

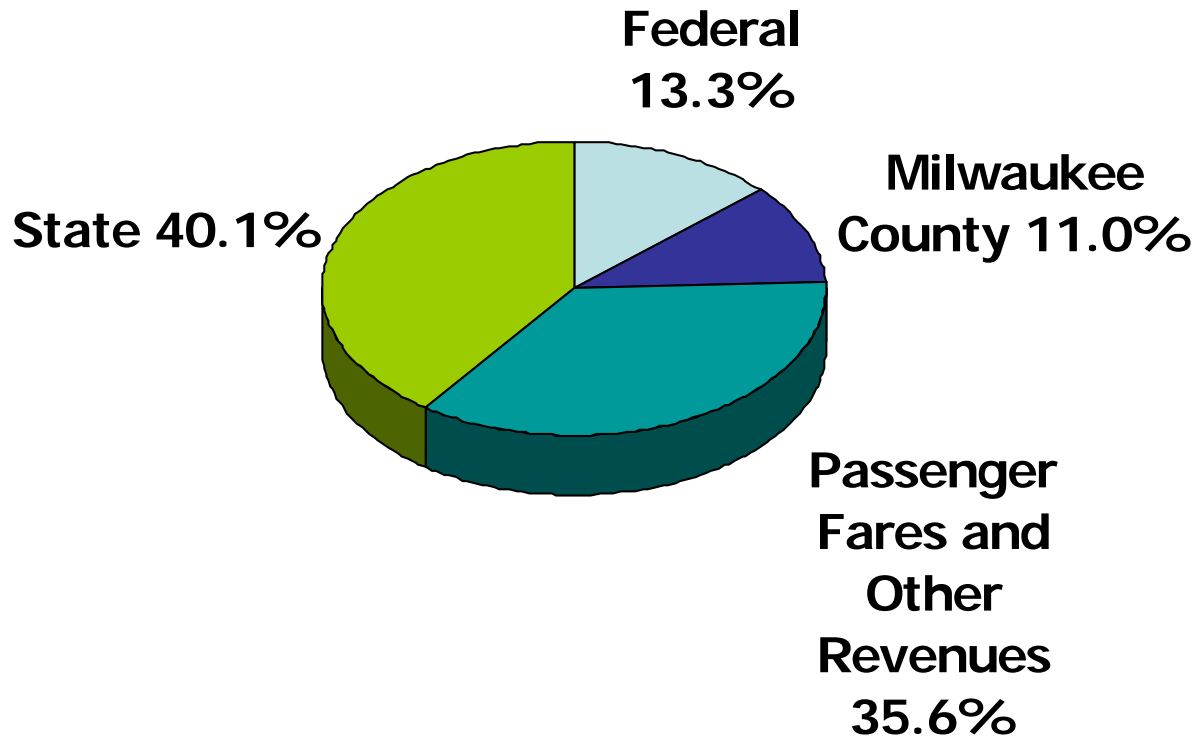


# Milwaukee County Transit System

A System at the Crossroads  
May 2010

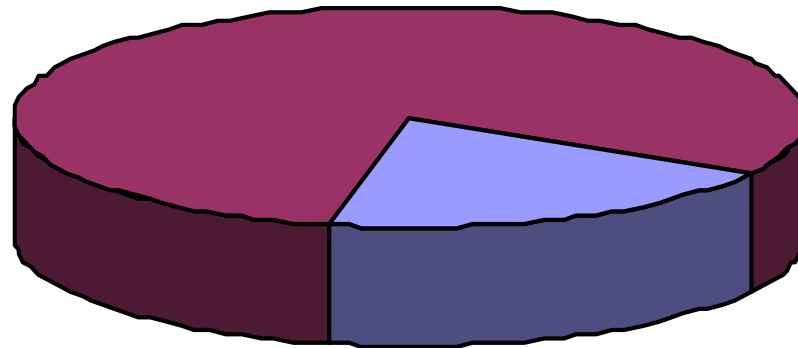
Presented by: Anita Gulotta-Connelly  
Managing Director

# MCTS Operating Budget Revenue Sources



# MCTS Capital Projects Revenue Sources

**Federal**  
**80%**



**Milwaukee  
County**  
**20%**

# 2010 Operating Budget

## \$ Revenue Sources

- Federal \$23.0 million
- State \$69.5 million
- Passenger Fares and Other Revenue \$61.6 million
- Milwaukee County \$19.1 million

**Total \$173.2 million**

**\$39 million**

**Annual Capital Requirements - \$16-20 million**

- Federal \$16 million
- Local \$ 4 million

# Federal Transit Operating and Capital Assistance

|               | Average<br>1999 – 2004 | Average<br>2005 – 2009 |
|---------------|------------------------|------------------------|
| Formula Funds | \$17.4 million         | \$17.9 million         |
| Earmarks      | \$11.0 million         | \$ 1.9 million         |
| <b>Total</b>  | <b>\$28.4 million</b>  | <b>\$19.8 million</b>  |

# Federal Capital Reserve

- January 2001 \$43.7 million
- January 2005 \$21.1 million
- January 2010 \$ 1.2 million

# Meeting Past Budget Challenges

- Healthcare and Pension

- Eliminated retiree healthcare for all employees hired after 4/1/07.
- Initiated employee premium contributions for healthcare coverage.
- Required that even previously retired individuals must contribute to healthcare costs. *Retirees can pay as much as \$695 per month for out of area coverage.*
- Instituted a smaller network HMO plan with significant deductibles. *Saves several thousand dollars per year per participant.*
- Pension: No drop back provisions. Plan is near fully funded. *Have maintained pension benefits within resources of the fund to pay for those benefits.*
- Employees contribute 15% of the actuarially determined costs of the pension plan.

# Meeting Past Budget Challenges

- Other Actions
  - Use fuel futures to stabilize fuel costs to within budget
  - Non-operating staff reductions
  - Wage freezes
  - Furlough time off
  - Outsourcing vs. internal work
  - Competitive bidding
  - New approaches
  - Overall cost control

# State Audit Conclusions

- Lowest cost per passenger
- Lowest percent of administrative cost
- Highest ridership per capita

# 2011 Budget Gap

$$\begin{aligned} & 2010 \text{ Costs} \\ & + \\ & \text{Increases in Costs Related to Existing} \\ & \quad \text{Employees and Retirees} \\ & + \\ & \text{Increases in Costs for Utilities, Fuel , etc.} \\ & + \\ & \text{Estimated Reductions in Federal and State} \\ & \quad \text{Aids,} \\ & \quad \text{and Other Revenues} \\ & = \\ & 2011 \text{ Budget Gap} \end{aligned}$$

# 2011 Budget Gap

- Assumes no reduction in current service levels
- Assumes no change in staff
- Assumes no Furlough Days in 2011
- Assumes no new services

# 2011 Budget

- The Good News..... ARRA 
  - Transit Capital
  - Low cost financing for local government
- Through the combination of ARRA funds and Milwaukee County Investment, 125 new buses, new fareboxes, a bus stop annunciator system, new roof on the Administration building and new HVAC systems for several MCTS facilities will be purchased in 2010/2011. Local bonding for these projects was done in 2010.
- Total Investment: \$58.4 million
- Federal (including ARRA funds) \$41.2 million
- Milwaukee County \$17.2 million

**\*No other major capital investments are needed for 2011**

**\*Therefore – lack of Federal capital dollars is not an issue for 2011**

# 2011 Budget Gap

## The Challenges:

Adjustment (in millions)  
**Preliminary Estimates**

|  |               |
|--|---------------|
| •2010 Revenue projected to be significantly below budget   | \$4.2         |
| •One time adjustment in Medicare Part D revenue in 2010    | \$1.7         |
| •Reduction in JARC funding                                 | \$ .7         |
| •Employee/Retiree medical expense                          | \$3.5         |
| •Fuel  | \$1.8         |
| •Expense of Transit Plus ridership increases               | \$2.1         |
| •Potential loss of Title XIX funding for Paratransit rides | \$1.8         |
| •Increase in bond interest                                 | \$ .5         |
| <b>Total Increase / Cost to continue</b>                   | <b>\$16.3</b> |

# 2011 Budget Gap

## Known Off-Sets

Adjustment (in millions)  
**Preliminary Estimates**

|  |              |
|--|--------------|
| • Restored Milwaukee County Investment   | \$2.1        |
| • Increase in State Revenue  | \$1.7        |
| • Non-Operator Employee Reductions made by MCTS  | \$1.0        |
| • Pension Contribution Reduction   | \$. 6        |
| • Increase in employee/Retiree healthcare Contributions; healthcare plan modifications | \$ .7        |
| <b>Total Known Off-Sets</b>  | <b>\$6.1</b> |

Budget Gap

\$10.2

# Possible Resolutions

- Additional internal savings
- Additional county investment
- Changes in Paratransit funding
- Changes in Paratransit service area
- Service cuts
- Fare increases
- Other

## Budget Process has just begun.....

- May or may not be able to meet 2011 challenges without impacting service.
- \$10.2 million equals a 14% service cut or 188,000 hours of service per year.
- For 2012, will have similar challenges and will need to purchase additional buses. 30-40 buses with no reserve of Federal dollars – Approximately \$14 million.

Whether the crisis occurs in 2011 or beyond.....

A long term funding solution is required to maintain transit services in Milwaukee.