

County of Milwaukee
Interoffice Communication

DATE: 12/20/2017
TO: Michael Mayo, Sr., Chairperson, Transportation, Public Works & Transit Committee
FROM: James Martin, Interim Director, Department of Transportation
SUBJECT: Informational Report on 2018 Major Service Reductions for Transit

POLICY

The Federal Transit Administration requires a public hearing on major Transit service reductions. This informational report provides background information regarding service reductions attendant to an \$882,586 decrease in revenues in the Adopted 2018 Transit Budget.

BACKGROUND

On October 12, 2017, the transit budget was presented to the Finance and Audit (F&A) Committee at which time a PowerPoint was used to describe service eliminations that would be needed should budget amendments that reduce transit revenues be contemplated. During budget deliberations the F&A Committee adopted Amendment 1A001, which reduced revenues in the transit budget by \$882,586.

On October 30, 2017, in advance of budget adoption, the Director of the Department of Administrative Services (DAS) addressed the need for service changes as a response to the revenue reduction in a report that was prepared for the Board of Supervisors. The report identified the following actions as necessary to address the budget gap for transit:

- a. Abandon the strategy to add bus hours of service to Route 17 as described on page 7 of 8 of the recommended DOT – Transit (5600) Budget saves \$185,000
- b. Eliminate low performing UBUS Route 42U (MATC North and Downtown) at the end of the Spring Semester saves \$136,000
- c. Eliminate low performing every-day bus service on Route 276 (Brown Deer Business Park) in March 2018 saves \$221,500
- d. Eliminate low performing weekday only bus service to business and industrial parks on Routes 219 (Oak Creek Industrial Park Shuttle) and 223 (Park Place – Bradley Woods Shuttle) in March 2018 saves \$267,500
- e. Eliminate school day only services after the end of the 2017-2018 School Year on Routes 50 (Morgan Ave - Milwaukee & St. Francis), 85 (Wauwatosa Whitman – West), 87 (West Allis Nathan Hale), 88 (Cudahy), and 89 (St. Francis.) saves \$72,800

A map is attached. Total gap is closed: \$882,800

On November 6, 2017, the 2018 County budget was adopted. Pursuant to County Board budget action the changes described above now need to be implemented, as such there is cause for a public hearing. The changes will impact employees seeking to go to workplaces along routes 17, 219, 223 and 276. The changes will also impact the ease with which students can attend MATC via Route 42U and local schools served by Routes 50, 85, 87, 88 and 89. For MCTS, the changes mean that about a dozen fewer bus operators and two dozen fewer vehicles will be needed:

- Staffing reductions will occur through attrition during the calendar year (e.g. no layoffs);
- Fewer buses in the fleet translates into a reduction in future capital budget funding for vehicle replacement of about \$11 Million.

As a customer focused organization, implementing service reductions that will impact transit riders is painstaking and not something that is done lightly. In doing so, transit has focused on eliminating the routes with the lowest ridership and least used vehicles.

Given the current financial resources available, transit is forced into budgeting on more of a year-to-year basis that is inadequate to address long term operating and capital needs of the system. Budgeting year-to-year has been challenging for transit because MCTS continues to be confronted with inflation, rising healthcare costs, increases in the cost of bus parts, fluctuations in fuel pricing, variable pension charges based on market performance, and increases in wages as specified in Collective Bargaining Agreements. Efforts taken in the past to counteract these pressures resulted in administrative and operational changes that have helped MCTS to realize cost savings that have ultimately postponed the types of service reductions that we now face. Examples of such efforts follow:

- a. MCTS contracted with a fuel market expert to manage fuel-futures contract purchases in a way that maximizes cost savings while introducing predictability in budgeting for 4+ million gallons of diesel fuel use annually.
- b. MCTS sought and was awarded federal grants to provide additional revenues for the transit budget: \$4.8 Million in Congestion Mitigation and Air Quality (CMAQ) improvement funds awarded in 2016, \$300,000 in Federal Section 5310 funds awarded in 2016, and \$215,000 in Transit Security Administration grant funds awarded in 2017.
- c. MCTS introduced an advanced fare collection (smart card) system and farebox (2010 to 2013), which resulted in the discontinuation of printing of paper transfers, paper tickets and paper passes in 2016. The print shop was closed in 2016.
- d. Mobile laptops were added to street supervisory vehicles and computer kiosks were installed at work locations to enable electronic reporting of accidents/incidents by supervisors and bus operators, which eliminates paper copies and duplicative data entry, and also provides for trend analysis and improved efforts towards performance management (2017).
- e. Increased HR staff dedicated to recruitment of bus operators allowed us to establish a waiting list of candidates for the first time in over a decade (2017); also doubled the size of new bus operator classes to right-size bus operator ranks and reduce average run size to 8 hours, which decreased operator overtime pay by \$700,000 per year.

- f. Consolidated three call taking operations into one consolidated customer call center (2016).
- g. Transitioned a fully-insured healthcare plan for employees and retirees to self-insured healthcare resulting in first-year healthcare savings of \$4.0 million and a reduction to Other Post Employment Benefit (OPEB) obligation expenses (2012).

In addition to a public hearing on this matter, the transit website: RideMCTS.com will be updated to reflect these pending changes. Affected passengers will be notified of route eliminations through signs being posted at bus stops that will be eliminated, and via passenger announcements onboard buses. Furthermore, the Milwaukee Area Technical College (MATC) and municipal school districts will be notified in advance of the school year ending that some services used by their students will not resume in the Fall of 2018. In cases where an alternative MCTS service may continue to reach destinations near services that are being eliminated, these alternatives will be highlighted to our customers.

RECOMMENDATION

This report is for informational purposes only.

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Approved by:



James Martin
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cc: Chris Abele, County Executive
Raisa Koltun, Chief of Staff, County Executive
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Map 1: Routes impacted by \$882,586 reduction in 2018 Transit Budget Revenues

