Southeastern Wisconsin Regional Transportation Authority: Historical Review and Comment

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Presentation Overview

- RTAs Across the Nation
- Southeastern Wisconsin RTA: 1992-93 (SEWRTA)
- The Situation Today
RTA Status in the 35 Largest Urban Areas of the Nation (1990)

- RTA ESTABLISHED (31)
- NO RTA (4)
RTAs Selected for Case Studies (1990)

- Seattle
- Portland
- Sacramento
- San Diego
- Minneapolis-St. Paul
- Denver
- Chicago
- Cleveland
- Buffalo
- Raleigh-Durham-Chapel Hill
- Atlanta
- Dallas
Case Study Findings—
RTA Reasons for Being
and Principal Responsibilities

- Most RTAs were created in 1960s and 1970s
  - Private sector exit from transit business
  - Areawide transit service needs
  - Public funding crises
- Most RTAs are single-purpose in nature, owning and operating public transit systems
- A few RTAs collect revenue and apportion funds to transit operators
- A few RTAs perform functions in addition to transit
  - Airports
  - Harbors
  - Solid Waste Management
  - Wastewater Management
- No RTA was found that supports both transit and county and local arterial highways
Case Study Findings—RTA Geography

- Most RTAs comprise two or more counties
- Some RTAs comprise:
  - A single county
  - A single county plus adjacent communities
  - A central city plus adjacent communities
Case Study Findings—
RTA Sources of Revenue

• All RTAs have a special dedicated tax to provide the revenue necessary to support their functions

• Most RTAs rely on a dedicated sales tax

• A few RTAs rely on other dedicated taxes
  • Motor fuel
  • Property
  • Payroll
Case Study Findings—RTA Governance

- Almost all RTAs are governed by appointed boards
  - Most are appointed by constituent local governments
  - Some are appointed by Governor
- Elected RTA boards are the exception
- Board sizes range from under 10 to over 40
Southeastern Wisconsin RTA—Initial Feasibility Discussions

- SEWRPC RTA Advisory Committee
- Governor’s Metro 2020 Policy Board
Southeastern Wisconsin RTA—Creation and Organization

- “Temporary” SEWRTA created in 1991-93 State Budget as a mechanism for study and recommendations

- 11-Member Board
  - One representative from each of the seven counties
  - Three at-large members
  - WisDOT Secretary

- Charge
  - Develop a detailed plan for a potential permanent SEWRTA, including a regional funding source
  - Make recommendation to Governor and Legislature as to future of SEWRTA
SEWRTA Proposal—Functions and Responsibilities

• Arterial streets and highways
  • Provide funds to county and local governments for construction, operation, and maintenance

• Transit
  • Provide funds to county and local governments to deliver transit services
  • Directly provide transit services (contract, own and operate, assume responsibility for existing systems)

• Demand management
  • Rideshare program operation

• Relationship to SEWRPC
  • Projects funded and services provided would have to be consistent with regional transportation plan
SEWRTA Proposal—Board Structure

• 11-Member Board
  • One representative from each county (residence required)
  • Three at-large members from Region, including one residing in City of Milwaukee
  • WisDOT Secretary
• All members appointed by Governor, confirmed by State Senate, for five-year staggered terms
• Governor designates the Chair
• Staffing: Hire or contract subject to a dollar cap
**SEWRTA Proposal—Geography**

- **Seven southeastern counties**
  - Kenosha
  - Milwaukee
  - Ozaukee
  - Racine
  - Walworth
  - Washington
  - Waukesha

- **County withdrawal option within first six months ("opt out")**

- **County reinstatement provision subject to conditions specified by SEWRTA Board ("opt back in")**
SEWRTA Proposal—Revenues

- **Target Level:** $95 million annually
  - Replace property taxes ($57 million)
  - Enhance transit/highway systems ($38 million)

- **Revenue Sources**
  - 0.4 percent general regional sales tax
  - 5 cent per gallon regional motor fuel tax (diesel fuel exempted)

- **Rationale**
  - Increases fees on the transportation system users
  - Increases fees on the general public that benefits from a quality transportation system, but may not purchase motor fuel
  - Paid by both residents and nonresidents
  - Reasonably stable and sufficient
SEWRTA Proposal—Revenue Allocation

- Guaranteed annual return to counties ($75 million)
  - 80 percent of all revenue generated in county
  - Payments to county and local governments for projects
  - Direct expenditure by RTA for transit services in county
  - Consensus-seeking procedure for division of funds into highway and transit shares
  - Allocation of highway share to county and local governments by lane miles
  - Allocation of transit share to operators by service-based formula
SEWRPTA Proposal—Revenue Allocation (continued)

- Discretionary spending by SEWRPTA ($20 million)
  - Administrative costs (capped at 3 percent of discretionary funds, or $600,000)
  - Operation of demand management program (capped at 1 percent of discretionary funds, or $200,000)

- Grant program for county and local transit and highway projects

- Overriding requirement
  - Over a six-year period, each county would be guaranteed to receive in discretionary funds 95 percent of the total discretionary revenue generated in that county
The operational guarantees in the SEWRTA proposal would ensure that, over a six-year period, each county would receive no less than **98** percent of the revenue raised in the county.

### Guaranteed Annual 80 Percent Return

<table>
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<tr>
<th>County</th>
<th>Estimates in Millions of Dollars</th>
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<tbody>
<tr>
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<td>Guaranteed Annual 80 Percent Return</td>
</tr>
<tr>
<td>Kenosha</td>
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<tr>
<td>Waukesha</td>
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SEWRTA Proposal—Reaction and Final Recommendation

- Kenosha County — Approved a resolution to reject SEWRTA (21 ayes, 5 nays)
- Milwaukee County — Approved a resolution supporting SEWRTA (19 ayes, 4 nays) (but only if new taxes were on motor fuel statewide)
- Ozaukee County — Rejected a resolution supporting SEWRTA (4 ayes, 27 nays)
- Racine County — Rejected a resolution supporting SEWRTA (3 ayes, 27 nays)
- Walworth County — Rejected a resolution supporting SEWRTA (3 ayes, 30 nays)
- Washington County — Approved a resolution to reject SEWRTA (30 ayes, 0 nays)
- Waukesha County — Rejected a resolution supporting SEWRTA (14 ayes, 18 nays) (resolution favored statewide motor fuel tax)
- SEWRTA — Recommended to Governor and Legislature that Board be disbanded and a permanent RTA not be created at that time
- Report document: SEWRTA Report to Governor Thompson and the Wisconsin Legislature (May 1993)
SEWRTA Proposal—Why Rejected?

• **Tax-Related Reasons**
  
  • Opposition to “new” taxes
  
  • “Tax island” considerations
  
  • Specific opposition to sales and motor fuel tax increases
  
  • Concern that property taxes would not be appropriately reduced
  
  • Fear that taxes generated in one county would support projects in another county
  
  • Any taxes should be statewide in nature
SEWRTA Proposal—Why Rejected? (continued)

- Transportation-Related Reasons
  - Proposal might advance improvements that are opposed in some quarters
  - Proposal is just a cover for light rail

- Other Reasons
  - Proposal is too large and complicated
  - County-municipal “fair share” and turf tensions
  - Waning WisDOT support
  - Opposition to creation of another governmental agency
The Situation Today—
Arterial Street and Highway Funding

Average Annual Construction, Maintenance, and Operation Expenditures in Southeastern Wisconsin: 1998-2002

$324 Million

Locally Funded
$66 million — 20%
(predominantly property taxes; some county sales taxes)

State Funded
$128 million — 40%
(motor fuel taxes, license fees)

Federally Funded
$130 million — 40%
(motor fuel taxes)
**The Situation Today—Transit Funding**

Average Annual Operating and Capital Expenditures in Southeastern Wisconsin: 1998-2002

$160 Million

- **State Funded**
  - $62 million — 39%
  - (motor fuel taxes, license fees)

- **Locally Funded**
  - $23 million — 14%
  - (predominantly property taxes; some county sales taxes)

- **Federally Funded**
  - $30 million — 19%
  - (motor fuel taxes)

- **Farebox Revenue**
  - $45 million — 28%
The Situation Today—Transit-Dependent Population Characteristics

ZERO VEHICLE HOUSEHOLDS (2000)

POPULATION RESIDING IN ZERO VEHICLE HOUSEHOLDS (2000)
The Situation Today—Are We Approaching Crisis Conditions?

- RTAs tend to be born out of crisis—where the public, the business community, and elected officials agree that action is required.

- Factors that tend to mitigate against crisis in Southeastern Wisconsin:
  - Strong State funding of transit—65 percent of operating costs not covered by farebox revenue
  - Efficient and effective transit systems
  - Transit operators that work together

- Yet, consider the following:
  - $89 million annually in property taxes to support transit and arterial highways
  - Significant 2004 transit service cuts and fare increases (Milwaukee, Ozaukee, Racine, Waukesha). Are more on the way?
  - Despite relatively strong public and business support, no way to raise local funds to establish Kenosha-Racine-Milwaukee commuter rail service
The Situation Today—Do We Have the Political Will to Create an RTA?

- **Function**: Transit only? Transit and local arterial streets and highways?
- **Geography**: All seven counties? Something less?
- **Funding Level**: Replace property tax only? Enhance systems?
- **Revenue Source**: Sales tax? Motor fuel tax? Other?
- **Political Strategy for Creation**:
  - State imposed (akin to Wisconsin Center District or Miller Park)
  - State empowered, with county/local government imposition
  - State empowered, with referendum imposition
SEWRTA—
The Bottom Line Conclusions

• Southeastern Wisconsin stands virtually alone
  • In its reliance on the property tax to fund transit services
  • In its failure to create an institutional structure to provide the basis for an alternate revenue source and to deliver transit services irrespective of county and municipal boundaries

• Continued reliance on the property tax will likely lead to further transit service cuts and the failure to initiate substantial cross-county transit services
  • Hampers the ability of the least fortunate residents to access the metropolitan area
  • Effectively denies the existence of a metropolitan community that is socio-economically bound together
Creation of a permanent SEWRTA will require business, civic, and governmental leadership in Southeastern Wisconsin to collectively support, in a high profile way, the establishment of new (replacement) taxes and a new institutional structure.
Southeastern Wisconsin Regional Planning Commission

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Appendix A-1
Southeastern Wisconsin RTA—Initial Feasibility Discussions

- Metro 2020 Policy Board
- Appointed by Governor
- Recommended that legislation be enacted to create an RTA to address regional highway and transit priorities
Appendix A-2
Southeastern Wisconsin RTA—Initial Feasibility Discussions (continued)

- SEWRPC RTA Advisory Committee
- Created in response to Milwaukee County/City of Milwaukee requests
- Recommended an RTA to address highway and transit needs
- Proposed a statewide funding basis for removing arterial highways and transit cost burdens from county and local property taxes
  - Funds to flow to seven county RTA in southeastern Wisconsin
  - Funds to flow to counties elsewhere (or other potential RTAs)
- SEWRTA to be empowered to provide regional transit services
Appendix A-3
Southeastern Wisconsin RTA—Initial Feasibility Discussions (continued)

- SEWRTA Board of nine members
  - Appointed by Governor
  - Confirmed by State Senate
  - Each county to have at least one representative

- SEWRTA Board would be constrained to
  - Return to each county annually no less than 80 percent of revenues generated in county
  - Ensure that at least 36 percent of revenue is spent on transit and at least 44 percent of revenue is spent on highways (over five years and over the Region as a whole)