

February 1, 2008

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 an expansion of services, 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.

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 for the base state transit operating assistance to be at the current percentage level (34%) and move toward the historic level of 42%.

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.

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 funding needs to 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. **(Staff believes this should be in the recommendations and needs to be discussed by the full committee.)**

Recommendation: The Ad Hoc Committee concluded they should recommend that local transit funding should be stable and predictable. They left open the issue of whether the County should be part of local funding. **(The Subcommittee wants the full committee to discuss whether County property taxes should be a funding source they want to weigh in on.)**

Advertising

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

Unlimited Ride Pass Programs

Recommendation: Metro should pursue 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.

Paratransit Service

Recommendation: Develop a plan with Dane County to anticipate the changes that will be implemented related to the new State of Wisconsin Family Care model. It is estimated that when the Family Care model is implemented in Dane County in 2011, Dane County

will reduce most or all of the \$2 million in Medical Assistance funding that is currently passed through to Metro paratransit services. The plan should include strategies that address identifying both new local funding sources from Dane County and methods to reduce barriers that will encourage some consumers to migrate from paratransit service to fixed route service.

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. Examples of public/private partnership strategies include:

- Development Fees - Agreements to have new development include transit fees (such as the Eau Claire model where a new Transitional Living Service facility that was developed contributed to the payment of paratransit service costs)
- Pilot Projects - For example, The American Center contributing to Route 25 services initially
- Support for Unlimited Ride Pass Projects – such as the agreement with St. Mary’s

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.

Employee Cost Controls

Recommendation: Work collaboratively with labor representatives to reduce absenteeism and control costs at Metro. Examples of strategies could include wellness programs, attendance policies, etc.

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.