

Date: 29 October 2009  
 To: AATA Board  
 From: AATA Treasurer, Ted Annis  
 Subject: Treasurer's Report for October 2009 -  
 Financial Recommendations for the Design of a Countywide Transportation System

The AATA is planning a countywide transportation system for Washtenaw County. Its Planning and Development Committee recently approved the retention of an outside transportation consultant to design a countywide system. The AATA Board was informed of this on 21 October 2009.

*Treasurer's Recommendations*

- Shift the transportation tax by eliminating the current perpetual Ann Arbor Transportation Tax of 2.06 mills and replacing it with a countywide tax of 1.0 mill. (The elimination needs to be contingent upon approval of the countywide tax.)
- Give the outside consultant an operating budget design objective of \$33,000,000/year for the countywide system and a bus operating budget guideline of \$84/bus service hour.
- Separate WALLY, the North-South rail system proposed between Washtenaw and Livingston counties, from the above planning and funding; and handle it separately.

*Revenues*

Below is a comparison between the AATA 2010 Budgeted Operating Revenues to the Revenues that it would receive if today's perpetual Ann Arbor Transportation Tax of 2.06 mills were eliminated and replaced by a countywide tax of 1.0 mill.

	<u>Today's AA Tax of 2.06 mills</u>	<u>New Countywide Tax of 1.0 mill (AA Tax Eliminated)</u>
Local Tax Revenues	\$9,700,000	\$15,000,000
Purchase of Service Agreements	1,141,000	0
Fares	4,334,000	7,000,000
State Assistance	6,754,000	6,750,000
Federal Assistance	3,170,000	4,000,000
Other	361,000	500,000
Total Revenues	<u>\$25,460,000</u>	<u>\$33,250,000</u>

\$8,000,000/year in additional annual Revenues would be generated from this tax shift.

*Additional funds resulting from better management of Current Operating Expenses*

\$3,700,000/year in additional funds to apply to the countywide system can be freed up from reduction of the current (excessive) operating expense level of \$104/bus service hour to a mid-range level of \$84. Recall that the UoM bus system operates at \$55/bus service hour and that the countywide bus system in Bay City Michigan operates at \$85/bus service hour.