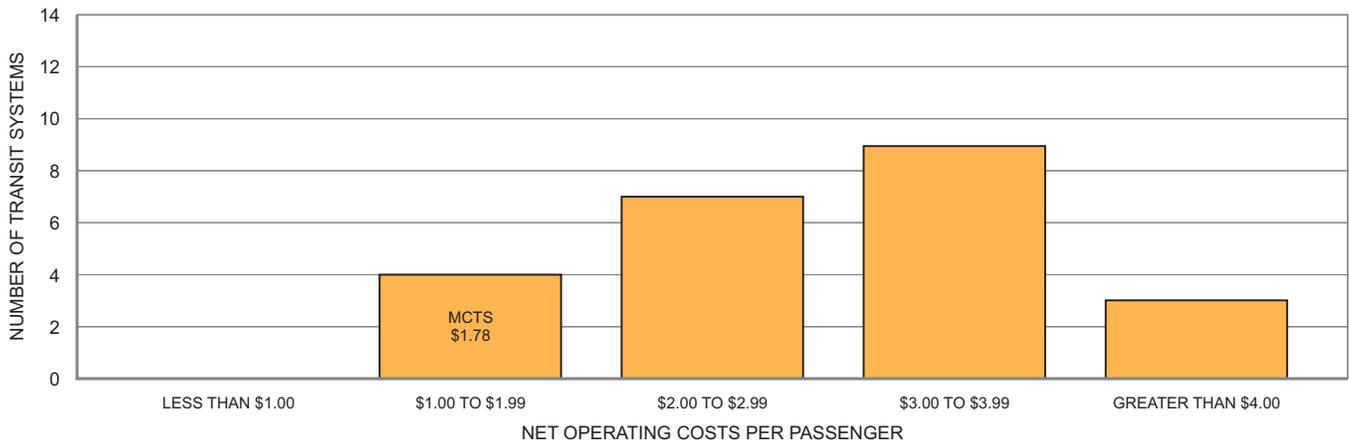
TOTAL OPERATING COSTS PER PASSENGER FOR TRANSIT SYSTEMS IN METROPOLITAN AREAS SIMILAR IN POPULATION TO THE MILWAUKEE AREA: 2004



Source: Milwaukee County Transit System, 2004 National Transit Database, and SEWRPC.

Figure 3

NET OPERATING COSTS PER PASSENGER FOR TRANSIT SYSTEMS IN METROPOLITAN AREAS SIMILAR IN POPULATION TO THE MILWAUKEE AREA: 2004



Source: Milwaukee County Transit System, 2004 National Transit Database, and SEWRPC.

Table 2

COMPARISON OF PUBLIC TRANSIT SYSTEMS IN METROPOLITAN AREAS SIMILAR IN POPULATION TO THE KENOSHA AND RACINE AREAS: 2004

Metropolitan Area	Transit Operator	Service Area ^b	Year 2000 Population (thousands)	Services and Characteristics			Total for All Services Provided by Transit System ^a						
				Types of Transit Service	Annual Revenue Vehicle Miles of Service (millions)	Annual Ridership ^c (millions)	Total Operating Cost (millions)	Farebox Revenue (millions)	Net Operating Cost (millions)	Federal Share (millions)	State Share (millions)	Local Share (millions)	Source of Dedicated Local Funding
Boise, ID	Valley Regional Transit Authority	5 municipalities in 2 counties	273	Bus	1.1	1.1	\$7.4	\$0.9	\$6.5	\$3.9	--	\$2.6	--
Springfield, MO	City Utilities of Springfield Transit Services	1 city	215	Bus	1.0	1.4	\$4.8	\$0.6	\$4.2	\$2.1	\$0.2	\$1.9	--
Evansville, IL	Metropolitan Evansville Transit System	City plus surrounding municipalities	212	Bus	1.0	1.3	\$5.2	\$0.9	\$4.3	\$0.7	\$1.2	\$2.4	--
Salem, OR	Salem Area Mass Transit District	2 cities	207	Bus	2.5	5.3	\$18.0	\$2.2	\$15.8	\$3.7	\$4.2	\$7.9	0.76 mil property tax levy
Erie, PA	Erie Metropolitan Transit Authority	City plus surrounding municipalities	195	Bus	1.4	2.5	\$10.9	\$4.6	\$6.3	\$2.3	\$3.5	\$0.5	--
Kalamazoo, MI	Kalamazoo Metro Transit System	1 city	188	Bus	1.7	2.9	\$10.0	\$1.3	\$8.7	\$1.1	\$3.6	\$4.0	1 mil property tax levy
Broome County, NY	Broome County Department of Public Transportation	4 municipalities	159	Bus	1.6	2.6	\$8.8	\$2.2	\$6.6	\$2.1	\$3.4	\$1.1	--
Racine, WI	Belle Urban System (BUS)	City plus portions of surrounding municipalities	130	Bus	1.2	1.5	\$6.2	\$1.1	\$5.1	\$1.7	\$2.1	\$1.3	--
Utica, NY	Utica Transit Authority	6 municipalities	113	Bus	0.9	1.1	\$4.2	\$1.1	\$3.1	\$1.1	\$1.7	\$0.3	--
Kenosha, WI	Kenosha Area Transit System (KATS)	City plus portions of surrounding municipalities	111	Bus, Streetcar	1.1	1.7	\$5.5	\$1.0	\$4.5	\$1.6	\$1.7	\$1.2	--
Waterloo, IA	Metropolitan Transit Authority of Black Hawk County	2 cities	108	Bus	0.5	0.3	\$3.3	\$0.7	\$2.6	\$1.1	\$0.2	\$1.3	0.95 mil property tax levy
Jackson, MI	City of Jackson Transportation Authority	City for bus and County for demand responsive	88	Bus and Demand Responsive	1.2	0.6	\$5.1	\$1.2	\$3.9	\$0.8	\$2.1	\$1.0	1 mil property tax levy
Bellingham, WA	Whatcom Transportation Authority	City plus portions of surrounding county	84	Bus	1.3	3.4	\$13.3	\$1.6	\$11.7	--	\$0.4	\$11.3	0.3% Sales tax
Bay City, MI	Bay Metropolitan Transit Authority	Countywide	74	Bus	0.8	0.4	\$6.6	\$0.8	\$5.8	\$1.1	\$2.8	\$1.9	0.75 mil property tax levy
Pittsfield, MA	Berkshire Regional Transit Authority	12 municipalities in one county	53	Bus	0.8	0.5	\$3.4	\$0.6	\$2.8	\$0.3	\$1.8	\$0.7	--

^aFinancial data include figures for transit services not listed including paratransit services for the disabled and vanpool programs. These services make up a small part of total service and ridership for the transit system.

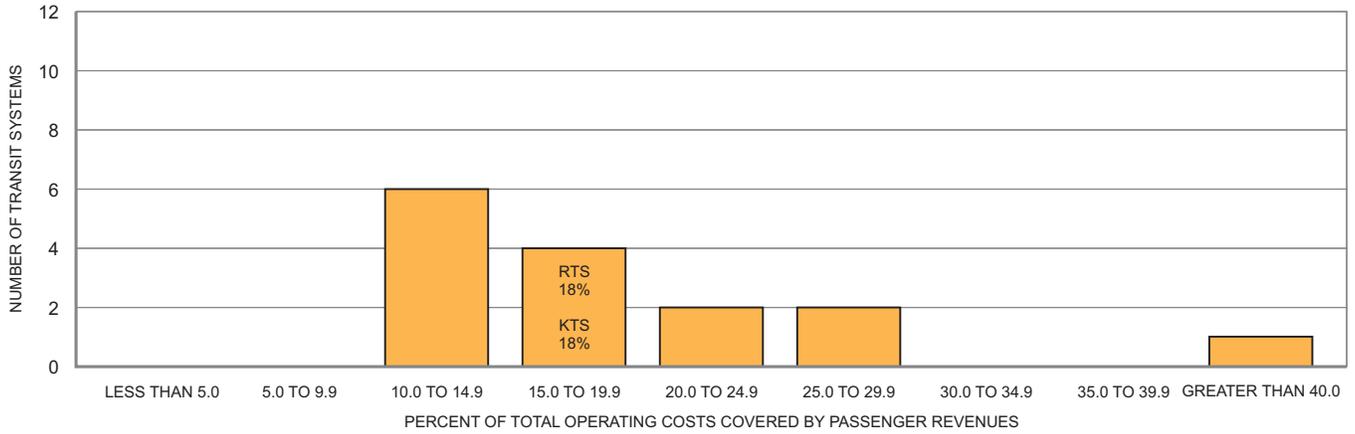
^bIn some cases, transit operators provide paratransit or demand-response service to municipalities outside the fixed-route service area. "Service Area" includes only the units served by fixed-route bus service.

^cTotal boarding passengers including those transferring between routes.

Source: Transit system agencies and governing bodies, 2004 National Transit Database, and SEWRPC.

Figure 4

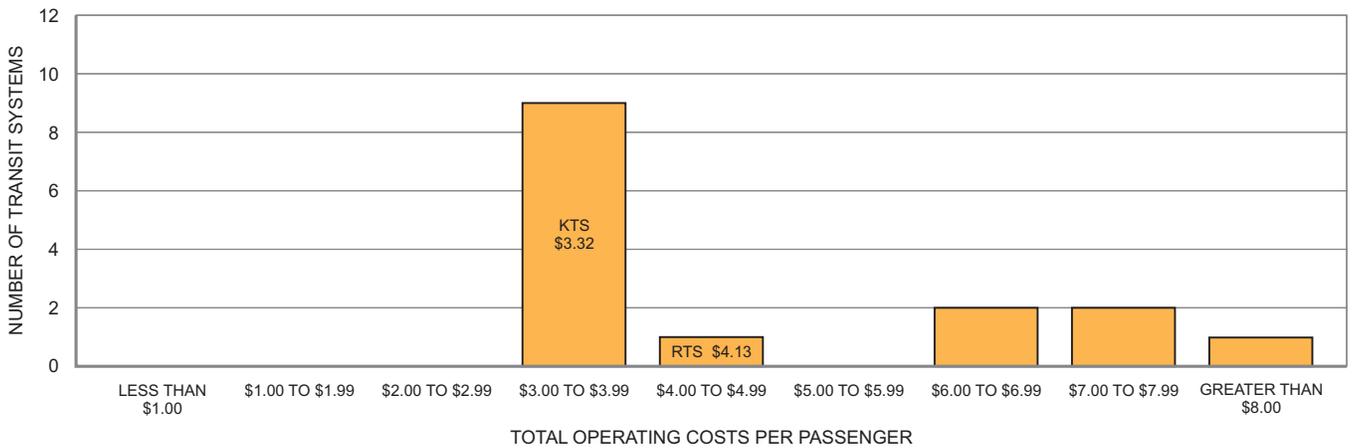
PERCENT OF TOTAL OPERATING COSTS COVERED BY PASSENGER REVENUES FOR TRANSIT SYSTEMS IN METROPOLITAN AREAS SIMILAR IN POPULATION TO THE KENOSHA AND RACINE AREAS: 2004



Source: Transit system agencies and governing bodies, 2004 National Transit Database, and SEWRPC.

Figure 5

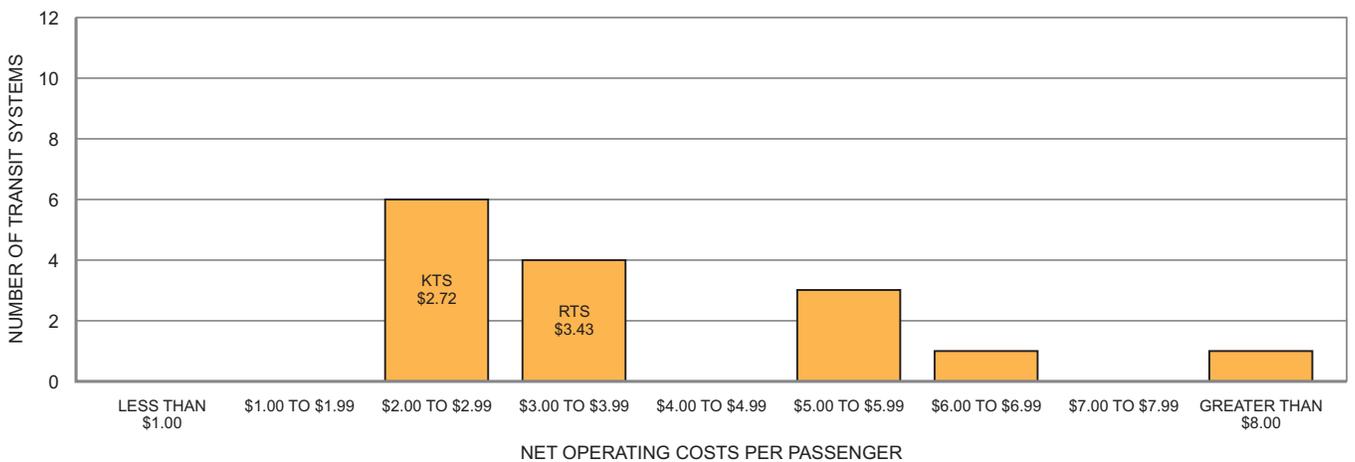
TOTAL OPERATING COSTS PER PASSENGER FOR TRANSIT SYSTEMS IN METROPOLITAN AREAS SIMILAR IN POPULATION TO THE KENOSHA AND RACINE AREAS: 2004



Source: Transit system agencies and governing bodies, 2004 National Transit Database, and SEWRPC.

Figure 6

NET OPERATING COSTS PER PASSENGER FOR TRANSIT SYSTEMS IN METROPOLITAN AREAS SIMILAR IN POPULATION TO THE KENOSHA AND RACINE AREAS: 2004



Source: Transit system agencies and governing bodies, 2004 National Transit Database, and SEWRPC.

Nearly all of the transit service is local transit service with stops every 1 to 2 blocks, averaging only about 10 to 12 miles per hour. MCTS once started to develop a network of express, limited stop routes, but these routes fell victim to the need to reduce service and costs as Federal and State funding did not increase with inflation. Funding problems have also inhibited implementation of other measures to enhance express transit service, including reserved exclusive arterial lanes, traffic signal preferential treatment, and “next bus” information signs.

- There is a significant and growing geographic mismatch between the jurisdictional areas of the three present transit providers and southeastern Wisconsin’s growing transit needs.

Map 1 compares the location of jobs in Southeastern Wisconsin in the early 1970’s and today. When private-for-profit transit systems ceased service in the 1970’s and individual jurisdictions—Milwaukee County, City of Racine, and City of Kenosha—purchased the assets of these systems and initiated operations, the corporate boundaries of these municipal and County transit operators corresponded well with the transit service needs. This has changed dramatically over the last 30 years. The City of Kenosha transit system should extend to jobs in the communities of Pleasant Prairie, Bristol, and Somers. The City of Racine transit system should extend to jobs in the communities of Mt. Pleasant, Caledonia, Sturtevant, and Yorkville. The Milwaukee, Racine, and Kenosha areas should be connected by public transit. The Milwaukee County Transit System should extend to jobs in Ozaukee, Washington, and Waukesha Counties.

- Inadequate levels of transit funding not only prevent significant transit service improvement, but threaten the viability of current transit services.

The Region’s transit systems are shrinking and there is no fiscal ability to sustain, much less improve transit services. Over the past seven years, significant service reductions and fare increases have occurred.

<u>Transit System</u>	<u>Service Reduction¹</u>	<u>Fare Increase</u>	
Milwaukee County	16%	30%	
Waukesha County	40%	10-75%	Depending on route
Waukesha City	17%	75%	
Racine City	25%	50%	
Kenosha City ²	10%	--	

Federal and State funding, which has provided 70 to 80 percent of the annual operating funding of public transit, has not increased with inflation and may not be expected in the future to increase with inflation. There has been, and most likely will continue to be, limited to no potential to replace Federal and State funding with increased local funding through property taxes. Moreover, each of the three transit systems—Milwaukee, Racine, and Kenosha—and as well as the other transit systems in Southeastern Wisconsin and the State of Wisconsin have been using for operating funding nearly 100 percent of Federal funds principally intended for capital projects (such as bus replacement). A capital projects “bank” of about \$40 million of such Federal funds has been expended by Milwaukee County over the past several years for operating funding. And, Milwaukee County needs to replace in the next few years about one-third of its fleet of buses at an estimated capital of almost \$60 million. Transit systems throughout the State including Kenosha and Racine face similar bus fleet replacement needs.

¹Measured in terms of bus-miles of daily transit service.

²Between 2001 and 2005 the amount of local funding of the Kenosha Transit System increased by 165%.

USE AND BENEFITS OF PUBLIC TRANSIT SYSTEMS

The RTA Board made the following five findings relative to the use and benefits of public transit systems in the three-county region.

- A quality public transit system is essential to maintaining and expanding the region's economic base. Increasingly, businesses and people want to locate in a region with a quality public transit system. A quality public transit system permits choice in travel, and allows people to reduce transportation expenditures, permitting greater savings and a high standard of living. The work of the Milwaukee 7 has concluded that providing a quality public transit system is a critical factor in the maintenance and expansion of this region's economy.
- Public transit services are essential to the daily lives of the estimated 192,000 residents that reside in the 15 percent of households of the three-county region that do not have personal vehicles available for travel. These individuals depend upon public transit services to access education, jobs, shopping, religious, and entertainment, and other locations throughout the metropolitan area. This total reliance on transit for non-pedestrian tripmaking, and in particular the reliance on transit to get to job locations, makes transit a truly essential public service in large portions of the region.
- Specialized public transit services are essential for tripmaking by an estimated 25,000 persons in the three-county region who have severe disabilities and who cannot access the regular fixed-route transit services. Disabled individuals, too, need to make trips to access medical and related facilities, employment opportunities, and other destinations important to the conduct of their individual lives.
- Transit services provide opportunities to individuals residing in households that do have personal vehicles available to choose an alternative form of transportation, thereby reducing dependence on the use of personal vehicles and reducing the need for multiple vehicles in households, and reducing traffic on the freeway and arterial highway systems. Such "choice" ridership can be expected to increase over time should energy costs rise more rapidly than incomes.
- Building transit ridership over time in the three-county region will provide environmental and energy conservation benefits. Including fixed guideways in future transit system development in the region will contribute to higher density land use patterns and redevelopment efforts in central cities along the Lake Michigan shoreline, and should result in savings in public infrastructure and service costs, including transportation, sewer, water, and solid waste collection.

PRESENT FUNDING OF PUBLIC TRANSIT SERVICES

The RTA Board made the following four findings relative to the present funding of public transit services in the three-county region.

- The three public transit systems in the Region – Milwaukee County Transit System, Racine's Belle Urban System, and the Kenosha Transit System – are representative of only a very small number of public transit systems in the Nation that must rely on property taxes to provide the local share of funding support for transit. In public finance terms, there is no nexus between (1) property ownership and the concomitant responsibility to pay taxes on that property, and (2) the provision of public transit services, particularly when those services do not effectively serve all properties to a reasonably equal degree. The overwhelming majority of public transit systems in the Nation rely instead on a dedicated source of non-property tax revenue. It is past time to secure for the Milwaukee, Racine, and Kenosha transit systems a local source of funding other than the property tax, with such funding to be dedicated to the provision of

transit services. Table 1 illustrates for the 22 metropolitan areas of similar size that they almost universally have a regional transit authority and local dedicated transit funding, typically a sales tax ranging from 0.25 to 1.00 percent.

- Public transit systems in Wisconsin rely to an extraordinary degree on State funding. The high degree of leverage on local funds creates significant problems when State aids for transit do not keep pace with transit cost inflation. Moreover, the State approach to public transit funding inhibits any significant transit system expansions in growing areas, much less the establishment of new transit systems as needs change over time.

Federal and State funding, which has historically provided 70 to 80 percent of the annual necessary public operating funding of public transit, has not increased with inflation. Between 2001 and 2007 State and Federal funding of the Milwaukee County Transit System only increased by 1.1 percent annually. There has been, and most likely will continue to be, limited to no potential to replace Federal and State funding with increased local funding through property taxes. Moreover, each of the three transit systems—Milwaukee, Racine, and Kenosha—and as well as the other transit systems in Southeastern Wisconsin and the State of Wisconsin have been using for operating funding nearly 100 percent of Federal funds principally intended for capital projects (such as bus replacement). A capital projects “bank” of about \$40 million of such Federal funds has been expended by Milwaukee County over the past several years for operating funding. And, Milwaukee County needs to replace in the next few years about one-third of its fleet of buses at an estimated cost of \$60 million. Transit systems throughout the State including Kenosha and Racine face similar bus fleet replacement needs.

- Together, the afore-described transit system funding situation in the three-county region has created a transit service provision crisis. This crisis has already resulted in the elimination of transit routes, the curtailment of transit service frequencies, and the use of Federal funds intended for capital reinvestment in vehicles to cover operating costs. This is particularly evident in the large Milwaukee County Transit System where a “bank” of transit capital funds has been steadily drawn down to help stem transit service reductions. Over the next several years, the Federal funds so held in reserve will be exhausted and Milwaukee County will face not only a growing operating budget problem, but also a large capital investment requirement in new vehicles.

PLANNED PUBLIC TRANSIT SERVICES

The RTA Board made the following two findings relative to planned public transit services in the three-county region.

- Public transit planning is the responsibility of the Southeastern Wisconsin Regional Planning Commission (SEWRPC) which serves not only Kenosha, Racine, and Milwaukee Counties, but Ozaukee, Washington, Waukesha, and Walworth Counties as well. The three public transit operators in the RTA region work closely with SEWRPC in accomplishing that transit planning. Present regional plans pertaining to the seven-county region call for an approximate doubling of transit services by the year 2035. In particular, the regional plan calls for significant strengthening of rapid transit services and the introduction of a network of express transit services, accompanied by an expansion of local transit services. These plans form a solid foundation for approving and extending public transit in the three-county RTA region, but depend upon for implementation a stronger, more stable local funding source dedicated to transit.

The present regional transportation plan is documented in SEWRPC Planning Report No. 49, *A Regional Transportation Plan for Southeastern Wisconsin: 2035*.

- From an institutional perspective, there are deficiencies in the present delivery of public transit services that have been addressed in the regional plan. That plan recognizes that successful implementation of public transit service expansions will require a new institutional structure or structures, probably a

permanent Regional Transit Authority. Such an authority is absolutely essential if the plan recommendation to provide rapid transit service along the Lake Michigan shoreline from Milwaukee to Racine to Kenosha via commuter rail is to be carried out. Such a structure would also greatly facilitate expansion of local transit services in the Racine and Kenosha areas where the Cities of Racine and Kenosha are presently the transit service providers. The situation is more complex in Milwaukee where the Milwaukee County Transit System should be effectively and fully integrated and combined with transit systems in Ozaukee, Washington, and Waukesha Counties so that future needs can be properly addressed.

POTENTIAL COMMUTER RAIL TRANSIT SERVICES

The RTA Board made the following finding relative to potential commuter rail transit services in the three-county region.

- The establishment of commuter rail service between Milwaukee and Kenosha and a connection there with the Chicago-based Metra commuter rail service represents one of the high priority actions included in the transit element of the regional transportation plan. Such a service would provide many benefits beyond the anticipated ridership, including contributing to the redevelopment of older central city areas along the Lake Michigan shoreline, together with the densification of new urban development at strategic locations along that line. The proposed KRM commuter rail service would solidify transportation connectivity in the increasingly important and developing corridor between Milwaukee and Chicago, a connection that the Milwaukee 7 Economic Council has found to be of critical importance to the future of Southeastern Wisconsin. Increasingly, major employers in the corridor have cited the lack of commuter rail service as a deterrent to attracting new talent.

SUMMARY AND CONCLUSIONS – FINDINGS

- A quality public transit system is absolutely essential to the maintenance and expansion of the southeastern Wisconsin economy, and to the quality of life of the residents of the Region. It is also essential to meeting the mobility needs of the significant southeastern Wisconsin population without an automobile, and to providing a more efficient and effective transportation system and land use pattern.
- However, public transit systems in southeastern Wisconsin are in a financial crisis. The present system of public transit funding—heavy reliance on Federal and State funding and local funding from the property tax—has proven inadequate to maintaining the present levels of transit service and precludes any significant service improvements. For the last several years, transit systems have significantly reduced service and increased fares, even though they have used their Federal funding intended for capital programs in their operating budgets.
- Addressing this funding problem through improvements in transit system efficiency and effectiveness, while always welcome, will not yield sufficient returns to address problems, as the transit systems of the region are already among the most efficient and effective in the nation.
- The current reliance on using existing local governments as transit operators also is no longer valid, as there is a need to extend service beyond the jurisdictional limits of the existing operators.
- The southeastern Wisconsin region is experiencing these problems because it lacks what the transit systems of its peer metropolitan areas have had for decades: public transit provided by a regional transit authority with local dedicated funding, typically a sales tax of between 0.25 to 1.00 percent.

SECTION THREE

RECOMMENDATIONS

(This section was approved 6-1 by the RTA)

RECOMMENDATIONS ON RTA FUNCTIONS AND RESPONSIBILITIES

Need for RTA

The SEWRTA Board recommends that it continue as the permanent RTA for southeastern Wisconsin.

The RTA will include the Counties of Kenosha and Milwaukee, and the area defined as the communities that lie wholly or partly within the year 2000 census defined urbanized area of Racine County. At the present time, this is the portion of Racine County east of I-94. The RTA enabling legislation should provide a mechanism whereby other urbanized areas and/or counties could be added at some future date. *(This provision was amended and approved unanimously)*

The basic need to put in place a permanent RTA relates to the following two factors:

- A need to provide an institutional structure that will deliver transit services over the entire region, with such services to be of appropriate type and scale for the sub-areas of the region.
- A need to establish an institutional structure for the collection and distribution of non-property tax revenue proposed to be raised throughout the region for the purpose of supporting regional transit plan implementation.

Relationship to SEWRPC

Transit system planning for the Region should continue to be undertaken by the Southeastern Wisconsin Regional Planning Commission (SEWRPC) as an integral part of a broader regional planning program. The RTA should be an active participant in the regional system planning effort and should be empowered to undertake such additional studies as may be necessary to facilitate implementation of regional transit plan recommendations. The RTA should also be an active participant in the cooperative regional transportation improvement programming (TIP) process sponsored by SEWRPC.

Transit Services

- The RTA should be empowered by the state to maintain oversight of transit service and operations in the RTA region. *(This provision was voted down by a 5-2 vote).*
- The RTA Board should, by action of the Governor and Legislature, become the sole designated recipient in the region to receive Federal transit aids from the U.S. Department of Transportation, Federal Transit

Administration, state transit funding and the dedicated local funding source for transit raised in each government unit. *(This provision was accepted by a 6-1 vote).*

- The RTA should be empowered to subcontract with the current operators to deliver transit services, or assume operations as appropriate. For the RTA to assume operations, the RTA would need to reach agreement with existing transit operators including the approval of the governing bodies of those transit operators on the acquisition of the assets of those transit operators. A local county-wide transit planning group to be staffed by the Southeastern Wisconsin Regional Planning Commission should be established in each county and consist of members appointed by local elected officials. These groups should be charged with developing short-range, five-year transit service plans and budgets to be submitted to the RTA, which would address transit services within each county and between each county, including bus transit and KRM commuter rail. The local transit groups will be expected to participate in annual audits with the RTA. *(This provision was amended and approved unanimously)*
- The RTA Board should be empowered to directly operate service or contract for the provision of service both outside and within the RTA area, provided that any such contract for service outside the RTA area ensure that the requesting party be responsible for the costs of providing such services. Such cost should fully account for staff efforts and RTA overhead associated with any such service provision. *(This provision was amended and approved unanimously)*
- This includes all transit services identified in the adopted SEWRPC regional transportation plan, including the sub-regional transit services (both bus and rail) provided by the Cities of Kenosha and Racine and the Counties of Kenosha and Milwaukee, the proposed Kenosha-Racine-Milwaukee (KRM) commuter rail service, and ridesharing, vanpooling and para-transit and shuttle service. This recommendation is based upon a finding that none of the present transit operators have the proper geographic jurisdiction to provide the transit services identified in the adopted regional plan, and that the lack of such proper jurisdiction significantly impedes providing seamless transit services between, across, and to areas that need such services. *(This provision was amended and approved unanimously)*

RECOMMENDATIONS ON RTA BOARD STRUCTURE

(This section was amended to include the original residency requirements of the State Statute establishing the RTA and approved unanimously)

- The RTA Board recommends that the present structure of the Board be maintained in the permanent organization. This recommendation is based upon a finding that most RTAs across the nation are competently run by appointed board structures that give the units of governments being served by such authorities a voice on transit service decision-making.
- Such an appointed board would not be empowered to raise additional revenue in the region beyond that granted to the board in the enabling legislation. Hence, an appointed board would be held responsible for the wise expenditure of funds dedicated to local transit capital and operations. The following supplements and details this basic recommendation:
 - Three members, one from each county in the region, appointed by the county executive of each county and approved by the county board.
 - Three members, one from the most populous city in each county in the region, appointed by the mayor of each city and approved by the common council.
 - One member from the most populous city in the region, appointed by the governor.
- RTA Board decisions should be made by a super majority vote of the entire Board.
(Although there was no consensus on amendments to this item, members of the RTA agreed to consider a five-member approval structure and readdress this item.)

- It is recommended that the RTA Board be empowered to hire its own staff and to contract for staff or services as needed, all at the Board's discretion.

RECOMMENDATIONS ON REGIONAL TRANSIT REVENUES

(This section was amended and approved by a 6-1 vote)

The RTA Board recommends:

- The RTA be granted enabling authority to enact a local sales tax of up to 0.5 percent to fund public transit systems in the region; and
- Individual municipalities be provided enabling authority to enact up to an additional 0.15 percent sales tax for public safety purposes, taxable only within that municipality.

The dedicated funding source would serve the following purpose:

- The dedicated funding source would pay for the administrative costs of the RTA.
- The dedicated funding source would be intended to pay for the maintenance and expansion of the current transit systems in each urbanized area or county, and also between each county.
- It would be mandatory that the dedicated funding source provide property tax relief, by removing transit from each municipality's property tax roll.
- It would be mandatory that all funds raised in an individual urbanized area or county following payment of RTA administrative costs would be allocated to each urbanized area or county.

The RTA Board makes the foregoing funding recommendations after careful consideration of a range of alternatives and after examining practices by peer metropolitan areas throughout the nation.

With the recommended levels of funding, the RTA Board's goal is to maintain public transit services in the region and begin to expand services as recommended in the adopted regional transportation plan.

In addition, the RTA Board recommends that it be granted bonding authority, to be repaid by future regional revenues. Primarily, the RTA envisions that bonding will be necessary to meet the capital requirements associated with establishing commuter rail service in the region.

The RTA should be authorized to utilize funding from other sources including public and private funding that would be provided for transit programs and projects.

* * *