

Interim Report
of the
LONG-RANGE METRO TRANSIT PLANNING
Ad Hoc Committee
July 2007

This is a draft of the Committee's final report, which will be completed in late 2007. As such, some of this document is in outline form and some of it identifies areas for further discussion. The Committee chose to make this draft public in order to encourage input on its initial recommendations, areas for further discussion, and especially anything that is missing from this document. The work of the Committee and subcommittees is continuing. The order in which recommendations and areas of discussion are listed do not indicate their order of importance. A numbered list in this interim report is not meant to indicate that item number one is more important than item number two. Recommendations may be prioritized in the final report based on a number of things, including which things the Committee feels are most important and which are most likely to be accomplished with current resources. Please attend one of our public meetings (see below) or submit written comments to:

Metro Transit
Ann Schroeder
1101 E Washington Ave
Madison, WI 53703

You can also submit feedback by email to aschroeder@cityofmadison.com or by taking our feedback survey at www.mymetrobus.com.

Public Hearings:

Monday, August 6; 5:00 PM at Lakeview Park Shelter, 6300 Mendota Ave., Middleton

Wednesday, August 8; 5:00 PM at South Madison Health and Family Center – Harambee, 2202 S. Park Street, Room 310, the Villager Mall (Please enter through the South Madison Library)

Thursday, August 9, 2007; 5:00 PM at Madison Public Library – Pinney Branch, 204 Cottage Grove Road, in the Meeting Room.

Tuesday, August 14; 5:00 PM at Transit and Parking Commission Meeting, Madison Municipal Building, 210 Martin Luther King Jr. Blvd., Room 260

Current Committee Members:

Member Name	Affiliation
Carl DuRocher	Transit and Parking Commission Chair
Amanda White	Transit and Parking Commission Member
Alder Jed Sanborn	Transit and Parking Commission Member
Susan De Vos	ADA Transit Subcommittee Member
Ida Thomas	Transit User
Mark Opitz	Contracted Service Oversight Subcommittee Member (Middleton)
Michael Heifetz	Business Community Representative (Dean Health Systems)
Richard Wilberg	Business Community Representative (American Family Insurance)
Edward Clarke	Business Community Representative (MATC)
Juli Aulik	Business Community Representative (UW Hospital and Clinics)
Lance Lunsway	University of Wisconsin Representative
Alder Satya Rhodes Conway	At-Large Member

Introduction

The Metro Transit System is owned and operated by the City of Madison, and provides fixed route and paratransit services in the greater Madison area. It partners with the University of Wisconsin-Madison, Middleton, Fitchburg, Verona, Town of Madison, the Village of Shorewood Hills, Madison Metropolitan Area School District, Madison Area Technical College, Edgewood College, St. Mary’s Hospital, University of Wisconsin Hospital and Clinics, and The American Center (in prior years) for services and unlimited ride pass contracts.

Metro provides a high level of service compared to communities of similar size, and ridership productivity and cost effectiveness performance ranges from above average to very strong. Ridership is the highest it has been in 20+ years, and is still increasing. However, Wisconsin is the only state in the Midwest that does not yet allow for the formation of regional transit authorities, and Metro's funding structure is not sustainable. Costs, including a significant increase in the price of fuel, continue to rise. State assistance has been diminishing in real terms (actual figures are increasing but at a lower rate than inflation) and the City has been making up the difference. The City cannot continue to increase its funding the way it has in the last few years, and the hope is that this Committee can make recommendations that will strengthen the system.

The Committee was originally charged with “exploring ways of improving Metro service and securing adequate funding that moves Metro beyond the cycle of fare increases, service cuts and extraordinary increases in general fund support.” The Committee was asked to address the following topics:

1. Potential for the greater use of pre-paid employee and/or student passes;
2. Technological changes such as hybrid buses, alternative fuels and other technologies that might reduce costs;
3. The possibility of the use of smaller buses and demand response, route deviation methods on certain generally low-use routes at certain off-peak times;
4. The possibility of expanding the scope of inter-city commuter service;
5. Opportunities for regional transit, potential structures for governance of a regional transit entity and necessary statutory changes;
6. Opportunities for new revenue sources that have a regional focus and that include expanded advertising revenue;
7. New or expanded techniques to market transit;
8. Other topics related to its charge that the committee deems appropriate.

Based on this charge, the Committee adopted the following mission and guiding principles:

Mission: To explore options to secure the long term financial stability of the Metro Transit system, including but not limited to expansion into new markets both geographically and demographically, intensification of service, new technologies, marketing and partnerships and to provide guidance on priorities for the Metro Transit system.

Guiding Principles:

The Metro bus system:

- Is an essential component of a balanced transportation scheme for Madison
- Is a crucial part of our public infrastructure
- Should provide service that is available to everyone
- Should be attractive and convenient for everyone
- Should have a broad and stable funding base, including public funds from the city, state and federal governments
- Should build partnerships with other communities, businesses, community organizations, etc.

The Committee has five subcommittees including funding, service improvements, increasing ridership, cost management, and marketing.

Each subcommittee has met multiple times, often with input from Metro staff, and has identified areas of discussion that may lead to recommendations. Since this is an interim report, we include here both the recommendations developed so far and lists of areas for future discussion and possible recommendation.

Funding

Overview: Metro must have a funding structure going forward that is more sustainable and equitable than its current funding. Metro staff reports that the current transit funding structure is broken, from several perspectives. State funding, which used to be set at 42% of all operating costs for all Wisconsin transit systems, has fallen and has not kept pace with inflation. For 2006, Metro received 38% state funding. From a local funding perspective, the existing state funding tier structure means that Madison gets a fixed dollar amount for a two-year budget, corresponding to the biennial state budget cycle. If service expansions occur, the state dollars for transit are diluted and cause increases in costs for jurisdictions that are not expanding services. Combined with the fuel price increases of the past two years, this factor is also contributing to the City of Madison's share going up 35% in 4 years, a larger increase than any other City department.

The Subcommittee has discussed local, regional, state and federal funding issues. A summary of those issues, and others that may be discussed in the future, follows.

Local Funding Issues

1. Metro has a contingency fund to provide for unexpected costs such as those arising from fuel increases. Based on industry standards, the contingency fund should be between 2% and 5% of the agency's total annual budget. Metro's contingency fund, which has dropped from \$2.5 million in 2002 to \$130,000 currently, is at an unacceptably low level given the FY2007 \$45 million operating budget. If Metro had another year in 2007 like it had in any of the past several years, it would drain the contingency reserve below zero and the City of Madison, which owns and operates the system, would need to cover the difference. Should Metro's contingency reserve be replenished, and if so, how?
2. How should Metro deal with end of the year adjustments, such as last year's \$878,000 diesel cost overrun, if there is no contingency fund?
3. How should Metro deal with service changes that are requested after the budget has been finalized, especially when late service increases will dilute state and federal funding, thereby straining the financial capacity of the system?
4. The current local methodologies for allocating transit expenses and revenues between the local partners in the most equitable manner possible must be updated. Should Metro change the way expenses and revenues are allocated to all of the funding partners (municipal and educational institutions)?

Other issues that may be discussed include:

1. Assessing a transit fee for developments (similar to assessments for sewerage or water)
2. Parking fees to support unlimited transit passes (similar to what UW does now)
3. Partner with Dane County to provide transit to county airport from population centers in county
4. City and County road planning could include planning for transit, including express or dedicated lanes
5. Metro is increasingly using advertising as a way of increasing revenue. There is currently a pilot program in place to explore using fully wrapped buses. An ordinance was recently passed allowing advertisements in bus shelters.

Regional Funding Issues

Regional transit authority (RTA): The Subcommittee is contemplating the endorsement of state enabling legislation for the creation of Regional Transit Authorities in Wisconsin. The ideal legislation will recognize the benefits of planning, funding, and operating regional public transportation systems that provide improved access to residents necessary to get to jobs, school, and other essential destinations. The Subcommittee also supports the start of a local intergovernmental cooperation agreement process to develop a joint resolution to take before local municipal/county governing bodies in the Metro Transit service area related to consideration of an RTA that will best serve the broader community. More deliberation will occur on these issues. We will need to address specifically the following:

1. Establish service level standards to ensure comparable services between RTA partners
2. Address concerns on the impact of separating Metro service planning from part of the metropolitan planning process.
3. Attend to competing interests between the central metropolitan district and its outlying areas.
4. Attend to competing interests between modes of transit and ensure cross-mode compatibility.
5. Show the benefit of an RTA to areas of the county not served by the same levels of public transportation services as metropolitan areas of the county
6. Adopt principals/values as part of governing resolutions that provide protection to all parties in regards to representation and services
7. Clarify the relationship and responsibilities between the Metropolitan Planning Organization, Capital Area Regional Planning Commission, and RTA.
8. Clarify the role of non-municipal entities such as the University of Wisconsin, Madison, Madison Area Technical College and Madison Metropolitan School District.

State Funding Issues

State funding for Metro has dropped from 44% of operating costs to 38% in the last several years, contributing to Metro's current financial stress. The formation of an RTA should not cause the state legislature to conclude that state funding for transit can drop. The Subcommittee may have recommendations on advocating for state funding, and may also address including incentives to use transit as part of state income tax legislation and the formation of a state Center for Transportation Research as in Minnesota or Michigan.

Federal Funding Issues

Federal support for transit has been increasing for most of the past decade. The last budget cycle saw a cut in capital funding because of the perception nationally that transportation discretionary earmark funding is all pork. The transit discretionary funding in Wisconsin has been used for the past 15 years to address basic capital replacement needs such as buses, new transfer centers, etc. But the "highway to nowhere" fiasco in Alaska and other pork projects, have tainted the entire capital funding process. The current federal capital formula provides less capital funding for Wisconsin transit systems than minimally necessary to meet basic replacement needs. The Ad Hoc Committee will be formulating a strategy on this for the final report, and will explore possibilities of federal support for Bus Rapid Transit and multi-modal transit stations.

System Improvements

The Systems Improvements Subcommittee makes the following recommendations:

1. Explore making schedule information available at each bus stop. This might include a very simple laminated card, a cylindrical or triangular holder mounted on the signpost, electronically available on cell phone and PDA, or even partnerships with nearby businesses where applicable.
2. Make the trip planner feature on the Metro Website more user-friendly. Consider a system that could remember user data.
3. Expand the availability of real time schedule information at major stops on cell phones/PDAs and online.
4. Explore the feasibility of a bus rapid transit system for the Madison area, with the goals of improving the frequency of service and reducing transit times.
5. Conduct a review of staff IT needs in order for Metro to provide a serious investigation of a first class automatic vehicle locator (AVL) system implementation.

6. Intelligent Transit Systems - Expanding intelligent transit technologies to the point where Metro is viewed as a first-class, modern technology based public transit system with real-time information, scheduling capacities, and other information on the Internet.

The Subcommittee will address the following topics in the future:

1. Express routes – based on current usage, explore ways to reduce travel time to and from popular destinations, particularly the UW and the Square. Explore the idea of using buses returning to the garage at the end of their route as express buses.
2. Fare card options – change denominations and/or expiration times, expand locations where they can be purchased, explore automated purchase technology. Consider ways to help riders obtain correct change for the fare if they do not have a fare card.
3. Service Hours – explore expanded hours on nights and weekends
4. Frequency of service – explore more frequent service
5. Route Priorities – examine possibilities for new service and develop priorities to guide Metro staff.
6. Density of bus stops – examine distances between stops around the service area.
7. Make it easier to know when the bus comes, possibly by improving the readability/usability of ride guide and/or increasing type size of schedules in shelters.

Increasing Ridership

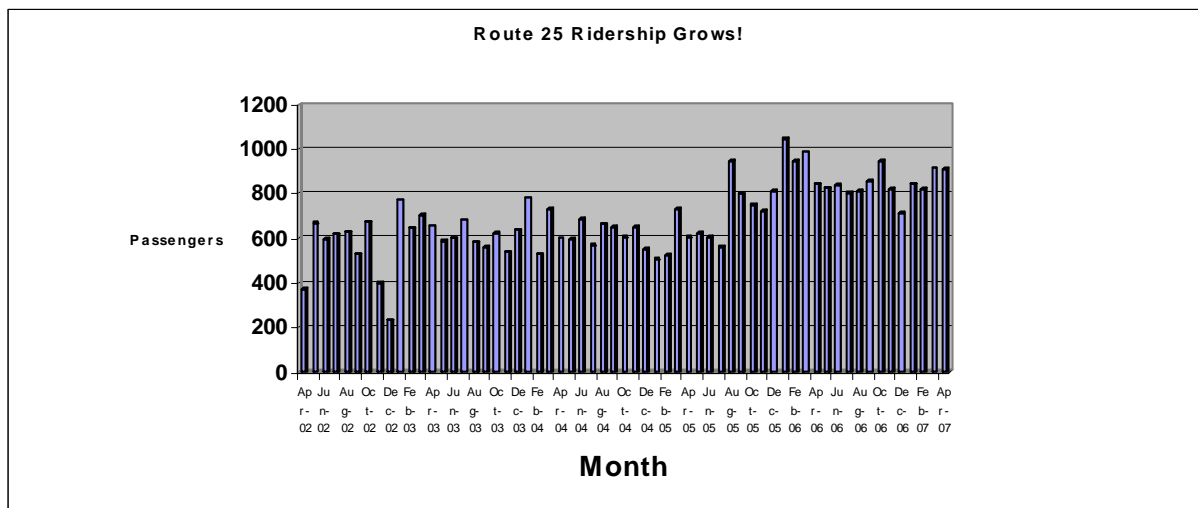
The Increasing Ridership Subcommittee makes the following recommendations:

1. Unlimited Ride Pass Program - The unlimited ride pass program is a very successful way of increasing ridership and should be expanded to smaller businesses, governmental units, and non-profits. Metro is finalizing an RFP now to pilot such a program with an eye towards expanding it in the future.
2. Park and Ride Lots - The final report will also address the need for additional park and ride lots in the area. No research on this topic is available at the state and national level for transit systems Metro's size, but for larger areas like Washington DC and Seattle park and ride lots are viewed as integral parts of increasing ridership. Metro is exploring the possibility of expansion of the North Transfer park and ride lot, is negotiating a lease with Swiss Colony to use the lot near the East Transfer Point, and is beginning to plan for lots at the West and South Transfer Points. In general, the policy for the location of future lots should be near transfer points, or at locations of high ridership potential rather than the current policy of locating lots at the edges of the urbanized area. The committee will make a final recommendation on this strategy.

3. Public / Private Partnerships - The American Center Case Study

This case study provides an excellent example of how to leverage private funds to establish and expand public transportation at employment centers. The case study illustrates techniques of public / private participation which could have applicability for extending Metro service to new employment centers in the Madison region. The American Center is located on the far northeast side of Madison.

1. The American Center employs 6,100 people.
2. Service was started in 2002 following employer surveys and employee preferences determined through surveys and focus groups.
3. The program included commuter only service (AM and PM) with a guaranteed ride home.
4. Newsletters and flyers were produced to announce service to all park businesses.
5. Free rides for four-months of introductory service were financed by The American Center Owners' Association through an annual assessment on members.
6. Four businesses were identified as Founding Members. They contributed 50% of the financing and marketed the concept to the remaining businesses.
7. The average cost to each remaining business was approximately \$300 per year, which was fully supported by businesses as a reasonable to start Metro service. The cost to the Association and to founding members was reasonable.
8. Information booths and personalized posters were set up at key businesses to promote the service.
9. Although the program started with one run in the morning and the afternoon, one additional morning and afternoon run was added in 2005.
10. Route 25 ridership trend line shows positive results from the total effort.



The Subcommittee recommends exploring similar partnerships:

1. To create or expand service to employment centers, particularly those not serviced by regular routes or at times when shifts start/end
2. For limited-stop shuttles to/from hotels to Amtrak/airport/bus depot
3. For bus runs at bar closing time to help prevent DUI
4. To link shared-ride taxi service and Metro, similar to the East Towne Mall and Sun Prairie service

The Subcommittee will also consider the following ideas at future meetings:

1. Passenger Amenities
 - a. offer wireless service on express or BRT buses and/or heavy commuter routes (see Albuquerque example)
 - b. make trash/recycling receptacles available on buses and at more stops
 - c. develop transfer points by bringing in vendors with newspapers, coffee, breakfast and lunch food, etc. and/or encouraging the location of other services immediately adjacent – dry cleaner, childcare, market, etc.
 - d. provide shelters and/or benches at more stops, perhaps based on ridership, perhaps in partnership with nearby businesses and/or neighborhoods

Cost Management

The Ad Hoc Cost Management Subcommittee is looking at a number of cost issues including overtime, workers' compensation, absenteeism, small vs. larger buses (please see Metro's Website FAQ for more detail about this issue, or call Metro Customer Service at 266-4904 for a copy of the FAQ), and cost efficiency measures to compare Metro with the transit systems in its peer group around the country. The preliminary conclusion appears to be that Metro compares very favorably in cost efficiency and effectiveness measures, but that improvement in some areas should be made. The Subcommittee has the following recommendations so far:

1. Employee Issues: Metro makes up 16% of city employees and currently uses about 29% of city non-FMLA, sick leave/AWOP absences. Metro is strongly encouraged to continue working on this issue with city staff and the Teamsters.
2. Equipment: Metro staff is making arrangements to have an articulated bus (55 or 60 feet long) be available in Madison for a day this summer to review the possibility of future purchases of such buses for use on the Route 80's where ridership averages 80 - 100 rides per bus per hour. Metro made arrangements for a 63' articulated bus, on its way to Michigan

State University in Lansing for use on their campus, to stop at Metro Transit. Staff is currently evaluating employee and other feedback. There is no final decision at this time about acquiring an articulated bus. The demonstration bus performed well on challenging parts of Route 80, including Observatory Drive.

3. Facilities: examine whether or not there would be cost savings by having Metro's operating facility moved to another location, or whether two smaller operating facilities would be more cost effective than one. A preliminary analysis shows that for every 10 minutes of additional dead-head time per bus, there is an additional \$570,000 in annual costs for Metro. This is a result of the central location of the existing operations facility at 1101 E. Washington Ave. Staff is still studying this issue.

Marketing

The Marketing Subcommittee recognizes the hard work and productivity of Metro's Marketing and Customer Service staff, especially given Metro's limited marketing budget.

Metro's most recent market research was conducted by Chamberlain Research Associates in 2000. This research was limited to the Metro Transit service area, and county-wide research was conducted by DaneTrak in 2004. Research has shown Metro Transit riders to be a cross-section of the Madison community in terms of age, education, occupation and income. Riders and non-riders alike have a high opinion of Metro Transit with nearly 7 out of 10 Madison residents stating their general impression of Metro Transit is good or very good.

Metro targets two broad markets for its marketing activities: riders and non-riders. It is a well-known marketing strategy that it is more cost-effective to retain existing customers and encourage them to use your product more than it is to attract new riders. It should be noted that Metro needs to attract approximately 25% new riders each year to maintain existing ridership levels, due to the turnover of riders who are in the Madison area for post high school education. Marketing efforts have been focused on the following approaches: maintaining existing riders; encouraging increased trip-making among existing riders; encouraging non-riders to try the system by working with employers; promoting cost effectiveness of Metro in light of fuel costs; promoting environmental benefits of Metro; promoting special event services and special fares; and, maintaining a positive image within the Madison urban area.

Currently, Metro Transit implements the following marketing activities:

- Metro buses are used as a main communication tool, with on-bus flyers, Rider Alerts, Rider Reader quarterly passenger newsletter, informational interior message posters, Ride Guides, System Maps and exterior ads
- Metro communicates via electronic media with weekly (at least) Rider Alert Email messages and its Website (www.mymetrobus.com)
- Advertisements and Trades with Local Media
- Ride Guides and Other External Publications

- Customer feedback is received via phone calls and Emails to the Customer Service Center, and a feedback form is listed on the Metro Website
- Bus exterior advertisements
- News releases, news conferences and public relations events
- Community Outreach

With staff support, the Committee is addressing the following areas to assist Metro in areas of marketing strategy and communication. Current marketing tools in addition to new marketing activities will be used to promote and support the areas of focus listed below.

1. Recommendation Matrix: The Marketing Subcommittee has created a matrix to offer marketing strategies for communicating the Ad Hoc Committee's final recommendations. The marketing strategies will be on two levels – core, daily marketing activities and higher level, targeted strategies. The matrix will serve as a guide for Metro staff and the Committee in the following ways:
 - a.) Inform the public of the committee's recommendations.
 - b.) Ensure that the work of the Committee will move forward after the group has dissolved.
2. Business Advisory Committee: To increase buy-in and participation from the business community, the Marketing Subcommittee recommends the creation of a Business Advisory Committee comprised of key business leaders who will assist Metro in telling its story to the business community. Joint presentations with Metro and Business Advisory members to community groups such as Downtown Madison, Inc., the Chamber of Commerce, and Southeast Wisconsin Realtors Association, may be an opportunity to communicate the benefits Metro offers to the business community. The Committee may also advise Metro on its message and approach to engage more businesses in unlimited ride contracts and Metro's Commuter Choice program.
3. Market Research and Target Audiences: As Metro plans to update and enhance its current market research, the Marketing Subcommittee will provide input on strategy for conducting market research to identify target audiences and gain a better perspective on public perception and customer satisfaction. Formulation of strategic key messages to address confirmed public perception through this research is one of the end goals for Metro.
4. Analysis of Marketing Budget Spending: Metro's marketing budget of \$163,000 is extremely small and comprises only 0.4% of Metro's overall budget. When compared to Metro peer systems, its marketing budget ranked last. Metro peer system budgets averaged \$492,600 and 1.5% of overall budget. Each year, the marketing budget is cut and staff is expected to stretch marketing dollars further. A strong marketing budget is essential to keep Metro's ridership on the rise. The Marketing Subcommittee has discussed the marketing budget and will work with marketing and customer service staff to analyze the effectiveness of current marketing spending to help Metro receive the most benefit from its limited marketing dollars. Another component of this discussion will be to explore opportunities for increasing the marketing budget. Possible revenue from increased business sponsorships and advertisement sales may be one way to increase marketing dollars.
5. Analysis of Metro's Customer Service Approach: Ensuring the satisfaction of Metro customer to maintain current riders is the one of the most important aspects of Metro's marketing plan. The Marketing Subcommittee will review Metro's customer service

plan/activities and provide feedback on ways to enhance and encourage communication between Metro and its customers, and to ensure that there is follow up on suggestions or complaints.

The Marketing Subcommittee may also address the following issues:

1. The perceptions of “too many empty busses”
2. The PR value of Metro management riding the bus
3. Expanded opportunities for advertising, including bus stops
4. Partnerships with cultural organizations to promote art, music, poetry, etc.

Conclusion: The final report will include a timeline of recommended actions (hopefully with priorities) and who is responsible for implementing each recommendation.