

COUNTY OF MILWAUKEE

Inter-office Communication

DATE: August 14, 2025

TO: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

FROM: John Rodgers, Interim Director, Department of Transportation
Sandra Kellner, Interim President & CEO, Milwaukee County Transit System

SUBJECT: From the Interim Director, Department of Transportation, and the President and Chief Executive Officer, Milwaukee County Transit System, providing an informational report regarding the transit funding shortfall.

FILE TYPE: Reference File Report

POLICY

Per Milwaukee County Ordinance 56.02(1) – Budget Deficits and Board Reporting, Each person, including elected officials, in charge of any county office, department, agency, or any nondepartmental account shall submit a written report to the county executive, the committee on finance of the county board, the office of the comptroller and the office of strategy, budget and performance whenever such person has reason to know or believe that a net deficit of at least one hundred thousand dollars (\$100,000.00) or an overtime deficit of at least one million dollars (\$1,000,000.00) will occur or is projected to occur for the division of county government under the supervision of that person.

BACKGROUND

The Milwaukee County Transit System (MCTS) is updating its deficit projection from \$10.9 million to \$9.2 million at year end 2025. This deficit is derived from:

- \$5.9M over budget in Salaries & Fringe (5% over budget). This includes a higher cost of health care, overtime, spread time, pension, payroll taxes and other benefits
- \$3.3M over budget in TransDev (16% over budget)
- \$1.6M lower than budget in revenue (5% under budget)
- \$1M over budget in vehicle parts & supplies (15% over budget)
- To offset higher costs, MCTS is currently \$2.6M under budget in several areas, including professional services, diesel fuel, facilities parts & supplies, utilities, and others.

MCTS has implemented the following corrective actions:

- Reducing overtime across the agency except for emergencies.
- Continue to work on reducing unplanned Transdev's expenditures due to not achieving productivity key performance indicators
- Plan for service hours reduction beginning in the Fall season.
- Engage in collective labor bargaining to reach an agreement that provides the right incentives to manage labor behaviors that lead to increased costs.
- A temporary suspension of new employee recruitment and filling of existing vacancies, including replacements for departing employees.

- Focus on operational efficiency by tracking relevant Key Performance Indicators and monthly budget review.
- Plan implementation of process improvement activities to reduce operating costs and enhance productivity.
- Negotiate more favorable prices and terms with suppliers and vendors.
- Freeze non-essential spending.

Mitigation strategies are delivering positive results, as MCTS is experiencing improvement compared to the previous report.

ALIGNMENT TO STRATEGIC PLAN

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.

FISCAL EFFECT

MCTS will utilize federal pandemic funds designated by the Federal Transit Administration (FTA) for transit operations, to cover all deficits derived in 2025. A Fund Transfer will be requested in the December cycle when a more definitive projection of the deficit is available.

VIRTUAL MEETING INVITES

John Rodgers, Interim Director, Dept. of Transportation

Eduardo Santiago, Interim Deputy Director, Dept of Transportation

Sandra Kellner, Interim President and CEO, MCTS skellner@mcts.org

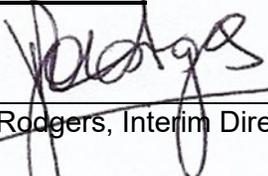
Alexander Corona, Chief Financial Officer, MCTS acorona@mcts.org

PREPARED BY:

Sandra Kellner, Interim President and CEO, MCTS

Alexander Corona, Chief Financial Officer, MCTS

APPROVED BY:



John Rodgers, Interim Director, Department of Transportation

ATTACHMENTS:

N/A

cc: Kelly Bablitch, Chief of Staff, County Board of Supervisors
Janelle M. Jensen, Legislative Services Division Manager, Office of the County Clerk