

**COUNTY OF MILWAUKEE**  
Inter-office Communication

DATE: 6/18/2025

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

FROM: Donna Brown-Martin, Director, Department of Transportation  
Julie Esch, Interim President & CEO, MCTS

SUBJECT: From the Director, Department of Transportation and the Interim President & CEO, Milwaukee County Transit System providing an Informational Report on MCTS' Projected Year End Deficit for 2025.

FILE TYPE: Informational Report

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**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 is projecting a deficit of up to \$10.9 million at year end 2025. This deficit is derived from:

- \$4.7M over budget in Salaries & Fringe (43% of deficit). This includes \$1.4M in excessive overtime (OT) compared to budgeted (\$500K Maintenance OT & \$880K transportation OT)
- \$3.4M over budget in TransDev (31% of deficit)
- \$1.4M lower than budget in revenue (13% of deficit)
- \$1M over budget in materials & supplies (10% of deficit)
- \$5.5K over budget in liability & workers comp (5% of deficit)

MCTS is taking the following corrective actions:

- Eliminating overtime across the agency except for Summerfest service or in case of emergency.
- We continue to work on reducing unplanned Transdev's expenditures due to not achieving productivity key performance indicators.
- Plan for service hours reduction for 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.

### **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 expects to utilize remaining federal pandemic funds designated by the Federal Transit Administration (FTA) for transit operations, to cover all deficits derived in 2025.

### **VIRTUAL MEETING INVITES**

Donna Brown-Martin, Director, Dept. of Transportation

John Rodgers, Deputy Director, Dept of Transportation

Julie Esch, Interim President and CEO, MCTS [jesch@mcts.org](mailto:jesch@mcts.org)

Alexander Corona, Chief Financial Officer, MCTS [acorona@mcts.org](mailto:acorona@mcts.org)

### **PREPARED BY:**

Julie Esch, Interim President and CEO, MCTS

Alexander Corona, Chief Financial Officer, MCTS

### **APPROVED BY:**



Donna Brown-Martin, Director, Department of Transportation

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