

County of Milwaukee Interoffice Communication

DATE: 6/24/2022
TO: Marcelia Nicholson, Chair, Milwaukee County Board of Supervisors
FROM: Donna Brown-Martin, Director, Department of Transportation
SUBJECT: From the Director of the Department of Transportation, an Informational Report on the 2025 Projected Transit Funding Gap and Potential Impacts to Milwaukee County's North-South Transit Enhancement Project
FILE TYPE: Informational Report

REQUEST

This report provides information on the potential impacts from the projected 2025 transit funding gap on the North-South Transit Enhancement Project (NSTEP).

BACKGROUND

The Comptroller's Office presented its 5-Year Financial Forecast 2023-2027 for Milwaukee County during the March 2022 County Board cycle (File No. 22-457), in which it is estimated that \$32.9 million will be required to maintain cost-to-continue 2025 funding levels for the Milwaukee County Transit System (MCTS).

Transit revenues will continue to decrease even more precipitously after the remaining COVID19 relief funds are depleted and, consequently, will require a drastic reduction in service, infrastructure and, ultimately, staffing. It is anticipated that, best case scenario, all COVID relief funds will be expended by the end of 2024.

In response to File No. 22-457, the Milwaukee County Department of Transportation (MCDOT) provided File No. 22-589, an Informational Report on the 2025 Projected Transit Funding Gap and Strategies for Solvency.

Amongst the strategies discussed, was the cancelation of the NSTEP or partial transfer of funding from WT153, Engineering, Design and Environmental Review for the NSTEP as approved in the 2022 Adopted Capital Budget. The identified Pros and Cons were as follows:

Pros

- One time infusion of funds for the existing route system

Cons

- One time infusion of funds to the existing transit route system that will result in the deferment of North-South enhancements
- Potentially comprise the County's ability to leverage federal funding for the project
- Denial of investment in minority and low-income populations, particularly this being the highest ridership route in the County
- Will not have linkages to the East-West BRT project
- Will not benefit from I-94 East-West mitigation funds

- Politically unpopular as it has been identified as a priority by Congressional delegation, State, County and City administrations
- Directly contradicts the County's mission, vision, and values of making Milwaukee County the healthiest in the state by achieving racial equity

MCTS has issued a solicitation to procure the services for Engineering, Design and Environmental Review for the NSTEP. These services will build upon the work of the Southeastern Wisconsin Regional Planning Commission (SEWRPC) with the ultimate goal of entering into the Federal Transit Administration's (FTA) Capital Investment Grant (CIG) Program that would fund up to 80% of the construction of the NSTEP.

With an estimated budget of \$148 million, the size and scope for the NSTEP dictates that the project will be at least double the costs of the current East-West Bus Rapid Transit (BRT) Project. Subsequently the 20% match required from Milwaukee County is estimated to be approximately \$30 million. Given that this is a significant portion of the County's annual bonding cap whether in a single lump sum or over several years, MCDOT and MCTS will continue to explore options to minimize project costs while maximizing the ability to leverage federal funds.

One possible option may be to continue to deploy Clean Diesel Buses along the NSTEP alignment as opposed to the intended Battery Electric Buses (BEBs). The estimated price of a BEB is upward of \$1.2 million compared to \$600,000 for new Clean Diesels. Per SEWRPC's analysis, approximately 24 BEBs are projected to service the NSTEP alignment, but six fewer clean diesel buses could operate the service. The time needed to charge the BEBs while in service increases the number of BEBs required to operate the service. This could reduce the overall project capital cost by \$18 million and County commitment by \$3.6 million.

MCTS has in place an annual bus replacement program as part of its five-year capital improvement program and the purchase of buses would be the most reasonable source of matching funds for the overall NSTEP project. This same process was followed in applying for and successfully receiving funding for East-West BRT, with the caveat that BEBs were introduced into the final scope during project development.

Additional cost saving measures including, but not limited to, phased construction may be considered during WT153, Engineering, Design and Environmental Review and presented to the Milwaukee County Board of Supervisors. WT153 is being fully funded by FTA American Rescue Plan Act (ARPA) funds and surplus will be redirected to support fixed route service in MCTS' future year operating budget.

Ultimately, MCDOT and MCTS are committed to enhancements along this alignment as it serves some of the most concentrated areas of underrepresented populations in the City of Milwaukee, which is among the most racially segregated metro areas in the Nation. The investment aligns with Milwaukee County's 2019 declaration of racism as a public health crisis and its commitment to addressing the root causes of racial inequities.

ALIGNMENT TO STRATEGIC PLAN

2A: Determine what, where, and how we deliver services to advance health equity.

2C: Apply a racial equity lens to all decisions.

- 3A: Invest “upstream” to address root causes of health disparities.
3B: Enhance the County’s fiscal health and sustainability.
3C: Dismantle barriers to diverse and inclusive communities.

RECOMMENDATION

This report is for informational purposes only, in advance of the 2023 Milwaukee County budget deliberations.

FISCAL EFFECT

There is no fiscal effect.

TERMS (If applicable)

N/A

VIRTUAL MEETING INVITES

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