

Analysis of the Impact of Reduced State Funding on

SE WI Commuter Bus Operations

May 9, 2012

The City of Racine passes through state and federal mass transit operating assistance funding to support commuter bus operations that link Racine with Kenosha and Milwaukee. Last year's significant reduction in state approved funding will have a significant impact on what service can be provided and still maintain our policy of "No City of Racine Contribution" toward the operation.

In 2012 we are being told by WisDOT to expect 53% of costs reimbursed compared to 57.5% in previous years. We were also advised that we had to put the service out for bid which has resulted in an accepted proposal for \$5.06 per mile. That cost per mile multiplied times the actual state share of expenses is the new methodology for payments to the operator.

In order to not exceed our estimated funding maximum for SE WI Commuter Bus of \$686,400 we will need to reduce the amount of service offered by the operation. (NOTE: to protect the City's interest we set a slightly higher upper limit budget amount for the service in our state application so that enough state and federal funds are ultimately available.)

A combination of increased costs and a lower anticipated rate of state funding means that the level of service provided for the SE WI Commuter must be reduced. The related addition of service to UW-Parkside on two trips per weekday during the does not significantly add to the total cost of the service and service reductions would be required even if this small diversion were not added.

We have carefully analyzed reimbursements for SE WI Commuter service through the first four months of 2012 and have concluded that a reduced schedule of 7 trips each weekday instead of 8 effective June 1 would put us on target to not exceed the funding maximum.

Obviously, we will need to carefully monitor monthly invoices to assure that actual costs are in line with projections. If we get indications that they could exceed our upper limit of combined state and federal funds we might have to recommend some additional reduction in weekend or Holiday service on the SE WI Commuter schedule.