



## COUNTY OF MILWAUKEE

### INTEROFFICE COMMUNICATION

Office of the Comptroller

**Scott B. Manske, Comptroller**

Date: October 24, 2016

To: Theodore Lipscomb, Sr., County Board Chairman

Michael Mayo, Sr., Chairman, Committee on Transportation, Public Works and Transit

Peggy West, Chairwoman, Committee on Finance and Audit

From: Scott B. Manske, Milwaukee County Comptroller

Subject: 2017 Recommended Budget – Vehicle Registration Fee and Milwaukee County Transit System

#### **Executive Summary**

As the Chief Financial Officer for Milwaukee County, I would like to take this opportunity to write to you regarding the implementation of a Vehicle Registration Fee (VRF) in Milwaukee County. The 2017 County Executive Recommended Budget includes the creation of a \$60 VRF for Milwaukee County residents. This creates a new revenue source of approximately \$27.1 million in 2017. Of that amount, \$15.6 million is provided for capital projects for Transportation, Transit and Parks and \$11.5 million is allocated to the operating budget for MCTS.

My office conducted an analysis of the future operating needs for Transit and the capital needs of transportation. The goal of this analysis was to determine if the VRF funding is needed for Milwaukee County. As a result of this analysis, I believe that the County needs this revenue if it is to maintain the County's portion of the local transportation systems including highways, the bus system, and parkways.

Milwaukee County has a significant structural deficit. Transit operations contribute to the structural deficit. I have found that within the next five years, without major changes in passenger rates or route reductions, the fixed-route transit operating system will need \$28 million of additional local support on an annual basis. At the same time the transportation system has capital needs of \$82 million including restoration of County highways and parkways, plus the replacement of 100 buses that have reached the end of their useful life. The combination of both of these needs exceed the available VRF funding at a \$60 annual fee, by \$50 million.

Thus, even at the \$60 rate, choices between funding either capital needs or operating needs will have to be made. Many more choices will be needed if the VRF rate is reduced to \$30 or \$0, including cuts to all areas of the County. The establishment of a VRF as a new revenue source is a viable solution to funding the transportation needs of Milwaukee County.

Recent years' operating results for Transit have required additional tax levy to the program, thus taking tax levy support away from other departments. For possibly that reason, the County

Executive has requested a VRF operating contribution \$11.5 million, when the 2017 budget request for Transit only required additional local funding of \$3.0 million. When budgets are lean, County departments have reduced their budgets historically to meet needs of all departments. However in 2017, other County operating budgets benefited from the additional tax levy that was replaced in Transit by the VRF. This action however limits future flexibility for the Transportation program. If the County Board and County Executive wish to decrease this contribution benefiting other departments they must either increase revenues or make cuts to operations. I request that future VRF be committed to transportation and strongly advocate to the policymakers of Milwaukee County to apply restrictions on future use of the VRF to protect the future of our transportation system.

In conclusion, establishing a framework where the use of the VRF is dedicated to be utilized in the most prudent manner is essential. The recommended Ordinance submitted to the County Board to create a VRF places no restrictions on the use of any funds that are displaced by VRF funds. Nor does the proposed Ordinance place any restrictions on the dollar amount that should be going towards capital in any one year or set aside VRF funding for operating future costs of MCTS.

### Background

The 2017 County Executive Recommended Budget includes the creation of an annual \$60 Vehicle Registration Fee (VRF) for Milwaukee County residents. This creates a new revenue source of approximately \$27.1 million in 2017. Of that amount, \$15.6 million is provided for capital projects for Transportation, Transit and Parks and \$11.5 million is allocated to the operating budget as a line item in the Transit system budget.

<b>Analysis of Operating and Capital Support Needed from VRF Years 2017-2021</b>					
<u>in millions</u>	<u>2017</u> <b>Budgeted</b>	<u>2018</u> <b>Needed</b>	<u>2019</u> <b>Needed</b>	<u>2020</u> <b>Needed</b>	<u>2021</u> <b>Needed</b>
<b>Operating Support MCTS</b>					
Prior Year Cost	\$ 20.91	\$ 23.91	\$ 32.37	\$ 38.30	\$ 43.49
Current Year Additional Costs	3.00	8.47	5.92	5.19	5.45
<b>Total Expenses</b>	<b>\$ 23.91</b>	<b>\$ 32.37</b>	<b>\$ 38.30</b>	<b>\$ 43.49</b>	<b>\$ 48.94</b>
Tax Levy Offset	(12.41)	(12.41)	(12.41)	(12.41)	(12.41)
<b>Operating VRF Support</b>	<b>\$ 11.50</b>	<b>\$ 19.96</b>	<b>\$ 25.89</b>	<b>\$ 31.08</b>	<b>\$ 36.53</b>
<b>Capital Support VRF Only</b>					
Highways	\$ 3.75	\$ 3.91	\$ 4.44	\$ 2.20	\$ 2.81
Buses	1.70	12.80	13.12	6.72	4.59
BRT	7.78	-	-	-	-
Parkways/ Drives	2.38	2.23	5.83	4.91	2.67
<b>Capital Support with VRF</b>	<b>\$ 15.60</b>	<b>\$ 18.94</b>	<b>\$ 23.39</b>	<b>\$ 13.83</b>	<b>\$ 10.07</b>
<b>Operating and Capital VRF Total</b>	<b>27.10</b>	<b>38.90</b>	<b>49.28</b>	<b>44.91</b>	<b>46.60</b>
VRF Revenue @ \$60	\$ (27.10)	\$ (32.52)	\$ (32.52)	\$ (32.52)	\$ (32.52)
<b>Excess/ (Shorfall)</b>	<b>\$ 0.00</b>	<b>\$ (6.38)</b>	<b>\$ (16.76)</b>	<b>\$ (12.39)</b>	<b>\$ (14.08)</b>
VRF Revenue \$30	\$ (13.55)	\$ (16.26)	\$ (16.26)	\$ (16.26)	\$ (16.26)
<b>Excess/ (Shorfall)</b>	<b>\$ (13.55)</b>	<b>\$ (22.64)</b>	<b>\$ (33.02)</b>	<b>\$ (28.65)</b>	<b>\$ (30.34)</b>

### 2016 Milwaukee County Transit System Fiscal Status

For fiscal year 2016, the Milwaukee County Transit system is projecting a deficit of (\$1.2) million as of September 30, 2016. The table below details the deficit.

Item	Impact	Amount
Go Pass Impact	--	(\$3,102,000)
General Ridership Declines	--	(\$2,043,000)
MPS Ridership Declines	--	(\$800,000)
<b>Total Passenger Ridership deficit</b>		<b>(\$5,945,000)</b>
Fuel Expenses	+	\$2,524,000
Fringe Benefits and Health Care Savings	+	\$3,029,000
Bus Parts	--	(\$558,000)
Depreciation	--	(\$200,000)
<b>Total Transit Costs Surplus</b>		<b>\$4,795,000</b>
<b>Projected Year end position for MCTS</b>		<b>(\$1,150,000)</b>

### 2017 Recommended Budget for the Milwaukee County Transit System

The 2017 Recommended Budget for MCTS is summarized below. Notable items include an anticipated reduction in fuel costs of \$5.2 million from the amount adopted in 2016. The fuel savings for 2017 are based on fuel futures that the Transit system has locked in for 2017 and will likely be realized. However, future year's fuel costs pose concerns. If the Transit system is unable to maintain such favorable contract terms in 2018 and beyond, the County will need to increase expenditures in the future.

The 2017 Recommended Budget also proposed changes to the Go Pass program. The Go Pass program has resulted in an estimated loss of passenger revenue to the MCTS of approximately \$3.0 million in 2016. The 2017 Recommended Budget reduces revenues by a net of (\$2.0) million for the Go Pass due to an anticipated increase in revenue of \$1.1 million from the collection of a fee of \$5.00 per card issued, a fee of \$0.25 per ride and decreased ridership due to these changes. This program continues to have a volatile impact on passenger revenue and should be monitored closely in future years to determine if additional VRF funding would be needed to sustain the program and avoid it having an adverse impact upon MCTS.

**2016 Adopted Budget vs. 2017 Recommended Budget Major Changes**

<b>Item</b>	<b>Amount</b>
Federal Reimbursement	(\$659,600)
<b>Total decrease in non-passenger revenue</b>	<b>(\$659,600)</b>
Go Pass Impact	(\$2,900,000)
Go Pass Program Changes	\$1,100,000
General Ridership Declines	(\$3,700,000)
Fare increases in 2017	\$1,890,000
<b>Total Passenger Ridership revenue change from 2016 Adopted</b>	<b>(\$4,262,300)</b>
Fuel Expenses	\$5,350,900
Personnel, Prof, Tech Services	(\$1,127,100)
Bus Parts	(\$910,000)
Other Costs including crosscharges	(\$584,000)
Depreciation	(\$800,000)
<b>Total Transit Costs change from 2016 Adopted</b>	<b>\$2,053,800</b>
<b>Total Tax Levy change in MCTS pre VRF</b>	<b>\$2,992,000</b>
Vehicle Registration Fee	\$11,498,000
<b>Tax levy change for MCTS from 16 to 17</b>	<b>(\$8,505,000)</b>

**Five Year Forecast for the Milwaukee County Transit System**

One of my annual responsibilities as the Comptroller is the issuance of a five year financial projection for Milwaukee County. In the most recent projection issued by my Office in September of 2016, a 2017 structural deficit of \$36.9 million was identified. One reason for the structural deficit in Milwaukee County is a disparity between the annual growth rate of expenditures of 2.2 percent and the annual growth rate of revenues of 0.7 percent. Solutions to the structural deficit on a simplified level are either to reduce your expenditures, find new revenues sources or a combination of both. When new revenue sources are identified, there is only a positive impact on the structural deficit if those revenues are used to support existing program expenditures. To the extent that new revenue sources are used to fund new program expenditures, the long term structural deficit is made worse. A five year forecast was created for the Milwaukee County Transit System to illustrate how necessary setting aside future VRF funding is for the operation of the Transit System. The projection assumes a VRF funding of \$11.5 million annually.

<b>Year</b>	<b>Projected Expenditures</b>	<b>Projected Revenues</b>	<b>Projected Tax Levy</b>	<b>Change from Prior Year</b>	<b>Change from 2017 REC</b>
2017	144,228,091	131,820,856	12,407,135	0	0
2018	148,947,051	128,070,800	20,876,250	8,469,016	8,469,016
2019	153,894,050	127,095,800	26,798,250	5,922,000	14,391,015
2020	159,085,050	127,095,800	31,989,258	5,191,000	19,582,115
2021	164,536,051	127,095,800	37,440,250	5,451,000	25,033,115

### **Bus Rapid Transit**

The 2017 Recommended Capital Improvements Budget includes funding of \$7.7 million from the VRF to provide the local match toward the development of a Bus Rapid Transit (BRT) system. Detailed information is included below regarding the BRT to show that the BRT will increase annual costs upon implementation at a projected annual amount of \$3.75 million. These costs are projected to be offset from new passenger revenue, however, if ridership increases do not meet expectations, the increased costs would have to be covered by tax levy, VRF or the reduction in routes or costs of the MCTS system.

In order to be eligible for Federal funding for the (BRT) proposal, consultants were hired to perform an evaluation process consisting of three tiers: Tier 1 – route and mode evaluations, Tier 2 – evaluate Tier 1 passed routes and modes and Tier 3 evaluate final selected route and mode. Milwaukee County capital funds and MCTS funds have been used to hire consultants to perform the study. The results of Tier 1 and Tier 2 are now completed and are available on the internet at [www.eastwestbrt.com](http://www.eastwestbrt.com).

The Tier 1 evaluation noted that the most likely route and mode was an east west route from downtown Milwaukee moving down either Wisconsin Avenue or Wells Street, converting to all Wisconsin Avenue, proceeding to Bluemound Avenue, and winding through the County Grounds to end at the Watertown Plank Road park and ride near US Highway 45. This route was included in the Tier 2 evaluation.

The Tier 2 evaluation involved the preparation of six technical memoranda including: #1 Station Area, #2 Transportation, #3 Environmental Impacts, #4 Capital Costs, #5 Operating and maintenance Costs, and #6 Ridership. The Office of the Comptroller reviewed this report for the potential fiscal impact that the BRT may have on Milwaukee County. For this reason, we looked at technical memorandums #4, #5, and #6.

The results of this review are included as an addendum to this memo.

### **Capital Costs**

The 2017 Recommended Budget allocates \$15.6 million of the VRF toward the County's capital contribution on transportation related projects including highways, bridges, transit buses, the BRT, and parkways. By contributing cash VRF for projects, the County avoids the issuance of debt, and thus makes the County's annual capital debt capacity available for non-transportation related projects. The 2017 Recommended Budget also includes borrowing of \$40 million and \$8.0 million of sales tax revenue for non-transportation related projects.

The current Ordinance request to create a VRF before the County Board places no restrictions on the types of projects that could be funded with VRF dollars. Nor does the Ordinance place any restrictions on the dollar amount that should be going towards capital in any one year. For purposes of this memo, we have looked at capital needs in transportation over the next five years. The transportation projects were limited to County highways, County bridges, buses, BRT, parkways, and park drives.

All Trans Related	Total Cost	Rev Reimbursement	Net County Contribution
2017	\$ 62,246,745	\$ 44,681,945	\$ 17,564,800
2018	\$ 27,858,250	\$ 9,030,000	\$ 18,938,250
2019	\$ 37,866,750	\$ 14,537,000	\$ 23,389,750
2020	\$ 19,496,750	\$ 6,567,000	\$ 13,829,750
2021	\$ 22,217,750	\$ 12,146,000	\$ 10,071,750
	\$ 169,686,245	\$ 86,961,945	\$ 83,794,300

A recent report by the Public Policy Forum “The Fork in The Road” gave the County’s highways and bridges a green light in terms of maintaining our roads and bridges in good shape, with minimal deferred maintenance. Many of the County highway and bridge projects are 80% funded by the State. Concerns have been raised at the State level of how road funding will be supported in the future. The results of this State discussion may force the County to increase its contribution for these projects. The anticipated spending for highways and bridges over the next five years is as follows:


Highways and Bridges	Total Cost	Rev Reimbursement	Net County Contribution
2017	\$ 6,631,945	\$ 2,881,945	\$ 3,750,000
2018	\$ 10,251,000	\$ 6,450,000	\$ 3,911,000
2019	\$ 16,275,000	\$ 11,893,000	\$ 4,442,000
2020	\$ 6,515,000	\$ 5,212,000	\$ 2,203,000
2021	\$ 14,025,000	\$ 11,220,000	\$ 2,805,000
	\$ 53,697,945	\$ 37,656,945	\$ 17,111,000

The County has in recent years been buying on average 30 buses a year, to replace inventory that is near 14 years old and over 600,000 miles. Federal reimbursement revenue varies by year depending on the availability of federal funding. A recent Public Policy Forum report noted that over 25% of our buses have over 500,000 miles. The Comptroller analysis indicates that the County needs to buy 75 buses to replace aging inventory, however, after that initial purchase the level of inventory replacement drops. This will provide some reduction in the amount of capital needed for buses to maintain our inventory at approximately 425 buses. The following is an estimate of the capital needs for buses in the next five years.

Buses	Total Cost	Rev Reimbursement	Net County Contribution	# of Buses
2017	\$ 7,500,000	\$ 5,800,000	\$ 1,700,000	15.0
2018	\$ 15,375,000	\$ 2,580,000	\$ 12,795,000	30.0
2019	\$ 15,759,000	\$ 2,644,000	\$ 13,115,000	30.0
2020	\$ 8,076,000	\$ 1,355,000	\$ 6,721,000	15.0
2021	\$ 5,519,000	\$ 926,000	\$ 4,593,000	10.0
	\$ 52,229,000	\$ 13,305,000	\$ 38,924,000	100.0

The final area that the VRF has been considered in funding is the Parkways and Park Drives of the County. Parkways in Milwaukee County are 41.8 miles in length, while park drives are 20.3 miles in length. Based on a listing of the parkways and drives, and a status of their condition an estimate was made of the deferred maintenance on these roadways. The cost estimate was based on recent work that had been done on the Menomonee River Parkway and the Milwaukee River Parkway. The deferred maintenance was estimated at \$25.4 million for parkways and \$12.8 million for park drives. The projected work on parkways and drives over the next five years are as follows:

<b>Parkways and Park Drives</b>	<b>Total Cost</b>	<b>Rev Reimbursement</b>	<b>Net County Contribution</b>	<b>Bridge/ Miles</b>
2017	\$ 4,339,800	\$ -	\$ 4,339,800	Bridge/ 1.05
2018	\$ 2,232,250	\$ -	\$ 2,232,250	Bridge/ 0.57
2019	\$ 5,832,750	\$ -	\$ 5,832,750	3.43
2020	\$ 4,905,750	\$ -	\$ 4,905,750	2.11
2021	\$ 2,673,750	\$ -	\$ 2,673,750	1.15
	\$ 19,984,300	\$ -	\$ 19,984,300	



Scott B. Manske, Milwaukee County Comptroller

Cc: Chris Abele, County Executive

Milwaukee County Supervisors

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**ADDENDUM #1 – BUS RAPID TRANSIT ANALYSIS**

In order to be eligible for Federal funding for the Milwaukee County Bus Rapid Transit (BRT) proposal, consultants were hired to perform an evaluation process. Milwaukee County capital funds and MCTS funds were used to hire consultants to perform the study. There are three tiers to the study. The first tier was to provide an assessment of multiple routes and modes for a BRT solution for Milwaukee County. The second tier was to provide a detailed evaluation of only those routes and modes that passed a tier 1 evaluation. The results of Tier 1 and Tier 2 are now completed and are available on the internet at [www.eastwestbrt.com](http://www.eastwestbrt.com). Tier 3 will evaluate the final selected route and mode.

The Tier 1 evaluation noted that the most likely mode and route was an east west route from downtown Milwaukee moving down either Wisconsin Avenue or Wells Street , converting to all Wisconsin Avenue, proceeding to Bluemound Avenue, and winding through the County Grounds to end at the Watertown Plank Road park and ride near US Highway 45. This route was included in the Tier 2 evaluation.

The Tier 2 evaluation involved the preparation of six technical memoranda including: #1 Station Area, #2 Transportation, #3 Environmental Impacts, #4 Capital Costs, #5 Operating and maintenance Costs, and #6 Ridership. The Office of the Comptroller reviewed this report for the potential fiscal impact that the BRT may have on Milwaukee County. For this reason, we looked at technical memorandums #4, #5, and #6.

<b>Summary of Financial Impact of BRT</b>		
<b>Capital Costs for construction of BRT</b>		in millions
County Funded		\$ 8.39
Federally Funded		\$ 38.19
Total Capital Costs		\$ 46.58
<b>Operating Costs for BRT - Average Scenario</b>		in millions
Operating Costs for BRT		\$ 5.59
Cost redn. for dupl routes elim		\$ (1.84)
Net Cost Increase		\$ 3.75
<b>Revenue Increase based on Projected Boardings</b>		
<b>New Boardings each weekday</b>		<b>13,367</b>
Pctg Full Fare		75%
Pctg Reduced Fare/ Go Pass		25%
		in millions
<b>Revenue (millions) Increase</b>		<b>\$ 4.85</b>

The other technical memoranda are not a part of this discussion. Memoranda #1 looked at the station area, which included the station locations, population density, employment, equitable access



to improvements and development potential. The Transportation memoranda #2 looked at the right of way impacts, parking, traffic and bicycle and pedestrian impacts. The Environmental memoranda #3 looked at the environmental impacts of the proposed BRT including the natural environment and the cultural and historical impacts.

**Capital Costs of the proposed BRT.**

While a final capital cost has not been established the Tier #2 study looked at a very narrow field of alternatives. Based on this study, the total capital costs ranged from a low of \$41.6 million to a high of \$47.8 million. The difference in price is dependent on if the BRT is operated in mixed traffic (lower cost \$41.9 million), a dedicated curbside operation (lower cost \$41.6 million), and a dedicated center operation (highest cost \$47.8 million). The higher cost for the dedicated center operation is related to the need to create systems that would support a center run operation for the BRT.

The following is a summary of the capital costs based on a mixed traffic operation using the three alternatives included in the study.

Memoranda #4	Per Study	Alternative 1: Via Wisc Ave	Alternative #2: Via Wells St	Alternative #3: Hybrid
<b>Capital Costs for Construction - Mixed Traffic (lowest cost)</b>				
Stations, Stops, Terminals	*	\$ 9.01	\$ 9.49	\$ 9.01
Network & Conditions	*	\$ 2.09	\$ 2.06	\$ 2.08
Systems	*	\$ 9.00	\$ 9.63	\$ 9.39
Vehicles	*	\$ 9.30	\$ 9.30	\$ 9.30
Prof Services	*	\$ 6.03	\$ 6.36	\$ 6.14
Contingency	*	\$ 6.50	\$ 6.82	\$ 6.61
<b>Capital Costs (Constr. Avg.) (millions)</b>	*	<b>\$ 41.93</b>	<b>\$ 43.66</b>	<b>\$ 42.53</b>

The capital costs do not include any roadway improvements, except for the creation of stations along the route. Roadway changes would increase the costs of the project. Cleveland installed a BRT in 2005 at a cost of \$200 million for approximately the same distance as Milwaukee County is proposing for its BRT line. This included heavy construction on the route to create a dedicated route for four miles to the BRT vehicles, at \$27.1 million a mile. The remaining three miles were done at a cost of \$2.0 million per mile, since they used existing lanes.

The County would be buying twelve (12) 40' hybrid electric buses. These buses cost \$700,000 apiece and have a useful life of 12 years. The system and stations would have to be maintained on an annual basis which would add to the operating cost of the BRT solution. These additional costs are covered in the discussion on operating and maintenance costs.

The capital costs would be funded with both Federal Funds and local funding. The County Executive has included a capital project to fund the BRT project (WT08301 – Bus Rapid Transit). In July, 2016, the County Board approved a resolution to submit a request to the Federal Transit Administration for its portion of the funding. The resolution indicated that the County would consider approving its portion of the project during the 2017 budget deliberations.

Bus Rapid Transit Project - Funding by Year			
<b>2017 Budget Request - WT08301</b>			in millions
	Federal Funding	\$	36.00
	County Funding	\$	7.78
		\$	43.78
<b>2016 Authorized</b>			
	Federal Funding	\$	2.19
	County Funding/ Others	\$	0.61
		\$	2.80

Operating and Maintenance Costs – Memoranda #5

The operating and maintenance costs would increase under a BRT proposal due to the number of additional miles traveled by the buses. Additional miles are based on the number of additional trips that would be taken during a day. Buses would operate every ten minutes versus the current 16 minutes for Gold line bus, which the BRT would replace. Five buses, during peak hours would be eliminated from the current routes that the BRT would replace. The BRT would have 9 buses during the peak hours.

Memoranda #5 Operating and Maintenance Costs	Per Study	Exclusive Dedicated Lanes	Mixed Non-Dedicated Lanes
<b>Unit Changes with BRT</b>			
<b>BRT Additions</b>			
BRT Peak Buses	*	9	10
BRT Rev Miles	*	597,600	597,600
BRT Rev Hours	*	50,000	54,900
<b>Regular Bus Service Reductions</b>			
Reg Peak Bus Reduction	*	(5)	(5)
Reg Rev Mile Reduction	*	(276,831)	(276,831)
Reg Rev Hours Reduction	*	(17,494)	(17,494)

The operating and maintenance (O&M) costs would see an increase in BRT operations offset by a reduction in regular operations due to the elimination or reduction in certain routes. BRT has unique costs versus a regular bus system due to the stations needed to improve entry and exit to buses, and the signal controls to give BRT buses the right of way. The following table shows the O&M costs broken down for BRT, less the cost reduction in the regular bus system.

<b>Net Cost of BRT with dedicated lanes</b>	<b>Per Study</b>	<b>Alternative 1: Via Wisc Ave</b>	<b>Alternative #2: Via Wells St</b>	<b>Alternative #3: Hybrid</b>
Vehicle Operations	*	3.59	3.61	3.60
Vehicle Maintenance	*	0.70	0.72	0.71
General Administration	*	0.33	0.33	0.33
BRT Specific	*	0.92	0.96	0.95
<b>O&amp;M Costs - BRT (millions)</b>	*	<b>\$ 5.54</b>	<b>\$ 5.62</b>	<b>\$ 5.59</b>
<b>Less O&amp;M Costs - Gold/ others (millions)</b>	*	<b>\$ (1.84)</b>	<b>\$ (1.84)</b>	<b>\$ (1.84)</b>
<b>O&amp;M Costs (millions) - Increase</b>	*	<b>\$ 3.70</b>	<b>\$ 3.78</b>	<b>\$ 3.75</b>

As noted by the table the BRT will increase O&M costs an average of \$3.75 million for the MCTS system. These costs, without any change in passenger revenue or Federal revenue, would have to be covered by tax levy, VRF or the reduction in routes or costs of the MCTS system.

Ridership Memoranda #6

The ridership of the MCTS system is expected to increase under the BRT proposal. The increase in ridership on a weekday is expected to increase by 8,000. The increase in boardings is expected to be an increase of 13,300 going from 19,131 to 32,498, as shown in the table below.

**Table 5-3: Average Weekday Boardings by Route**

<b>Route Name</b>	<b>No Build</b>	<b>Alternative 1</b>	<b>Alternative 2</b>	<b>Alternative 3</b>
30	5,030	6,207	6,260	5,971
30X	4,889	6,176	6,448	6,229
31 (includes 10E in Alts.)	2,261	5,072	4,769	4,917
GOLD	6,951	-	-	-
10W	-	697	692	711
BRT	-	14,346	13,878	13,876
<b>Total</b>	<b>19,131</b>	<b>32,498</b>	<b>32,047</b>	<b>31,704</b>

As can be seen by the table the Gold line would be eliminated and the 10W and the BRT would be added. In addition, the 30, 30X and 31 routes would have expanded boardings, as a result of the new BRT. Difference in boardings between No Build and Alternative 1 is 13,367 (32,498- 19,131).

<b>Memoranda #6</b>	<b>Per Study</b>	<b>Alternative 1: Via Wisc Ave</b>	<b>Alternative #2: Via Wells St</b>	<b>Alternative #3: Hybrid</b>
Weekday ridership increase				
<b>New Riders</b>	*	<b>8,346</b>	<b>8,264</b>	<b>8,042</b>
Weekday Boardings Increase and Rev Forecast				
<b>Additional Boardings</b>	*	<b>13,367</b>	<b>12,916</b>	<b>12,573</b>
Full Fare Average		\$ 1.75	\$ 1.75	\$ 1.75
Reduced Fare Average		\$ 0.55	\$ 0.55	\$ 0.55
Pctg Full Fare		75%	75%	75%
Pctg Reduced Fare/ Go Pass		25%	25%	25%
<b>Revenue (millions) Increase</b>		<b>\$ 4.85</b>	<b>\$ 4.68</b>	<b>\$ 4.56</b>

The boarding data was used to calculate an annual revenue dollar amount, to compare to the increase in O&M cost. The assumption was that the additional boardings were considered a unique ride, and thus would have a fare collected for each ride. Current statistics are showing that 25% of rides are related to the Go Pass or reduced fare boardings. The remaining 75% would then be full fare tickets. The average for full fare tickets was \$1.75 based on an analysis we did of passenger revenue in the Go Pass study. A fare of \$0.55 was used for the Go Pass reduced fare based on the combination of free rides, \$0.25 Go Pass rides and the half fare ticket for elderly.

Our calculation is indicating that the fare revenue that could be generated under this increase in boardings is approximately \$4.70 million. This revenue would not be generated in the first year of operation, but over several years. It is unknown at this time if fare pricing for BRT will remain the same as the regular bus fares. In addition, we are unsure of the impact of the Go-Pass on the revenue being generated.