

Findings and Recommendations of the Transit Master Plan Financial Task Force
Interim Report

DRAFT – For Discussion - 2-29-2012 ver C

Introduction

In the fall of 2011, a Financial Task Force (FTF) was formed to assist the evolving countywide transit effort in identifying and recommending sources of funding for the Countywide Transit Master Plan. After initial deliberations, the full FTF formed a smaller group - the Service Review sub-group - to evaluate and prioritize services in the plan and report back to the full Task Force as to which services merit funding consideration and under what conditions. The Service Review Sub-Group undertook this review and issued its report in late January.

This report represents the findings and recommendations of the full Financial Task Force. It is based in part on the findings of the Service Review Sub-group, but it also takes into account the uncertainty that has been created due to Federal and State legislative initiatives that have developed since the Sub-group finished their work.

It is also important to note that the funding discussion is only part of a larger effort to realize countywide public transit. Task Force deliberations began with a program of services that was already extensively reviewed by stakeholders throughout the County. The Task Force notes that on-going discussions among Washtenaw County communities may result in alterations to the program that may require fine-tuning of financial aspects of the program in the future. In particular, the Task Force notes that preparations for governance of a countywide transit provider are currently underway, and that it will be the responsibility of any such new entity to make final decisions with respect to funding, service and other matters relevant to countywide transit.

Findings and Recommendations

The full Financial Task Force recognizes the accomplishments of the Service Review Sub-Group, as follows:

- The sub-group was charged with examining a preliminary Five Year Transit Program budget containing a list of proposed services for Washtenaw County. As the result of the sub-group's deliberations, analysis, and effort, the total funding gap (the difference between estimated funding and estimated cost) associated with the Program declined by nearly half. The original gap was \$60.8M (capital and operating combined, over a five-year period), as documented in the draft budget provided to the full Task Force on October 28. The budget now shows a gap of \$32.9M.
- The sub-group calculated that gap of \$32.9M, if funded by a countywide millage, would require a levy of 0.5 mils, according to the model used by the sub-group. This is equal to \$50 for a house with a taxable value of \$100,000 (or market value of \$200,000). NOTE: The use of a millage calculation by the Services Review sub-group is not intended as a recommendation that a property tax be used to fund transit. The millage calculation was a 'placeholder or proxy' intended to measure the impacts of altering service parameters, reducing costs and increasing revenues, while conveying the magnitude of funding needed to support the proposed program in a broadly understood conceptual model.

The full Financial Task Force also recognizes the preliminary recommendations of the Service Review Sub-Group, as follows:

- That the following categories of service be included in the Five Year Transit Program:
 - On-going bus replacements for existing services
 - Urban Bus Network Enhancements (including WAVE enhancements)
 - County-wide Door-to-door and Flex Services
 - Express Bus Services
 - Local Community Circulators / Local Transit Hubs
 - Park and Ride Intercept Lots
 - Car and Vanpool Services
 - Creation of superstops in the Washtenaw Avenue Corridor
 - Bus-related Support Facilities
- That an average increase of \$0.50 for fixed route bus service be considered to reduce the level of local subsidy, and that fare increases also be explored for door-to-door paratransit services.
- That higher fares for express services be charged, including the possibility of distance-based zone fares, with a surcharge for services that cross county lines.
- That several capital-intensive projects - the AA Connector, Washtenaw Avenue high capacity service, and two commuter rail projects – be considered separately from the other projects in the plan since these projects are longer range in nature and will likely rely heavily on federal and / or private funding.
- That the Ann Arbor downtown circulator be a discretionary project funded only if private dollars can be identified for funding.

This recommendation is qualified, however, based on a number of issues raised by the sub-group and by the full Financial Task Force. These “Issues of Concern” are:

- The analysis conducted by the sub-group was built on several assumptions about the level, type and timing of funding available from the State of Michigan. The recently-proposed legislation affecting transit funding and organization in SE Michigan, introduced since the last meeting of the sub-group, suggests that those assumptions may not be complete and should therefore be revisited.
- There continue to be uncertainties regarding federal transit funding programs. The assumptions related to federal funding availability should be re-examined at a more granular level, including explicit links between funding sources and each proposed service.
- The analysis of the sub-group assumed that all governmental entities in the county would be part of the tax base for the purpose of calculating the millage requirement for funding the recommended level of service. It is known that communities will have the opportunity to opt out of the governance structure (and therefore become ineligible for service) within 30 days after incorporation of the 196 organization. To the extent that happens, there will be changes in Program revenues and expenses. These changes, when known, should be incorporated into any final Program.

- The sub-group's recommendations regarding passenger fares are fairly general. The recommendations should be more fully developed to identify the specific services and markets whose fares would be affected, the phase-in period for any fare changes, and the resulting financial impacts on the Program.
- The Task Force understands that additional work is underway on the development of the Five Year Transit Program which may impact the exact mix and level of services provided. The Task Force understands that a draft Program will, in the future, be developed and released publicly by a countywide governance structure known as the Act 196 Board, will be the subject of public comment, and will be revised to incorporate changes as deemed necessary by the Act 196 Board. Any changes to the services in the Five Year Transit Program should be examined by the Financial Task Force to determine the impact on the Program's financial feasibility.

In light of the foregoing, the full Financial Task Force:

- 1) Endorses the findings and recommendations of the Services Review Sub-group as a guide for further development of the Five Year Transit Program.
- 2) Recommends that a final funding recommendation be deferred until the Issues of Concern described above have been substantially addressed
- 3) Recommends that the Financial Task Force continue to convene periodically to consider on-going refinements to the Program, including steps taken to resolve remaining Issues of Concern, and estimate the resulting impact on the Program budget.
- 4) Agrees to put the Task Force 'on hold', to be convened at a later date when further information is available.

The Transit Master Plan Financial Task Force

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Bob Guenzel, *former Washtenaw County Administrator (retired)*

Members

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