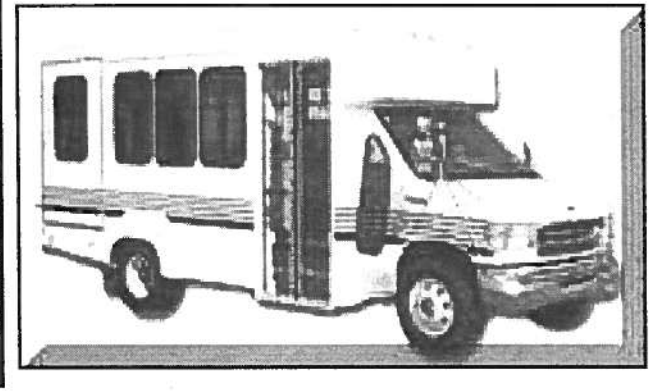
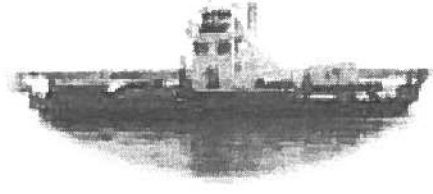
Ticket To Ride: Michigan's Public Transportation System

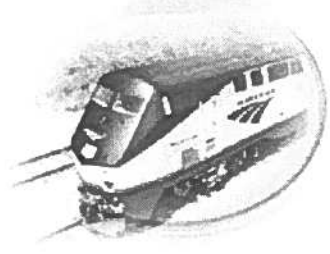
MPTA

MICHIGAN PUBLIC TRANSIT ASSOCIATION

Public Transit in Michigan





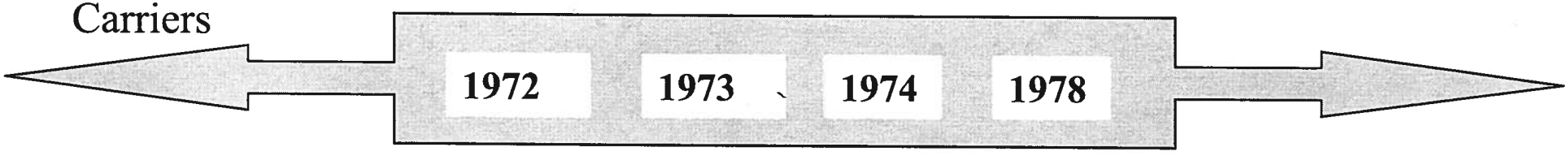


Public Transit Timeline

Pre 1972-Private Carriers

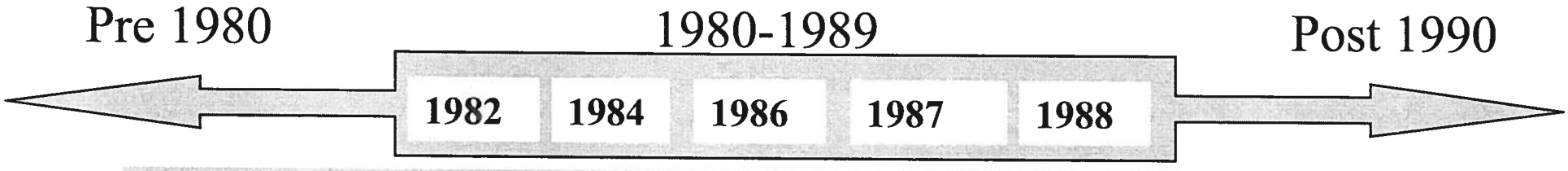
Modern Era in Michigan

Post 2012



1978: Second Michigan Transit Package enacted. Provides up to 10 percent of the 11 cent gas tax for public transportation programs. Also, a portion of the vehicle-related sales tax is made available for public transit for the first time.

Public Transit Timeline



1988: Additional federal funds received to construct nine more nonurban facilities in Michigan.

Michigan Transit Insurance Pool self-insurance plan is implemented with 22 original members. Goal is to keep costs down.

First Rural Connector Program implemented in Mt. Pleasant to enhance the integration of public transit and intercity services. Subsequently more than a half-dozen other similar projects implemented.

Public Transit Timeline

2007-2011: State operating support for public transportation stabilizes for next several years at $166.6 million, although annual raids on the CTF funds result in approximately $156 million being distributed each year. Capital match funding is reduced to $8 million from one-time high of almost $30 million.

2011: Governor Snyder recommends doubling capital match funding to $16 million which is approved, leveraging a portion of available federal capital funds.

Michigan Public Transit Funding

Michigan Transportation Fund

* 100% of transportation funding

MDOT Administration & Planning

Statutory Grants

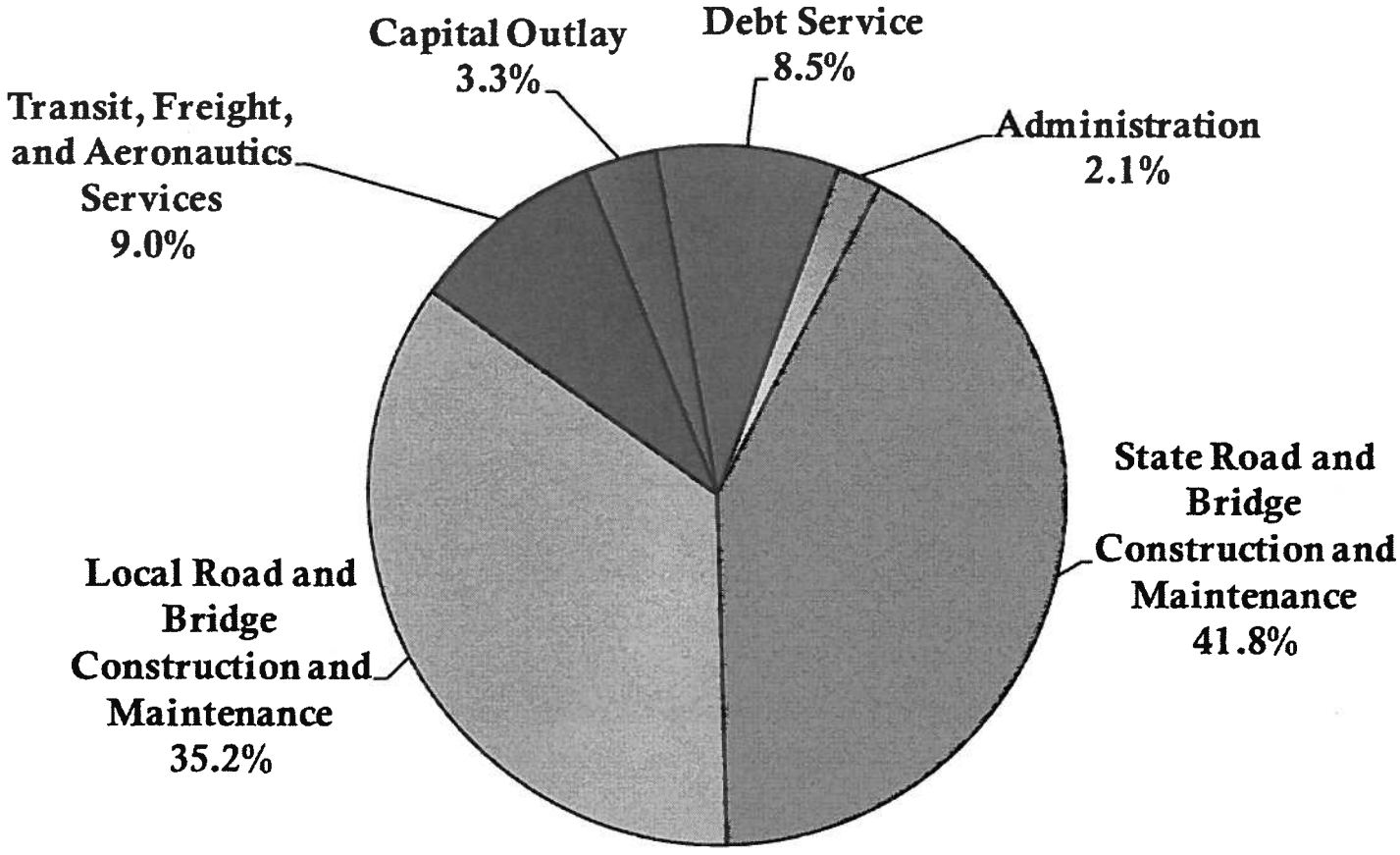
* Rail grade crossings, Local Bridge Debt Service, 4 cents of the gas tax & STF Debt Reduction

Interdepartmental Grants

Comprehensive Transportation Fund

* (10% of net MTF after above deductions)
* PLUS a portion of the auto related sales tax

FY 2012 Governor's Recommended Budget Appropriations

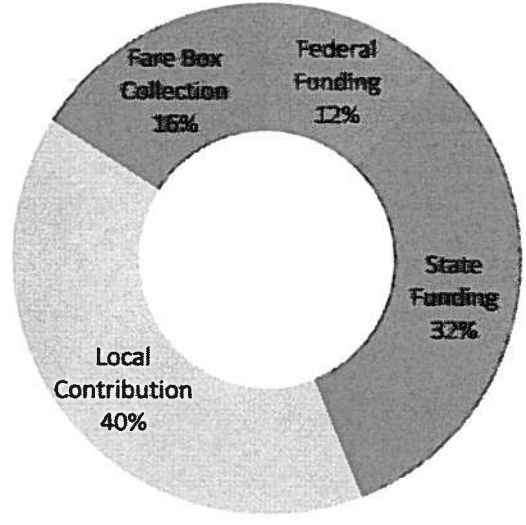


Source: MDOT

How is Public Transit Funded?

- **Federal Funding**
  - Restricted to capital needs
  - Requires a $1 match for every $4 of federal money
- **State Funding**
  - State law sets the ceiling at 50% for urban systems and 60% for rural systems (of eligible costs, as determined annually by MDOT).
  - Actual rates for FY11 were 31.4% for urban and 37% for rural
- **Local Funding**
  - Local millages
    - Over 90% of millages on the ballot in MI in the past decade passed
  - Contracted services
  - Local general fund revenue
- **Fare Box Collection**
  - Must consider fixed-route and ADA-mandated service separately for true picture

State Average For Public Transit
Revenue Sources as a Percent of Total Revenue



Doing More with Less…
Decrease Costs Through Efficiencies

- **The Rapid (Grand Rapids)**–
  - Switched from a defined benefit to defined contribution program
  - Reduced managerial positions
  - Aggressively manage overtime for bus operators
  - Limited health insurance plans
  - Dramatically reduced worker's comp claims – 72% from FY07 to FY10
  - Contract out services such as security, bus cleaning and fueling, and all demand-response service operations

- **Flint MTA**–
  - Increased the life expectancy of a brake replacement on buses from 27,000 – 75,000 miles, providing annual $500,000 savings.
  - Saving $200,000 per vehicle on mid-life bus rehabilitation extending life from an industry standard of 12 years to 25-30 years.

Doing More with Less…
Decrease Costs Through Efficiencies

- **CATA (Lansing)**– Saved more than $800,000 in FY11 in union concessions
- **Kalamazoo Metro Transit**–Merged ADA paratransit service with countywide demand-response service, eliminating duplication and reducing overall costs
- **City of Belding Dial-A-Ride**–Consolidated routes to better use resources
- **Schoolcraft Public Transit**–Cross trains office workers, drivers & vehicle maintenance staff to drive and/or dispatch for best use of smaller staff
- **Mecosta/Osceola Transit Agency**– Cooperative agreement with the Mecosta Osceola ISD to house busing operations under one roof
- **Shiawassee Area Transportation Agency (SATA)**–
  - Reduced cost per passenger by 21% between FY03–FY11
  - The ISD handles SATA's accounting function and the Owosso District Library provides payroll services for an annual savings of $18,000

Budget Reality…
Making Ends Meet With Revenue Options

- Increase fares and/or contracted service rates
  - SATA—Since FY00, all fares have increased 67%--78% depending on fare type
- Ask local voters to increase millage rates to support operations
  - 90%+ of transit millages pass in the state
- Provide other organizations with services
  - Altran (Munising) provides maintenance services for all county vehicles
- Many systems allow advertising on buses, shelters, or other transit property

Budget Reality…
Making Ends Meet with Service Cuts

- STARS (Saginaw)—recently cut Saturday service, eliminating 400-500 daily rides.
- SMART cuts have been taking place for the past several years, especially as property tax revenue has diminished.
- Detroit Department of Transportation has made significant cuts in service over the past year as the city struggles to maintain services.

Public Transit Policy…
Michigan vs. Other States

- In the 1970s, as Michigan set out to establish some form of public transportation in every county, other states took differing approaches.

- A majority of states only directed state and federal funding for public transportation into urban areas, and made little or no effort to establish demand-response (Dial A Ride) services in rural areas.

- Many states established local and regional sales and/or gasoline taxes as a source of local transit funding.

Why Invest in Public Transit…
It's about Jobs and People

- **Our economy**
  - Creates jobs – employs 5,800 Michigan citizens
  - Economic investment – brings $3.5 billion investment to state
  - Manufacturing and other industries are suppliers to the transit industry

- **Our people**
  - Workers, seniors, the disabled, students, those who are too young or too old to drive all use public transit
  - Transit is attracting more choice riders

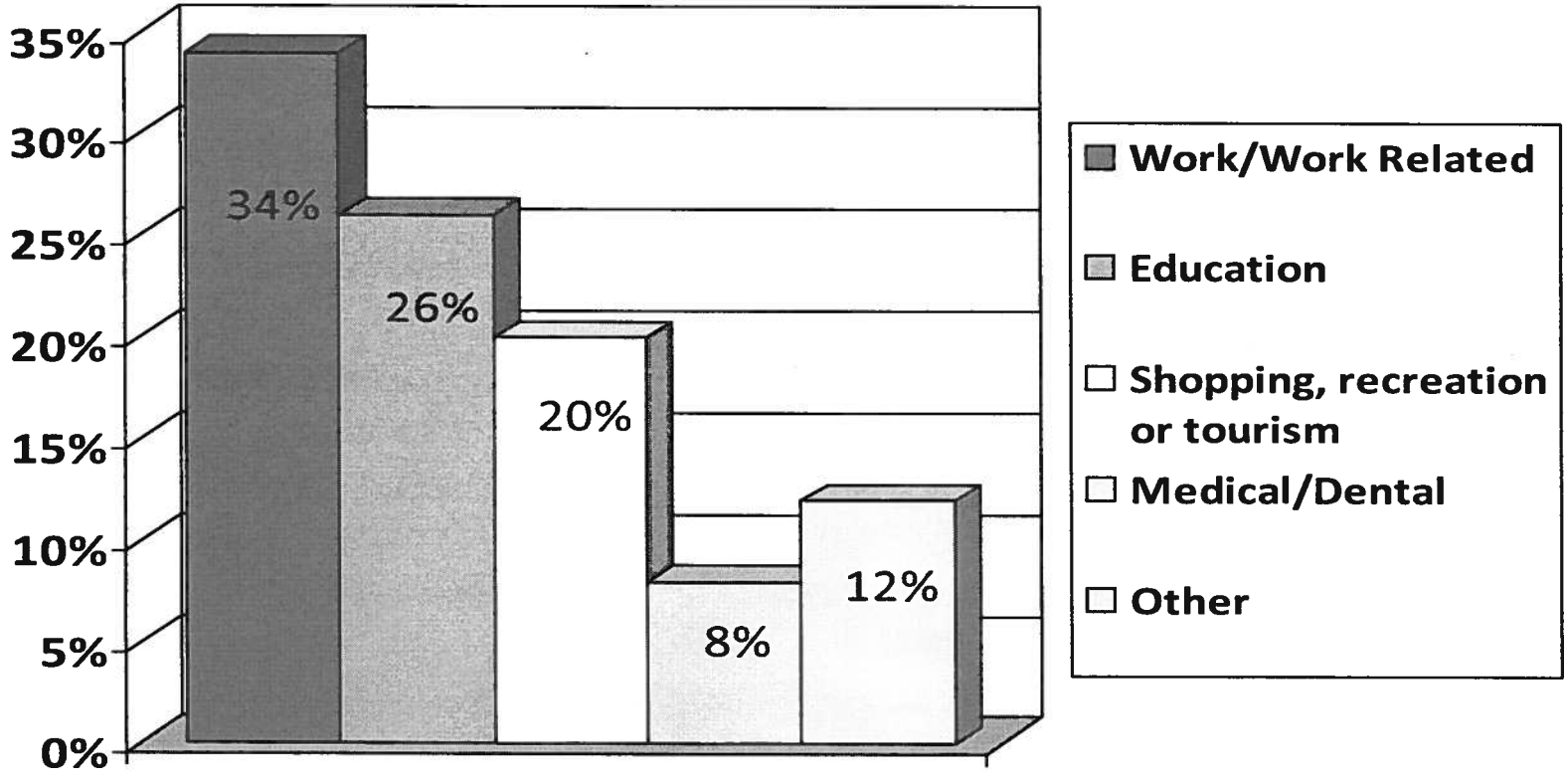
- **Our quality of life**
  - Creates a healthier and safer environment
  - Necessary for vibrant urban centers
  - Provides a lifeline in smaller communities and rural areas

- **More and more Michigan citizens are demanding access to quality transit services**

Driving our Economy…

60% Of Passenger Trips Are Work Or School-Related

(source: MDOT)



The Future…
Where Do We Go From Here?

- Identify reliable, long-term revenue sources to support public transit
- Consider additional mechanisms at the state and local level that could fund transit
- Adequately match all available federal capital dollars to maximize return of federal gas taxes to Michigan
- For Michigan to thrive, **all** aspects of the transportation network must be funded appropriately to meet needs now and in the future

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