

## **RTA legislation proposed in the Governor's Budget:**

- The Governor recommends a permanent RTA for southeastern Wisconsin (SE RTA) to 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.
- The legislation also authorizes the establishment of similar RTAs in Dane County (DC RTA) and the Fox Valley (UFCMPA RTA).
- To join the SE RTA, the governing bodies of Milwaukee County, Kenosha County or any municipality located in the urbanized portion of Racine County must adopt a resolution authorizing its membership.
- Enabling legislation provides a mechanism whereby other municipalities from Waukesha, Ozaukee and Washington counties, or the counties as a whole may join the RTA at some future date by adopting a resolution to join the SE RTA.
- The SE RTA is enabled to levy *up to* 0.5 percent sales tax as a dedicated source of funding to support bus transit, commuter rail and other transit projects in the region.
- The SE RTA will be governed by a board of seven directors to be appointed and approved by Kenosha County (1), City of Kenosha (1), City of Racine (1), Milwaukee County (1), City of Milwaukee (1) and the Governor of Wisconsin (2).
- The SE RTA is authorized to subcontract with current transit operators for local bus transit service, or assume operations following negotiations with participating municipalities.
- All RTAs will be granted bonding authority for transit projects. Bonds will be authorized by a resolution of each RTA's board of directors.

## **Key facts regarding the Governor's recommendations:**

- The existing RTA endorses shifting transit costs from the property tax to a regional sales tax, which draws from a larger pool than just property tax owners. Up to 30 percent of sales tax will be paid by persons living outside the region.
- Establishing the SE RTA will allow us to strengthen our transit infrastructure, connecting residents with nearly one million jobs within one mile of proposed commuter rail stations along the N-S corridor to Chicago.
- Creation of a permanent SE RTA allows for restoration of transit routes, increased frequency of service and the modernization of our current transit system, including the addition of a commuter rail line, and provides for the integration of separate transit systems to more efficiently serve people and businesses in our region.
- Under the proposed legislation, the SE RTA is allowed to establish local county-wide transit planning groups in each county consisting of members appointed by local elected officials. These groups can develop a transit service plan and budget that can be submitted to the SE RTA. The SE RTA can then use the transit revenue to prioritize and 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 systems and groups can be expected to participate in annual audits with the RTA.

## How a regional transit system impacts economic development in the region:

- As gas prices fluctuate and the economy struggles, dependable modes of transit will be critical to keep our local economy moving forward.

## How the proposed KRM commuter rail encourages economic development:

- The proposed project will create 4,700 jobs during construction with a \$560 million impact on the area economy, and 126 jobs during project operations/maintenance with a \$24 million annual impact on economy.
- With the KRM commuter rail linking northeastern Illinois to Wisconsin, tourism may be expected to increase. For each 1% increase in tourism in the three KRM counties will generate: \$20 million expenditures; \$12 million wages; 500 jobs; and \$3 million state and local government revenue each year.
- The KRM commuter rail will also impact property value. Based on experiences across the nation, existing property along the commuter rail can be expected to experience a 4 to 20 percent growth in property value. A 10 percent increase for a one mile corridor along the KRM rail line would represent a \$2.1 billion increase in property value in the three KRM counties.

Source: The Institute for Survey & Policy Research, University of Wisconsin-Milwaukee: "Economic Impacts of the Proposed Kenosha-Racine-Milwaukee (KRM) Commuter Rail," 2007.

## How public transit is vital to the growth and success of our community:

- Public transit:
  - Attracts new businesses and jobs by providing reliable access to a diverse labor force;
  - Provides an estimated \$4-\$5 return on every \$1 spent, through reductions in transportation expenditures, public assistance, traffic congestion and accidents; and
  - Stimulates economic development by providing a reliable, affordable link between jobs and a large talented regional workforce.

Source: Wisconsin Department of Transportation and MCTS.

## ECONOMIC DEVELOPMENT KEY FACTS:

- Expanding mass transit is expected to support and encourage economic development in this region, such as increased real estate values and retail sales.
- More than half of the nation's Fortune 500 companies, \$7 trillion in annual revenue, are headquartered in transit-intensive metropolitan areas. (APTA: "2008 Public Transportation Fact Book")
- Every \$1 billion invested in public transit capital projects generates 30,000 jobs, and the same amount invested in transit operations generates 60,000 jobs. The return on investment could be as high as 9 to 1. (Cambridge Systematics, Inc. and Economic Development Research Group, A Quantitative Analysis of Public Transportation's Economic Impact, October 1999.)
- In 2000, the average downtown vacancy rate for cities without rail was 12.8%, but 8% for all cities with rail transit. (Transportation Riders United)
- Americans living in public transportation-intensive metro areas **save \$22 billion** annually in transportation costs. (Transportation Riders United)

## Why is Public Transit Important?

Public transit is an essential component of our transportation system that strengthens our economy, community and quality of life. Among its many benefits, public transit:

- **Attracts new businesses and jobs** by providing reliable access to a diverse labor force, particularly the creative class.
- Efficiently **meets the needs of families unable to use a personal automobile** (over 15% of households in the region).
- Provides an **efficient travel option** in heavily traveled corridors and densely developed urban communities.
- **Reduces road traffic and congestion**, parking needs, air pollution, energy consumption, and auto-related crash costs and delays.
- **Encourages desirable urban development**, which results in more efficient mobility, public infrastructure and services.
- **Reduces transportation costs** for families, enabling greater savings and a higher standard of living.
- Improves access to amenities, education opportunities and arts and culture.

## The urgent need for dedicated funding

- **Without dedicated funding, burden on local property tax will increase and service will decrease**
- Service cuts have made jobs inaccessible by transit
  - A recent UWM study reported that bus route miles have been reduced by 20% in Milwaukee and Waukesha Counties over the last 7 years, resulting in **40,000 fewer jobs being accessible by mass transit**.
- Wisconsin is one of the last remaining states to fund transit with a property tax
- Wisconsin has never secured a federal New Starts grant
- **Bus transit in Kenosha and Racine is also facing funding problems as state funding is not keeping up with capital costs**
  - In Racine, The Belle Urban System has seen a dramatic decline in passenger trips (from 6.2 Million to 1.1 million annually) and has cut service by nearly 30% since 2003.
- **Without dedicated funding cuts in routes and service frequencies are expected to continue at an alarmingly fast pace making more destinations, such as jobs, inaccessible by mass transit.**

## PUBLIC TRANSIT QUICK FACTS

Every public transit dollar returns \$3.50 to the community.

### MILWAUKEE COUNTY

- 148,000 daily passenger trips
- 512,000 passenger miles
- 51 total routes
- Annual Local Share: \$22.4M
- 97% on-time reliability
- 1<sup>st</sup> among US peer systems in cost-effectiveness

### CITY OF RACINE

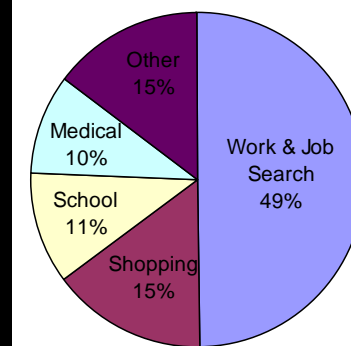
- 5,600 daily passenger trips
- 15,600 daily passenger miles
- 9 total routes
- Annual Local Share: \$1.3M
- 1<sup>st</sup> among US peers in vehicle hours of service per capita

### CITY OF KENOSHA

- 5,300 daily passenger trips
- 22,100 daily passenger miles
- 13 total routes
- Annual Local Share: \$1.7

## HOW IS PUBLIC TRANSIT USED?

Transit Destinations



# WHAT IS THE KENOSHA- RACINE- MILWAUKEE (KRM) COMMUTER RAIL

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*Connecting communities in southeastern Wisconsin to the Illinois Metra commuter rail and Chicago.*

## **What is the KRM?**

- The KRM is a **33-mile commuter rail**, built on an existing line and connecting **nine Wisconsin cities to Chicago and 22 other Illinois communities** as part of the Metra Rail.
- The KRM will provide a **high-quality, affordable and reliable regional transportation option** within the corridor.
- Commuter rail will attract new businesses, jobs and employees to the region and **make southeastern Wisconsin globally competitive** by creating a dynamic physical link between cities in the region and metropolitan Chicago.
- **Population density** in the KRM corridor is higher than in many other successful commuter rail regions and **ridership is estimated at more than 1.7 million** per year.

## **Expanding Access to Jobs**

The KRM will meet a critical need identified by local businesses – providing a reliable, affordable link between jobs and a large and talented regional workforce, including the 21% of households without cars within 1/2 mile of stations. Specifically, the KRM will:

- Connect to nearly **1 million jobs currently existing** within 1 mile of stations between Milwaukee and Chicago.
- Link to new jobs currently projected within the corridor, including a **projected 359,000 jobs and 525,000 in population** within 3 miles of Wisconsin stations.
- Support and assist in bringing about **71,000 jobs through transit-oriented development**.
  - Transit-oriented development (TOD) is a mixed-use residential or commercial area designed to maximize access to public transportation, and often incorporates features to encourage transit ridership. A TOD is typically centered around a train or bus station and is surrounded by high-density development including housing, retail and office spaces. A TOD area is usually within a radius of one-quarter to one-half mile from a transit stop, and is usually an appropriate scale for pedestrians.
- Create **4,700 jobs during construction**.

## **Economic, Educational and Quality of Life Benefits**

The most recent Environmental Impact Study (EIS) and Community Impact Study (CIS) found the KRM will:

- Encourage economic development around new train stations, including an estimated **\$7.8 billion increase in real estate values** and **\$750 million increase in retail sales**;
- Provide a physical **link between businesses and world class education and research institutions**, providing more opportunity for research consortiums and technology transfer that will help attract top research grants, faculty and students;
- **Reduce I-94 traffic congestion** during peak traffic times; provide **high-quality alternative** during I-94 reconstruction;
- **Increase passengers at General Mitchell International Airport**, resulting in more and improved airline service; and
- Enable **greater participation** in the region's **cultural and entertainment amenities**. A mere 1% increase in tourism is expected to generate \$20 million in additional expenditures, \$12 million in wages, 500 new jobs and \$3 million in additional state and local government revenue.

- Mass transit cannot survive with its current level of property tax funding. The federal and state funding that provides 70-80% of transit's annual operating funding has not increased with inflation and will likely be cut in future years. The result has been regular reductions in service. Without a dedicated source of funding for mass transit, the transit systems in southeastern Wisconsin will ultimately be bankrupted in the next several years.
- The recommended sales tax would be dedicated to transit. The additional money could help restore routes, pay for new buses, enhance bus security, reduce fares and support new transportation initiatives such as KRM or rapid transit buses.
- An estimated 20-30% of local sales tax is paid by visitors from outside the region. The sales tax generates revenue from non-property owners, which means that tourists and visitors will contribute directly to transit services.
- A sales tax exempts essential items such as groceries, prescription medicines, rent and gasoline.
- Most other major metro areas throughout the nation fund transit services with sales tax. As the region's economy expands, there is more sales tax revenue. As our economy grows, we will have more money to grow the transit system.

**Current Transit Operating Costs (2005 budget)**

- **Milwaukee County:**
  - Annual operating costs: \$146.7 million
    - Farebox revenue: \$46.6 million
    - Federal funds: \$20.9 million
    - State funds: \$60.4 million
    - Local share (property tax): \$18.8million
  
- **Racine urbanized area:**
  - Operating Costs: \$6.3 million
    - Farebox revenue: \$1.2 million
    - Federal funds: \$1.8 million
    - State funds: \$1.9 million
    - Local share (property tax): \$1.4 million
  
- **City of Kenosha:**
  - Operating Costs: \$6.0 Million
    - Farebox revenue: \$1.0 million
    - Federal funds: \$1.7 million
    - State funds: \$1.7 million
    - Local share (property tax): \$1.6 million

**Estimated KRM Costs**

- **Capital Costs: \$198 Million**
  - Federal assistance: \$117.2-126.2 million
  - State funds: \$36.1-40.6 million
  - Local share (shared among three counties): \$36.1-40.6 million
  
- **Annual Operating Costs: \$10.9 million**
  - Farebox revenue: \$4.6 million
  - Federal assistance: \$1.3 million
  - State funds: \$4.1 million
  - Local share (shared among three counties): \$0.9 million
  
- **Local annual share of combined capital and operating costs including bonding (shared among three counties): \$3.8 million**

**Estimated Annual Revenue Generated by 0.5 Percent Sales Tax**

(Actual sales tax amount, up to 0.5 percent, to be determined by community)

- **Milwaukee County:** \$65 million
- **Kenosha County:** \$10 million
- **Racine County:** \$13.5 million
  - **In the urbanized area of Racine County:** \$10.1 million