

# COUNTY OF MILWAUKEE

## Inter-office Communication

DATE: 4/22/2022  
TO: Marcelia Nicholson, Chair, County Board of Supervisors  
FROM: Donna Brown-Martin, Director, Department of Transportation  
SUBJECT: 2022 MCTS Suspension of Freeway Flyers and Special Services Report  
FILE TYPE: Informational Report

### BACKGROUND

There is a national labor shortage impacting essential workers across the country and locally. On February 28, 2022, MCTS informed all County Supervisors that Freeway Flyer routes would continue to be suspended and that Summerfest could not be served with park-ride lot services in 2022 due to labor shortages. The suspension of Freeway Flyers allowed MCTS to redirect resources that were used for park-ride lot service to local services that are used daily by more vulnerable members of our community.

Amid an ongoing multi-faceted approach to recruitment and retention, MCTS still struggles with workforce issues and has determined that current conditions necessitate a review of special bus service to some of the more fun events in our community, because activating these routes can create a risk of negative impact on the reliability of transit service available to our daily riders. As such, MCTS assessed its ability to provide a variety of special services in 2022, such as to Brewers games, ethnic festivals, and State Fair. MCTS subsequently concluded that it cannot sufficiently mitigate conditions that threaten to erode reliability of everyday routes.

Secondarily, MCTS also acknowledges a decades long fiscal imbalance between revenues and expenses that is becoming increasingly more perilous, as illustrated by **File # 22-457** (Milwaukee County Comptroller's Five-Year Financial Forecast 2023 – 2027). In this report, it is stated:

*By FY2025, federal stimulus funding provided to the transit system is fully depleted and no longer available to offset transit services. Absent any additional funding sources before FY2025, the result is an estimated increase of \$32.9 million in the County's cost-to-continue in FY2025.*

In the 2021 and 2022 transit budgets, there were no major changes to transit/paratransit services due to the availability of Federal funds provided to MCTS to aid in its response to and recovery from the COVID-19 pandemic. The eventual exhaustion of these funds will leave a significant fiscal gap or cost-to-continue. The use of one-time funds to finance balanced budgets is not a new concept. An in-depth evaluation of decades of fiscal imbalance, limitations on revenue streams, and a lack of adequate funding was covered in a 2019 report to the Board (**File #19-442**) that acknowledged a history of short-term fixes using one-time monies as a means of 'getting by' with cuts in services used as a last resort.

The anticipated \$32.9 million budget gap looms large. It primarily results from ridership and passenger revenue lagging pre-COVID levels, and a series of annual inflationary increases experienced since 2020 and projected out to 2025.

It is indisputable that transit is vital to our community and aids in achieving the vision of becoming the healthiest County in the state. It is also true that MCTS can only operate services that it can afford given available State, Federal, and local funds including revenues generated from passengers.

Notably, state funds continue to stagnate at a level lower than a decade ago. Federal funds tend to be for one-time use with a focus on capital investments, and local funding options are limited by State laws. Meanwhile, passenger revenue is increasing with ridership growing by 15% year-to-date over 2021, but still lag well below pre-COVID numbers. To begin to chip away at the fiscal cliff, MCTS can impact annual costs by not operating freeway flyers and seasonal services in 2022, as follows:

|                    | Annual Cost Reduction |
|--------------------|-----------------------|
| • Freeway Flyers   | \$800,000             |
| • Summerfest       | \$200,000             |
| • State Fair       | \$162,000             |
| • Ethnic Festivals | \$ 63,000             |
| • Brewer's Games   | <u>\$ 68,000</u>      |
|                    | \$1,293,000           |

MCTS is aware of Milwaukee County's fiscal constraints, and the pressure that constraints put on annual budgets. Suspending the services described above helps to address workforce issues now and chips away at the future fiscal gap. As such, MCTS plans to remove these routes from the 2023 transit budget to project these cost savings into all future budgets too.

#### RECOMMENDATION

This report is for informational purposes unless otherwise directed.

#### VIRTUAL MEETING INVITES

#### PREPARED BY:

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#### APPROVED BY:

*Donna Brown-Martin*

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