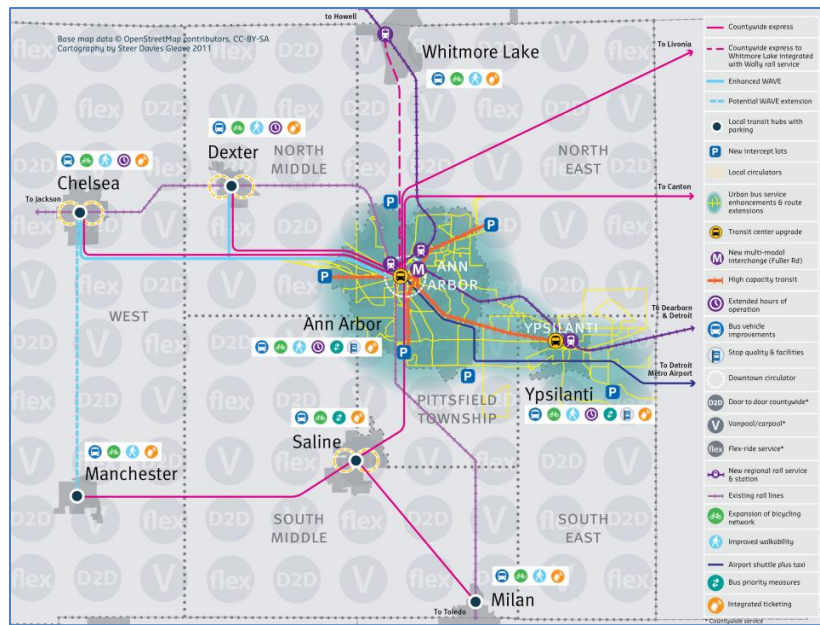


Countywide Transit Financial Task Force, Services Review Sub-Group

Recommendations to the Full Task Force
February 29th, 2012

Mission of the Sub-Group

- Examine the Transit Master Plan and make recommendations to the full FTF regarding the timing and priority of the proposed services for inclusion in a countywide transit program.



Services Examined

CATEGORY	SERVICE OR PROJECT
Urban Bus Network Enhancements	Bus Stop Quality/Facility Enhancements and Transit Center Upgrades Bus Priority Measures Ann Arbor Downtown Circulator Urban Bus Network Enhancements - Increased Frequency Urban Bus Network Enhancements - Extended Hours Urban Bus Network Enhancements - Ypsilanti Enhanced WAVE Service connecting Chelsea, Dexter and AA
Countywide Connectivity	Countywide Express Services – Dexter, Manchester, Saline, Milan, Whitmore Lake, Canton, Chelsea, Livonia/Plymouth Local Community Circulators Local Transit Hubs with Parking Park & Ride/Intercept Lots Door-to-door Countywide
Countywide D2D	Flex-Ride Service
Regional Connections	Airport Shuttle Car/Vanpools Regional Rail Services - East West Line (AA - Detroit) Regional Rail Services - North South Line (AA - Howell) 'WALLY'
High-Capacity Transit	North-South Urban Connector (Plymouth Road - Briarwood) Washtenaw Corridor (Jackson/Wagner - Ypsilanti) Washtenaw Corridor “Superstops” (8 stops)
Misc Support	Garage extension + leased premises (Bus Maintenance and Storage)

Service Evaluation Process

- Estimated capital and operating costs and revenues
 - 5-Year (focus area)
 - 30-Year
- Financial performance indicators such as
 - operating cost per trip
 - fare revenues per trip
 - federal, state, and local subsidy per trip
 - fare-box recovery ratio, and so forth
- Service operating description, including
 - frequency of service
 - hours of operation
 - days of operation
 - geographic coverage, etc
- Need for services, based on
 - demand estimates
 - survey results
 - census data indicating locations of target populations
 - planning process public comments, and
 - descriptions of how (or whether) these services are provided elsewhere in the county

Changes to the Program – Cost Reduction

- Service cost efficiencies and revenue enhancements for selected services, e.g.:
 - Reduction of costs of Express buses , by using a lower non-urban bus operating cost/mile, assuming increased speeds, and some reduction in service frequency.
 - Adjustments to estimated Countywide Door-to-Door service costs - reduced estimated usage volume based on A-Ride's experience with the proportion of eligible population that are active users.
- Ann Arbor downtown circulator as a privately-funded discretionary project
- Capital-intensive projects to be considered separately: AA Connector, Washtenaw Avenue, N-S Rail and E-W Rail
 - Longer range in nature
 - Federal, state and / or private funding
 - No local dollars at this point
 - Regional rail crosses county lines

Changes to the Program – Revenue Enhancements

- Refined Forecasts of Federal and State Grants
- Fare Revenue Considerations
 - Average fare increase of \$0.50
 - Higher fares for express services (possibility of distance-based zone fares, with a surcharge for services that cross county lines)
 - Fare increases to include door-to-door (D2D) services
- Assumptions: Federal and State transit support programs will remain in place, and ‘formula’ State and Federal funding sources will increase with service increases

Changes to the Program - Services

- **Removal of Regional Rail development costs** entirely – while some of these activities will still be undertaken, it is not intended that these projects be funded out of local revenues. Also, because these projects cross county lines, much of the costs are likely to be borne by entities outside of Washtenaw County.
- **Reduction of High-Capacity Transit expenses** – AATA expects federal grants, and not local sources, to fund the costs for project planning and development for both the AA Connector and the Washtenaw Corridor.
- **Removal of the Ann Arbor Downtown Circulator** – this project is still a proposed part of the Program, but only if it receives **private funding**, so AATA has eliminated the costs from the Program.
- **Reduction of costs of Express buses** , by using a lower non-urban bus operating cost/mile, assuming increased speeds, and some reduction in service frequency.
- **Adjustments to estimated Countywide Door-to-Door service costs** - reduced estimated usage volume based on A-Ride's experience with the proportion of eligible population that are active users.

Changes to the Budget

10-28-11 Gap	Estimated 5-Year Expense	Estimated 5-Year Revenue	"Gap"
Operations	\$170.8 M	\$137.1M*	\$33.7 M
Capital	\$72.3 M	\$45.1 M	\$27.1 M
Combined			\$60.8 M

Current Gap	Estimated 5-Year Expense	Estimated 5-Year Revenue	"Gap"
Operations	\$161.5 M	\$141.4M*	\$20.1 M
Capital	\$56.1 M	\$43.3 M	\$12.8 M
Combined			\$32.9 M

*Includes an off-set of \$4.4 M to account for POSA revenues no longer collected

Contextualizing the Budget Requirements

- As the result of the Sub-group's work, the total funding gap declined by nearly half.
- Budget model produced by sub-group member Mark Perry
 - Inputs: Expenses, revenue assumptions
 - Outputs: Funding 'gap' (capital and operating) and millage requirement to fill the gap
- 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 property with a taxable valuation of \$100,000 (or market value of \$200,000).
- 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 the program.

Financial Task Force Service Review Sub-Group

- **Terri Blackmore**, Executive Director, Washtenaw Area Transportation Study
- **Mary Jo Callan**, Director, Office of Community and Economic Development
- **Ric DeVore**, Regional President, PNC Financial Services Group Inc.,
- **Norman Herbert**, Retired Treasurer, University of Michigan
- **Jim Kosteva**, VP for Government Relations, University of Michigan
- **Paul Krutko**, President and CEO, Ann Arbor Spark
- **Jonathan Levine**, Professor of Urban and Regional Planning, University of Michigan
- **Mark Ouimet**, Michigan State Representative, 52nd District
- **Mark Perry**, Director of Real Estate, Masco Corporation

Thank You!