

1 By Supervisor Jursik
2
3

4 **A RESOLUTION**
5

6 Providing policy guidance on the future operation and management of the Milwaukee
7 County Transit/Paratransit System (MCTS)
8
9

10 WHEREAS, Milwaukee County provides public transit services through a
11 management contract with Milwaukee Transport Services, Inc. (MTS), a company that
12 exists primarily to serve the County's transit needs; and
13

14 WHEREAS, the Milwaukee County Department of Transportation (McDOT)
15 issued a request for proposals (RFP) in April 2013 for transit management services to
16 operate the Milwaukee County Transit/Paratransit System (MCTS); and
17

18 WHEREAS, in July 2013, following a review evaluation and scoring process,
19 McDOT announced its intent to award the contract to MV Transportation Inc.; and
20

21 WHEREAS, appeals protesting the RFP award pursuant to Milwaukee County
22 Ordinance Chapter 110 were filed by two other unsuccessful proposers and, after being
23 denied by McDOT, were appealed to a County Board standing committee; and
24

25 WHEREAS, the co-chairs of the Committee on Finance, Personnel and Audit, to
26 which the appeals were referred, appointed an Administrative Review Committee of five
27 members to hear the appeals; and
28

29 WHEREAS, the Administrative Determination Review Committee held hearings
30 on the appeals and ruled on February 20, 2014, that the RFP procedures used by
31 McDOT were flawed such that the Department's intent to award the contract to MV
32 Transportation, Inc. was arbitrary and unreasonable; no award could be made to any
33 other bidder using the April 2013 RFP; and
34

35 WHEREAS, the 2014 Adopted Budget for Org. 5600-DOT-Transit, approved prior
36 to the Administrative Determination Review Committee decision, included the following
37 policy language:
38

39 *The Milwaukee County Comptroller shall form a Workgroup to identify and report on the*
40 *advantages and challenges of in-sourcing versus outsourcing transit management and*
41 *operations. The report of the Workgroup shall be submitted for review during the March*
42 *2014 committee cycle to the Committees on Transportation, Public Works and Transit*
43 *and Finance, Personnel and Audit. The report shall examine employee ramifications,*
44 *unfunded liabilities, taxpayer impacts and other issues identified by the Workgroup. The*

45 *Workgroup shall be chaired by the Comptroller or designee and shall consist of*
46 *members that the Comptroller chooses, but shall include at a minimum the following*
47 *individuals or designees:*

- 48
49 1. *SEWRPC representative*
50 2. *MC-DOT Director*
51 3. *DAS-Office for Persons with Disabilities Director*
52 4. *Transit Services Advisory Committee representative*
53 5. *County Board Chairperson designee*

54
55 *Unless the County Board approves a contract for outside management and operation of*
56 *the transit system by April 1, 2014, the policy of Milwaukee County is to bring*
57 *management and operation of transit in-house. The Milwaukee County Department of*
58 *Transportation - Director's Office shall work with other departments as necessary to*
59 *develop a transition plan which transfers the management and operation of all existing*
60 *services of the Milwaukee County Transit System to an internal County department or*
61 *division. The plan shall provide an effective transition that is coordinated with the*
62 *expiration of the MTS contract without any major interruption in service delivery. Aspects*
63 *of the model that Milwaukee County uses to manage and operate General Mitchell*
64 *International Airport (GMIA) may be used to help operate the Transit System.*

65
66 *In effect, the current contract between Milwaukee County and MTS, Inc. is for the*
67 *management services provided by two individuals. The expense incurred by the system*
68 *(including operating expenses, capital equipment, wages and benefit liabilities) are*
69 *funded by governmental taxing authorities and riders. Yet the services provided through*
70 *the management contract, including entering into emergency contracts, are removed*
71 *from normal County oversight. In addition, transit services rely on a separate series of*
72 *internal and external overhead costs such as procurement, risk management, legal,*
73 *accounting, budget, payroll, accounts payable, treasury, human resources, pension,*
74 *health, information technology, facilities management and labor relations. Milwaukee*
75 *County already owns the buses, facilities and other assets of MCTS. Milwaukee County*
76 *also already effectively serves as the backstop for the MCTS pension system. The direct*
77 *provision of management and operation of the transit system by an internal department*
78 *or division will help clear up questions that have arisen related to the chain of command*
79 *and responsibilities.*

80
81 ; and

82
83 WHEREAS, the Comptroller submitted a report to the County Board dated
84 February 25, 2014, in response to the budget directive outlined above, that reported on
85 the advantages and disadvantages of outsourcing or in-sourcing transit operations,
86 while acknowledging the Workgroup had substantial discussion regarding blended
87 models of in-sourcing and outsourcing; and

88 WHEREAS, the County Executive, in an email to County Board Supervisors
89 dated March 24, 2014, indicated that while he preferred to rebid the transit services
90 contract, he wanted the Board to pass a clear policy direction to pursue outsourcing

91 rather than in-sourcing and, in addition, approve a revised appeals process prior to
92 issuing a new RFP; and

93

94 WHEREAS, the County Executive further indicated that McDOT would be
95 seeking County Board approval of a \$250,000 contract with a management consulting
96 firm for “merger and acquisition” services in order to pursue the County’s adopted policy
97 of bringing management and operation of transit in-house if a new contract with a
98 private vendor was not in place by April 1, 2014; and

99

100 WHEREAS, the County Executive also reported that the director of McDOT and
101 Corporation Counsel spoke to Federal Transit Administration (FTA) officials who
102 indicated that simply making the top two managers of MTS, Inc. County employees and
103 leaving the remaining employees at MTS, Inc., as currently structured, would likely not
104 satisfy competitive bidding requirements; and

105

106 WHEREAS, FTA officials did indicate that it was possible that there may be other
107 alternatives that were not contemplated that would allow the MTS, Inc./County
108 relationship to be restructured that would satisfy competitive bidding requirements; and

109

110 WHEREAS, the Committees on Transportation, Public Works and Transit and
111 Finance, Personnel and Audit, in response to the Comptroller’s Workgroup report,
112 directed further review of policy questions to Corporation Counsel regarding employee
113 union bargaining rights; Corporation Counsel recently reported on comparative rights of
114 transit workers as Milwaukee County employees in contrast to outside employee rights;
115 now, therefore,

116

117 BE IT RESOLVED, that the Milwaukee County Board of Supervisors directs that
118 the stated 2014 Adopted Budget transit policy directive outlined in this resolution shall
119 be revised as follows:

120

- 121 • The policy of Milwaukee County shall be to bring management of transit
122 in-house and services for operations shall remain outside of Milwaukee
123 County unless further revised by formal action of the Board

124

125 ; and

126 BE IT FURTHER RESOLVED that Corporation Counsel working in conjunction
127 with the Office of Comptroller shall submit to the FTA legal changes that would be
128 necessary to develop a “blended” insourcing of transit management but outsourcing of
129 operations that would satisfy the Federal Transit Administration while providing a
130 restructured relationship with MTS, Inc. to achieve the most cost effective, locally run
131 not-for-profit transit system for Milwaukee County.