

## Staff Comments Noted Below:

### **FUNDING / COST MANAGEMENT SUBCOMMITTEE REPORT**

The Funding and Cost Management Subcommittees identified a variety of revenue sources that have some potential for addressing existing shortfalls. These include: alternative funding sources, state/federal, property tax, capital, gas tax, wheel tax, grants, naming rights, advertising, special event fees, parking fees, fixed guideways/express lanes, unlimited ride pass programs, developer fees, and other public/private partnerships. The sources that appear to hold the most promise include:

#### **Regional Transportation Authority**

**Recommendation:** Urge the State Legislature to grant local governments the authority to establish an RTA to help with the governance and funding of metropolitan transit systems. At the same time, existing funds that sustain Metro Transit must be protected so that they aren't reallocated to other transportation modes.

Enabling legislation should include: a) Local flexibility in structuring the RTA by at least two municipalities, but encourage the appropriate number that reflects the needs of the region, b) local flexibility in determining how representation by each member will be structured, c) local flexibility in determining whether referendum should be required to i) create an RTA and ii) periodically reauthorize the funding for the RTA, and d) a requirement for local resolution process between participating localities specifying the key elements of the RTA.

For the Metro service area, the long term goal should be to have a county-wide RTA, and any RTA should only occur after a referendum on the RTA is held. In the shorter term, the municipalities that make up the MPO should convene to determine if there is MPO-wide support for an RTA. At a minimum, the RTA should start with the urban municipalities in the Madison area. Those municipalities wanting to be part of the RTA, should convene to draft a resolution that addresses the a) governance structure, b) taxing structure, and c) by-laws of the RTA and seek approval from each local governing body, with the goal being to have a regional referendum with the same language for creating the RTA.

Ideally, enabling legislation would be adopted by the state legislature and signed into law as soon as possible, but no later than 2009. The local resolution process should be completed no later than 2010, the referendum should be held in 2011, and the RTA should begin operations sometime between 2012 and 2013.

**Background:** The Committee overall likes the concept of an RTA, but notes that significant discussion still needs to take place to reach a regional consensus on how the RTA can best be structured to meet the growing needs of the region while still protecting the integrity of existing Metro Transit service. The RTA doesn't necessarily have to be countywide nor funded through a half-cent sales tax. In fact, there might be merit in starting small and building on success; starting too big could increase the risk of failure.

### **Increased State/Federal revenues**

**Recommendation:** Request State to be a stable funding partner by covering 42% of transit operating costs, consistent with the strong state role in Wisconsin in previous years. If RTA enabling legislation is approved, then the goal would be adjusted to the current level of approximately one-third of Metro Transit's operating costs, but remain there so that the state funding level is stable and dependable in the future.

Urge all Metro financial partners to write to area state legislators to support this goal. The business advisory group being recommended by the Ad Hoc Committee should consider adding this effort to their list of tasks and should help communicate to local businesses and other stakeholders on the importance of stable state funding for public transportation in Wisconsin. The Ad Hoc Leadership and/or Business Advisory Group should also meet with the editorial boards of the local newspapers on this important effort. Finally, work with local transit advocacy groups and encourage the formation of statewide transit advocacy to support higher levels of state funding for public transportation to achieve goals related to increasing economic development (transit returns \$3.65 for every dollar of investment), improving access for older adults and people with disabilities, and reducing carbon emissions to improve the environment.

**Background:** This percentage is based on the level of support that was formerly provided by the State to all Wisconsin transit systems, although 10 years ago the state share was 42% for all transit system operating costs. In recent years, although it has increased in absolute dollars, the State's share has not kept pace with inflation and has decreased relative to Metro's total operating costs. In 2008, 34% of Metro's revenues are projected to come from from the State. This means that Metro has had to rely on other revenue sources (particularly property tax revenue) to avoid service cuts and unsustainable fare increases.

**Recommendation:** The State should start to play a role in helping with important transit investments, by contributing capital funding to local transit systems. This could be achieved by providing half of the non-federal share of capital assets, so that the federal-state-local mix would be 80-10-10. Investments in technology, cleaner burning transit vehicles, and other innovative capital projects should be targeted for state funding at a minimum.

**Recommendation:** Federal gas taxes, in the long run, could be increased to provide a minimum of 20% of operating costs, and sufficient capital funding for keeping pace with necessary bus and other basic replacements, technology funding, and new starts for BRT, commuter rail, and other possible investment scenarios being considered. Federal studies on infrastructure for transit, roads and bridges consistently show that basic investment and replacement needs are not being met. Higher fuel economy standards are causing a reduction in fuel consumption, which is a good thing. But the lack of a stable federal funding source for transit needs is the down-side of this trend.

~~**Background:** This percentage is based on the level of support that was formerly provided by the State to all Wisconsin transit systems. In recent years, although it had increased in absolute dollars, the State's share had not kept pace with inflation and had decreased relative to Metro's total operating costs. In 2006, 36% of Metro's revenues came from the State. This means that Metro has had to rely on other revenue sources (particularly property tax revenue) to avoid service cuts and unsustainable fare increases. In the past four years alone, the City of Madison's cost share has increased 35%.~~

### Advertising

**Recommendation:** One percent of Metro's revenues (approximately \$500,000) should be derived from advertising.

**Background:** While much has been made of the full bus wraps that exist on 12 buses, advertising dollars could also be generated through advertisements in 15 shelters. Efforts should include sponsorship by local businesses and non-profits at benches and shelters.

~~—Sponsorship opportunities for benches and shelters?~~

### Unlimited Ride Pass Programs

**Recommendation:** Metro should pursue ~~an~~ unlimited ride pass programs and other prepaid pass programs with small employers and should also capture potential large employers like the State of Wisconsin and Dane County.

**Background:** Unlimited ride pass programs have been and should continue to be a growing revenue source for Metro Transit. If additional seed money is needed to make the current pilot project successful, Metro staff should analyze the pro's and con's of contracting out for a broker vs. requesting resources to provide this program in-house during the 2009 budget process.

### Paratransit Service

**Recommendation:** ~~Begin to develop~~ Develop a plan with Dane County to anticipate the changes that will be implemented related to the new State of Wisconsin Family Care model.

**Background:** The state is changing its basic model of human services support for people with developmental disabilities. Currently the model is one that provides comprehensive services, including a high level of transportation assistance, but results in long waiting lists. The new model is designed to eliminate waiting lists but is likely to negatively impact the level of transportation assistance provided to Metro from Dane County.

### Public/Private partnerships

**Recommendation:** Set an initial goal of 1% of revenues to come from public/private partnerships in the mid-term and reevaluate for a possible higher rate in the long-term.

#### **Background:**

- Build on existing programs, including those with the UW, state and local government, Epic. Focus in particular on developing pass programs with businesses, particularly larger employers, throughout the metro area.

- Work with developers to integrate transit service and amenities within growing neighborhoods, particularly in mixed use and medium-to-high density developments on the City's periphery.

## **MISC RECOMMENDATIONS**

- Lift restrictions on parking revenues to be used for TDM projects.
- Other recommendations to be developed at the next subcommittee meeting.

## **COST MANAGEMENT**

Equipment/Cost Effectiveness issues

- bus size – committee still deliberating, see November 6<sup>th</sup> memo
- bus type

### **Bus Size and Type**

**Recommendation:** Metro should develop a scope of work for an outside group to review the pertinent issues related to determining whether smaller, larger, or a mix of buses should be used to serve the Metro area. Issues should include current and peak hour requirements, purchase costs, fuel and parts costs, life-cycle costing, fuel options (diesel, hybrid, etc.), ridership and fuel costs projections, school tripper service needs for older buses, current garage limitations, interlining, and federal spare ration requirements. This study should be done by the MPO during the Transit Development Planning Process starting in 2008. The TDP's focus should be on peak ridership analysis, and if further study is required after the TDP, a consultant should be contracted to do more detailed study.

**Background:** The perception, and possible reality that the current fleet mix is not optimally efficient, needs to be addressed. This kind of study will go a long way in addressing those perceived and/or real concerns.

- bus operations
- achieving other efficiencies through the use of technology

Employee issues – items below still in deliberation

- benefits
- overtime
- management costs
- wellness/fitness

**Recommendation:** Develop a wellness/fitness program similar to those several of Metro's peer transit systems have implemented with the following guidelines: a) Encourage all employees to participate, b) use objective criteria in measuring success, and c) budgeted resources should be in the \$10,000 - \$20,000 range.

- absenteeism

## **TDM**

**Recommendation:** Develop demand response taxi zone in at least one periphery area of the Metro Transit service area to test whether such service is more cost effective than traditional bus service. Propose this service in 2009.

**Background:** There are several periphery areas (i.e. Cross Plains, Reston Heights, McFarland, etc.) that are indicating preliminary interest in bus service. Other transit systems have successfully tested demand response taxi zones in low density areas.