

## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** January 31, 2018

Original Fiscal Note ☒

Substitute Fiscal Note ☐

**SUBJECT:** A resolution authorizing and requesting the Milwaukee County Transit System (MCTS) to maintain Route 42U service to the Milwaukee Area Technical College (MATC) North Campus and to examine the factors that led to an operating surplus for 2017 to determine whether transit cuts are required to balance the 2018 Transit Budget

### FISCAL EFFECT:

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| <input checked="" type="checkbox"/> No Direct County Fiscal Impact                                     | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required  | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues     |
| <input type="checkbox"/> Absorbed Within Agency's Budget   | <input type="checkbox"/> Decrease Capital Revenues     |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget   |  |
| <input type="checkbox"/> Decrease Operating Expenditures   | <input type="checkbox"/> Use of contingent funds       |
| <input type="checkbox"/> Increase Operating Revenues   |  |
| <input type="checkbox"/> Decrease Operating Revenues   |  |

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0
Capital Improvement Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0

## DESCRIPTION OF FISCAL EFFECT

**In the space below, you must provide the following information. Attach additional pages if necessary.**

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
  - B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
  - C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
  - D. Describe any assumptions or interpretations that were utilized to provide the information on this form.
- A. Approval of this resolution will authorize and request the Milwaukee County Transit System to provide a written report on the factors that led to the 2017 projected operating surplus of approximately \$2.75 million and whether these trends may positively impact the 2018 Budget. The resolution also requests MCTS to respond to a written inquiry from the Chairperson of the Committee on Transportation, Public Works, and Transit dated 1/17/18.

The resolution requests MCTS to continue to operate the UBUS Route 42U, which runs from downtown to the MATC North campus in Mequon.

MCTS submitted ten route cuts (or modifications) to address an expenditure reduction of approximately \$889,000 pursuant to the 2018 Adopted Budget. These route cuts are outlined in File No. 18-79. The expenditure reduction for MCTS is the result of 2018 budget amendment 1A001 (Budget Amendment) by the County Board, which returned the Vehicle Registration Fee from the County Executive's proposed rate of \$60 per vehicle to the current rate of \$30 per vehicle. This reduction in proposed budgeted revenue for the Vehicle Registration Fee required expenditure reductions and other changes to balance the 2018 budget.

MCTS is not the only department to experience budget reductions from the 2018 Budget Amendment. This Budget Amendment requested departments to manage the reduction to achieve a commensurate tax levy savings by seeking efficiencies to minimize the impact on the delivery of programs and services. MCTS provided ten route cuts or modifications to achieve savings to equal the budget cut. It is not the Office of the Comptroller's role to

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<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.

determine if the spirit of the amendment was met as to seeking efficiencies to minimize the impact, or if the cuts provided by the department will result in adequate savings to address the expenditure reduction. Based on conversations with MCTS, the 42U Route is one of the ten routes that will be cut or modified. The 42U will generate savings of approximately \$136,000 for the second half of the year. (MCTS planned to operate the 42U route until the end of the semester in June 2018).

The resolution also directs Transit Officials to determine if any excess revenue can be generated from the VRF in 2018, which could be used to retain transit services in 2018. The resolution also requests the Southeastern Wisconsin Regional Planning Commission (SWRPC) and MCTS to analyze all proposed route eliminations and provide a report in the coming County Board meeting cycle on any alternatives or options to retain transit services.

- B. Approval of this resolution will require staff time to examine the causes of the 2017 Transit surplus and to determine if these causes have an impact on budget assumptions made for 2018. In addition, the resolution requests that the operation of route 42U, which was included in the 2018 Adopted Budget, be continued for the remainder of the year. As proposed by MCTS, the cut in route 42U would not generate any savings until the second half of this year after the service is discontinued. To the extent all other actions requested in this resolution of MCTS and SWRPC do not generate additional expenditure savings or revenue enhancements, the cost to MCTS to operate this route is \$136,000. If this conclusion is reached, MCTS may want to consider submitting a fund transfer to the County Board for funding of Route 42U for the last half of 2018.
- C. The 2018 Adopted Budget included funding for the UBUS 42U route for the full year. However, the Budget included an unspecified expenditure reduction of approximately \$889,000. MCTS proposed to offset this expenditure reduction by eliminating or modifying ten transit routes. The projected savings from discontinuing the 42U route after the first semester of 2018 is approximately \$136,000 for the remainder of the year. By maintaining route 42U, MCTS will have to identify \$136,000 in other expenditure savings or revenue enhancements to offset the cost of this route. Given the additional questions asked of MCTS regarding the surplus for 2017 and its causes, the evaluation of the 2018 VRF, and the future study by SEWRPC, there is no fiscal impact to the County by this resolution. If after all answers are received and the Transit System is left with a budget issue due to the continuation of bus service for 42U, a fund transfer should be requested to fill any budgetary gap.
- D. No assumptions were made.

Department/Prepared By Steve Cady, Research and Policy Director, Office of the Comptroller

Authorized Signature *Stephen J. Cady*

Did DAS-Fiscal Staff Review? ☐ Yes ☒ No

Did CDBP Review?<sup>2</sup> ☐ Yes ☐ No ☒ Not Required