

2010 Michigan Public Transit Conference

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and

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Preparing for a New Administration and New Legislature

Clear, Consistent, Complete Message

In January 2011, TF2 will be more than two years old

The TF2 message is still relevant

But the message needs to be made current

New administration and new legislators need a clear and consistent message from the transit industry

Clear, Consistent, Complete Message

- Where we stand
 - Funding Levels
 - Current System Condition
 - Current Benefit
- What we need
 - Funding Levels
 - Desired System Condition
 - Additional Benefits

Where We Stand

Where We Stand - Funding

- Michigan is in the top third of the nation in state funding for public transportation
 - Rank #14 - \$20 per capita
 - BUT below the national average of \$34 per capita
- State share in local transit operations is declining
- Between FY2000 and FY2010, 27% decline in state funding for local transit based on inflation
- State revenues insufficient to match current levels of federal aid
- More federal aid coming in the form of competitive grants not earmarks
 - Competitive grant applications needs match commitments
 - They also need long term operational commitments
- Federal transit and rail funds are going to other states
- Last two fiscal years started with partial contract for Blue Water and Pere Marquette services based on funding limitations
- Starting in 2013 - Federal law shifts costs of the Wolverine service to the state
- Starting in FY2012 – insufficient revenues to maintain intercity bus contracts

Where We Stand – System Condition

Local Transit

- 80% of Michigan's population has access to local transit
- Transit ridership up 6% between 2007 and 2009
- Some form of transit in all 83 counties, but very limited in some areas
- Prior to ARRA, some rural transit systems operating with more than 30% of their buses past their useful life

Intercity Bus

- Service to 120 communities
- Stable Ridership
- Limited frequencies and some long layovers
- High level of passenger satisfaction with trip experience

Passenger Rail

- Service to 22 communities
- Increasing ridership
- Limited frequencies
- Inadequate infrastructure capacity in Michigan, Indiana and Illinois leads to service delays
- High level of passenger satisfaction with trip experience

Where We Stand – System Benefits

- 34% of Michigan's local transit riders uses transit to get to work
 - 26% to get to school
- About 25% of local transit riders not be able to get to work, school or doctor in the absence of transit
- Benefits of investment in Michigan transit operations exceed costs
 - Social benefits of Michigan's existing local transit system exceeded \$800 million in 2008
 - Greater than the \$550 million in local, state and federal funds invested in transit operations a year
- In 2008, Michigan transit operations sustained 9,200 jobs in the state and \$1.3 billion in economic output
- Over 20% of Michigan intercity bus passengers come from households with annual income less than \$10,000
- Over 20% of Michigan intercity bus riders indicate it is the only form of transportation available to them to make their trip
- The 22 Michigan communities with Amtrak stations receive \$62 million in quantifiable benefits attributable to passenger rail service
- In 2009, Amtrak employed 141 Michigan residents with total wages of \$9.3 million and expended almost \$11 million for goods and services in Michigan

Where We Need to Be

Where We Need to Be - Funding

- Need a \$500 million per year state investment in passenger transportation
 - Cost of a “good” system as defined by TF2
 - Compare to \$198 million investment in FY2010
- This level of investment is possible as evidenced by investment levels in other states
 - New York - \$2.5 billion
 - California - \$2.2 billion
 - Massachusetts - \$1.2 billion
 - New Jersey - \$847 million
 - Pennsylvania - \$822 million
 - Maryland - \$811 million
 - Illinois - \$489 million

Where We Need to Be – System Condition

What a “good” system might look like with \$500 million annual investment...

- Local bus transit agencies able to maintain and increase service where needed
- Transit fleet and facilities in state of good repair with increased use of:
 - Alternative fuel technologies
 - Lower emission vehicles
 - Green building and operational practices
 - Information technologies
- Improved connectivity between systems and modes as a result of:
 - County-wide demand response services in all counties
 - Mobility management
- Rapid and regional transit in our urban areas
- Increased/stabilized state’s share of operating cost for local transit Access all available federal funds for capital investment
- Expanded intercity bus service to improve connectivity and reduce layovers
- Significantly increase frequency and reliability of intercity rail service between urban areas within Michigan and connecting to the regional and national network
- Public/private partnerships for regional shuttle bus connections

Where We Need to Be – System Benefits

- When rapid and regional transit services are added to the local transit mix
 - Increased ridership
 - Increased return on investment
- Denver, Colorado - Growth in corridors with light rail
 - 17.6% increase in retail space
 - 7.5% increase in residential units
 - 7.2 % increase in office space
- Development of the Midwest Regional Rail System (MWRRS) will significantly expand the region's economy. Economic gains include:
 - 6970 permanent new jobs in Michigan
 - \$138 million of extra household income in
 - \$2.3 - \$3.5 billion of user benefits in Michigan



Other Possible Message Points

- Examples of industry efficiencies
- Success of local millages
- Relate our system condition and needs to new federal priorities – State of Good Repair, Sustainability, Livability
- Commitment of the industry to systemwide conditions measures (below)

Examples of Local Transit System Condition Goals

- Preserve existing level of local transit, including specialized service
- Maintain condition of fleet
- Ensure a well-maintained fleet
- Green the fleet (i.e., green vehicles)
- Modernize bus stops and shelters to meet ADA requirements
- Maintain condition of facilities
- Promote green initiatives in facility construction and renovation
- Utilize asset management
- Increase use of mobility management
- Use of a range of agency determined performance measures
- Increase use of mobility management.
- Ensure coordination with non-profit and social service agencies, private sector, and educational institutions to enhance access to service
- Use ITS/Technology to improve efficiency, reliability, and customer satisfaction
- Assess customer satisfaction
- Reduce the incidence of crime on transit property
- Encourage/seek private investment

BUREAU OF PASSENGER TRANSPORTATION UPDATE

- Revenue and Budget
- State Vehicle Contracts
- System Condition Measurement
- The Federal Scene

REVENUE AND BUDGET

Five Year Program

Revenue Issues – Five Year Program

- MDOT's FY2010-2014 Five Year Transportation Program laid out a challenging revenue picture
- MDOT will begin development of the 2011-2015 Five Year Program in September
 - First step in the process is to develop revenue estimates
 - Revenue picture is NOT better

2010 – 2014 Revenue Assumptions

- Federal Revenue Assumptions
 - Continuation of FY2010 federal revenues, with continuation of prior year earmark levels
- State Revenue Assumptions
 - No Growth

- From 2010-2014 Five-Year Program Financial Crisis Key Messages:

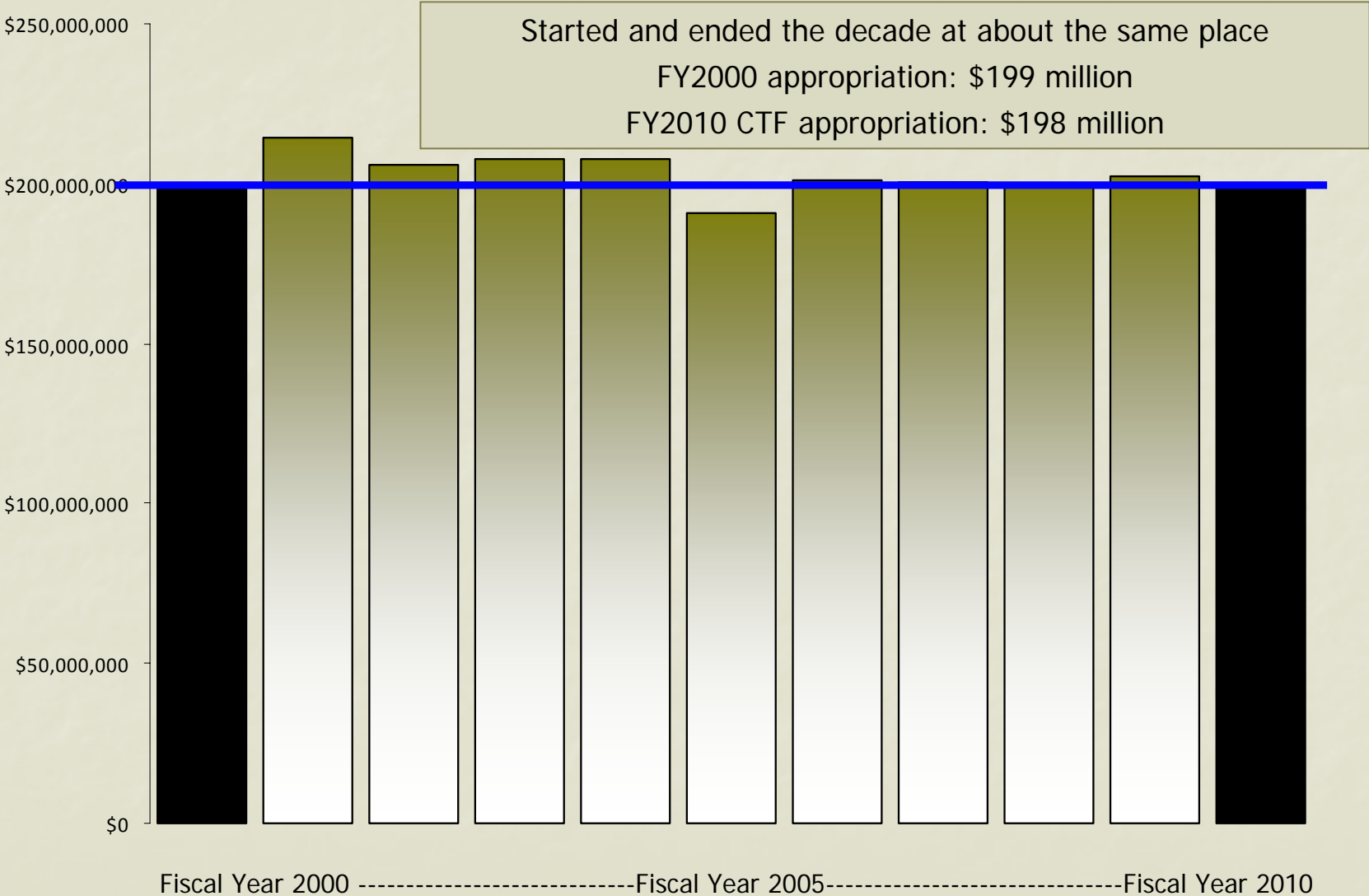
“The way we have funded transportation for over a century is no longer adequate and it has to be fixed, in both the short term and long term.

Our role isn't to dictate how transportation should be funded, but simply to raise awareness of the needs and to show what will happen to our infrastructure if we continue with the status quo.”

A Look Back at the Decade

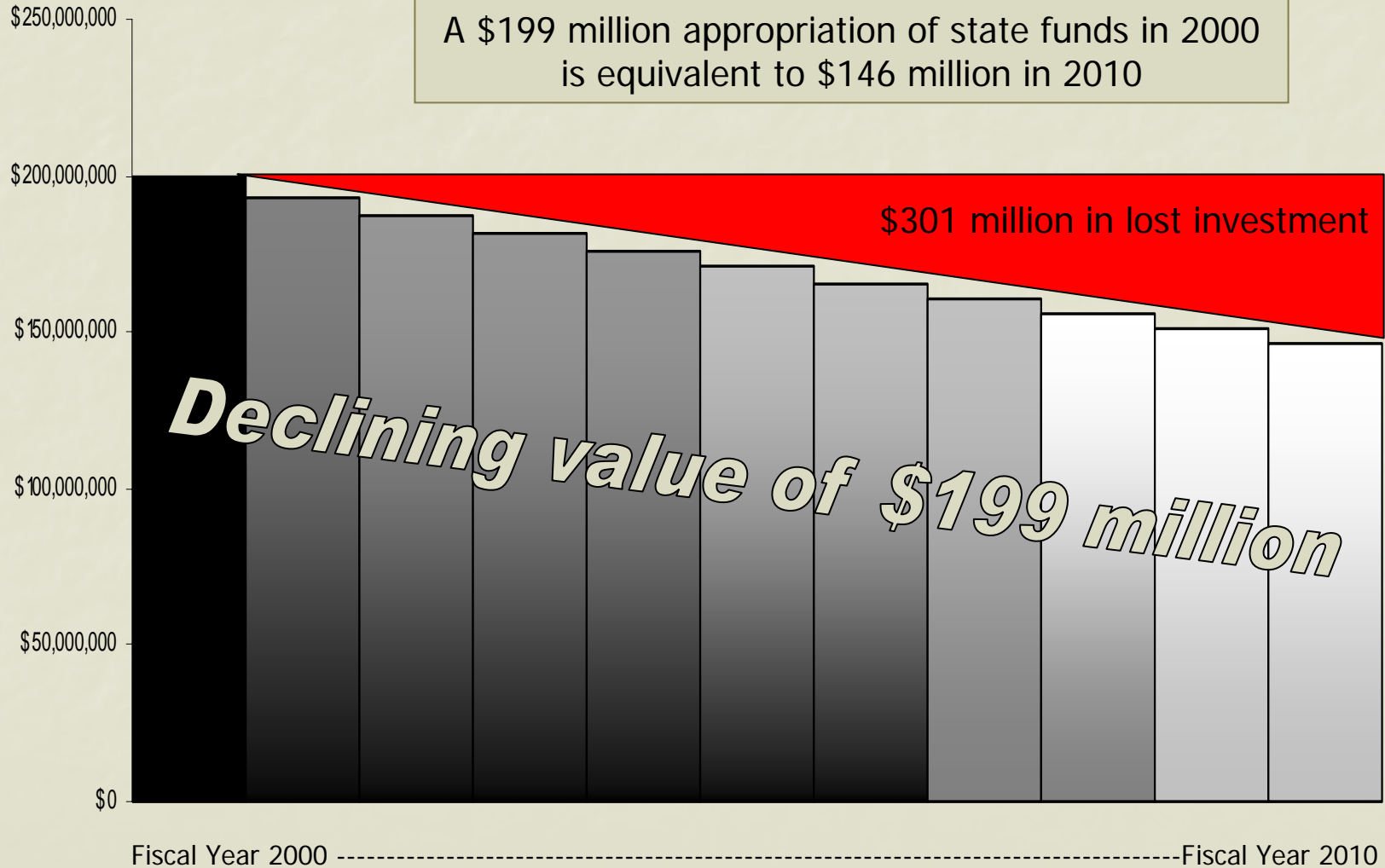
Available CTF Program Appropriations

FY2000 – FY2010



Impact of Inflation on State Public Transportation Investment

FY2000 – FY2010

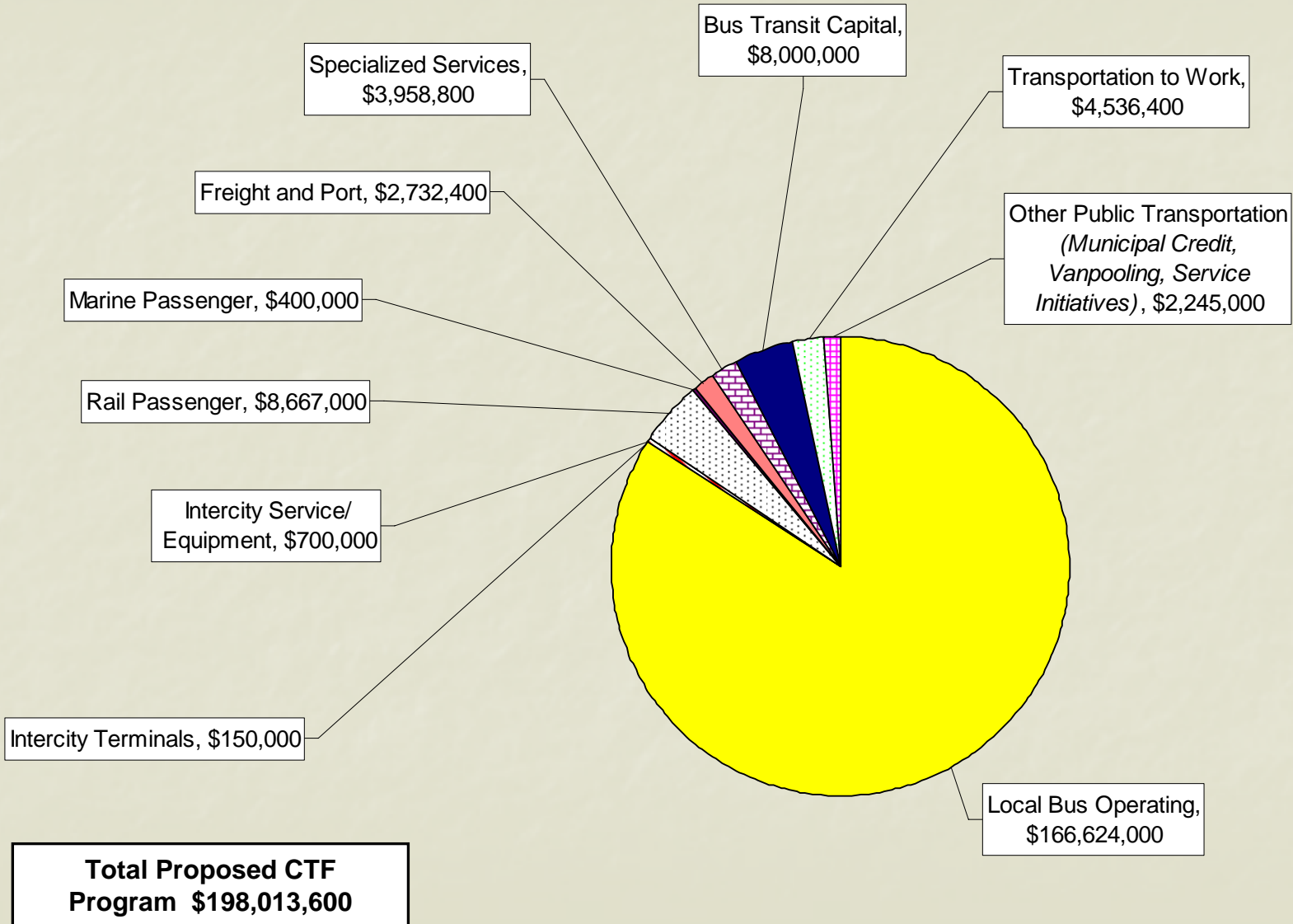


FY2011 Budget

FY2011- Budget Bill Status

- Two Versions of FY2011 budget bills
 - Bill started in the House
 - HB5889 (H-5), amended by Senate not concurred by House
 - Senate also started a bill
 - SB1164 (S-1), passed by Senate and referred to House
 - Will now go to Conference
 - Senate version shifts \$84 million within MDOT's budget to match federal highway funding
 - Result is \$3,343,300 lower for Local Transit Programs
 - Specialized Service (-\$521,100)
 - Vanpool funding reduced (-\$138,100)
 - Municipal Credit reduced (-\$300,000)
 - Transportation to Work reduced (-\$2,384,100)

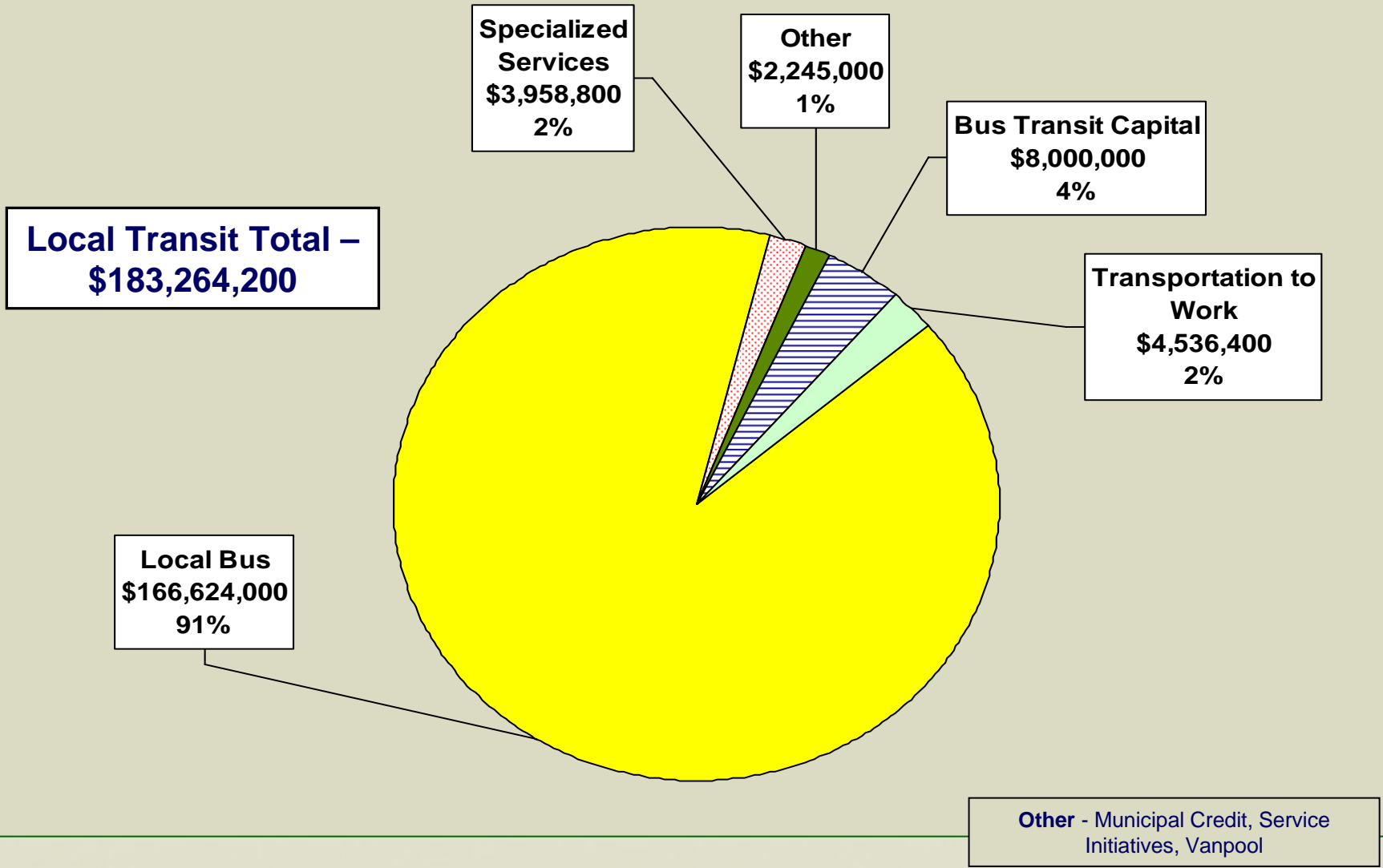
FY 2011 – Executive Budget Comprehensive Transportation Fund Program Appropriations



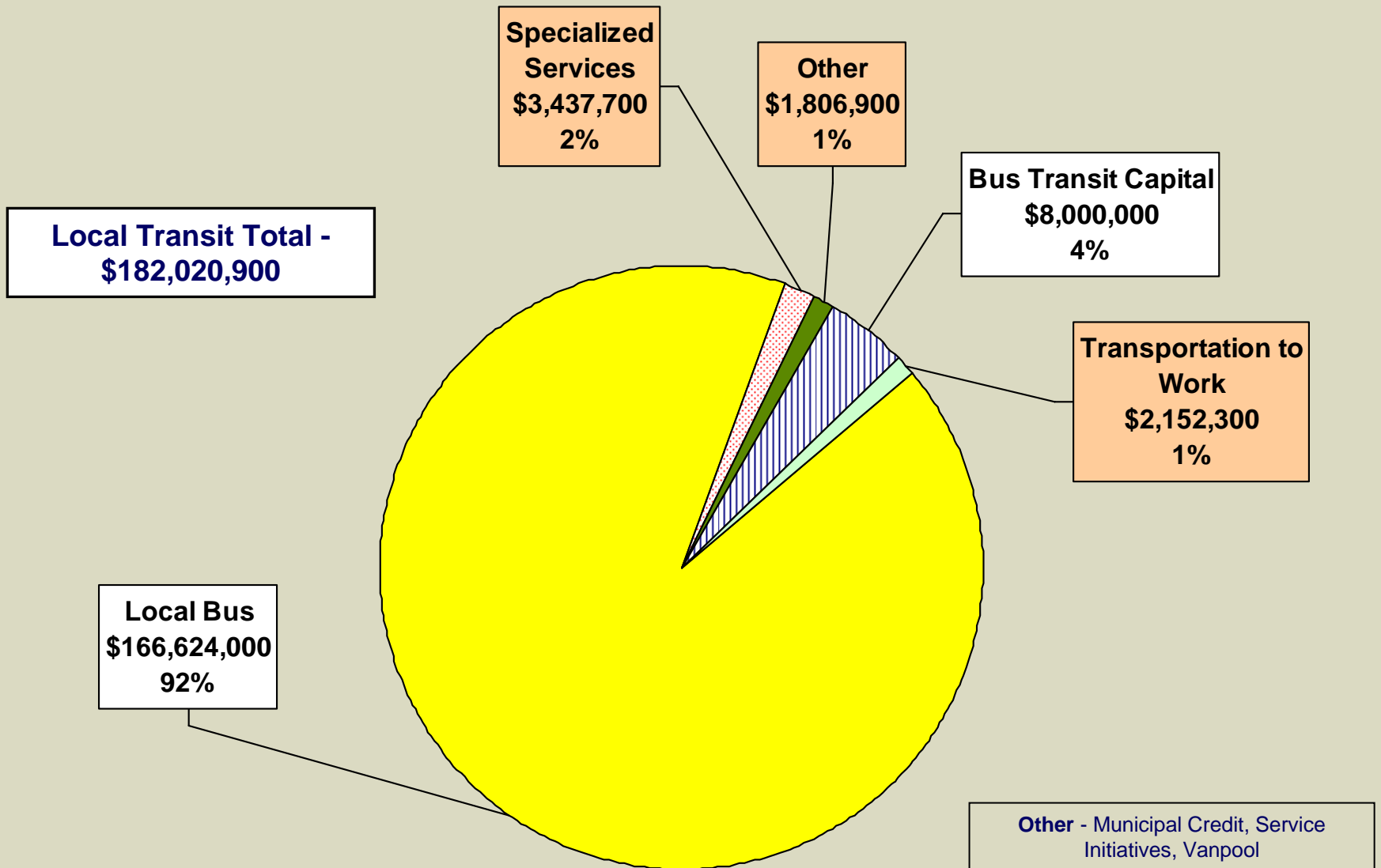
FY2010 compared to FY2011 Executive Budget Comprehensive Transportation Fund Appropriations

	FY2010 With Contingency Transfers	FY2011 Executive Budget
Service Initiatives	\$350,000	\$50,000
Intercity Terminals	\$180,700	\$150,000
Vanpool	\$195,000	\$195,000
Marine Passenger	\$400,000	\$400,000
Port Development	\$468,200	\$468,200
Intercity Services	\$1,306,600	\$700,000
Municipal Credit	\$2,000,000	\$2,000,000
Rail Freight (all line items)	\$2,264,200	\$2,264,200
Specialized Services	\$3,958,800	\$3,958,800
Transportation to Work	\$4,536,400	\$4,536,400
Bus Transit Capital	\$8,474,500	\$8,000,000
Rail Passenger	\$8,200,000	\$8,667,000
Operating Assistance	\$166,624,000	\$166,624,000
Total	\$198,958,400	\$198,013,600

FY 2011 – Executive Budget Local Transit Program Appropriations



FY2011 CTF – Senate Version Budget Local Transit Programs



Local Bus Operating

FY 2011 – Projected

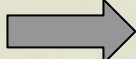
- Governor's and Senate's budget \$166.6M
- Statewide budgeted eligible expenses \$509M
- Urban > 100,000 pop – 31.29%
- Nonurban and urban < 100,000 pop – 36.99%

Capital Match

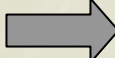
Capital Match Resources

- CTF Annual Appropriations, a.k.a cash
 - Most flexible
 - Must be obligated in year appropriated
- CTF Bond Proceeds
 - FY2002 proceeds – buses and facilities only
 - FY2003 proceeds – facilities only
 - FY2010, FY2011 proceeds, a.k.a restructured bond proceeds
 - Buses and facilities
 - Very short expenditure window, regardless of when committed to your agency
- Toll Revenue Credits

FY2010 Capital Match Commitments

Federal for buses -\$35M  Matched with \$8.75 of cash and small amount of FY2010 (restructured) bond funds

Federal for facilities - \$18M  Matched with \$4.5M of mostly cash

Federal for equipment and preventive maintenance - \$53M  Matched with \$10.6M of toll credit

Some projects not yet under contract so will need to use FY 2011 resources

FY2011 Capital Match Picture

- Projected match need - \$27 M
- Executive Budget CTF Appropriation - \$8M
- Toll credits – \$0
- Bond funds - for use in FY2011 and FY2012
 - About \$4 M FY2003 bonds (facilities only)
 - \$19 M of restructured bonds (short expenditure window)
- Situation gets worse in FY2013

Capital Match - Additional Areas of Concern

- Limitations on bond restructuring proceeds
 - “FY2010” proceeds ~ \$11.8 million
 - Small amount used for FY2010 Federal Grants
 - Committed to your agency in July 2010
 - Expenditure deadlines of – October 2012, November 2012
 - Remainder will be used for FY2011 Federal Grants
 - Will be committed to your agency in June 2011
 - Expenditure deadlines of October 2012, November 2012, April 2013, May 2013
 - Less than two years to expend
 - “FY2011” proceeds ~ \$11.4 million
 - Will be committed to your agency in June 2012
 - Expenditure deadlines of May 2013 and October 2013
 - Nine to fifteen months to expend
 - May not be able to make a match commitment if high probability cannot meet expenditure deadline
- For prior year commitments, unspent match funds draw attention in times of limited resources

State Match Contracts

- New procedures coming later this year
 - Original Project Authorizations will be four to five years
 - Longer period does not pertain to match from restructured bonds
 - Limited Extensions
 - Extensions to expend funds not obligated within two to three years unlikely
 - No extensions for restructured bonds used as match

STATE VEHICLE CONTRACTS

State Vehicle Contracts – Existing Contracts

- Small bus
- Medium bus
- Hybrid Small bus (cutaway)
- Other MiDEAL Vehicles

State Vehicle Contracts – Small Bus

- Hoekstra Transportation (El Dorado)
- Shepard Brothers (Coach and Equipment)
- Built on Ford chassis (gas and diesel engines)
- Ford diesel very limited
- Expire September 2010 due to limited options
- New contract will be established in September 2010 and will expire in 2012
- Possible General Motors chassis for the diesel in the new contract

State Vehicle Contracts – Medium Bus

- Midwest Transit Equipment (Startrans) –
 - Built on General Motor chassis
 - Chassis supplies very limited
- Hoekstra Transportation (El Dorado)
 - Built on International chassis
- Expire May 2011

State Vehicle Contracts – Small Hybrid Bus

- Midwest Transit Equipment (Startrans)
- Ford gas only (flex fuel) chassis
- Azure Dynamics hybrid system
- Expire September 2012

State Vehicle Contracts – Other MiDEAL Vehicles

- Minivans
- 15 Passenger Vans
- Various Cars, Trucks, and SUVs

State Vehicle Contracts – Future

- Accessible Passenger Vehicle – November 2010
 - Lowered floor minivan with ramp
 - Purpose built vehicle with ramp (e.g. Vehicle Production Group's MV-1)
- Full Van with Lift – November 2010
- Small Light-Duty Bus (e.g. Van Terra, Champ) – Winter 2010
- Medium/Heavy Duty Bus (e.g. Thomas or Blue Bird)
- New DTMB/MiDEAL general vehicle (service vehicle) contracts go into effect October 2010

Vehicle Equipment Advisory Team

- Meets to develop/update vehicle specifications
- Attendees offer input on improvements, problem areas, and new technology
- Meetings are facilitated by MDOT
- Next meeting will soon be scheduled to discuss the medium/heavy duty bus.
- Attendance open to all transit agencies
- Contact Michael Frezell – frezellm@michigan.gov or (517) 335-0904 to be included on the team e-mail list.

SYSTEM CONDITION MEASUREMENT

Transit System Condition Measurement

Establish Goals and standards for the Transit System

April 2010 – final report issue with list of goals (aims)

For each goal/aim, we've established a tentative method of measurement

We eventually need to develop a standard

Next step – collect data to determine current conditions. Developing an RFP for a firm to develop methods for transit agency to collect and report and methods for MDOT to verify and compile

Once we start collecting, may want to re-evaluate the list of goals/measures

- Preserve existing level of local transit, including specialized service.
- Green the fleet (i.e., green vehicles)
- Participate in green operational initiatives
- Promote green initiatives in facilities construction and renovation.
- Ensure the State's financial investment in public transportation is used in the most efficient way possible
- Maintain condition of fleet
- Utilize asset management
- Maintain condition of facilities
- Reduce the incidence of crime on transit property
- Minimize number of collisions
- Ensure a well-maintained fleet to reduce accidents from mechanical failure
- Participation in ongoing training activities
- Participate in emergency plans
- Implement ITS/Technology projects to improve efficiency, reliability, and customer satisfaction
- Increase use of mobility management
- Examine and structure services to provide maximum mobility relative to changing demographics and trip generator locations
- Assess customer satisfaction
- Expand/improve existing services
- Increase coordination of transportation options
- Modernize bus stops and shelters to meet ADA requirements
- Provide efficient and effective public transportation services through a range of agency determined performance measures
- Ensure coordination with non-profit and social service agencies, the private sector, and educational institutions to enhance access to service
- Maximize the benefit/cost of public transit
- Increase the number of systems that use the Transit Economic Benefits Model.
- Encourage adopt-a-shelter programs
- Encourage/seek private investment

THE FEDERAL SCENE

American Recovery and Reinvestment Act (ARRA)

ARRA Section 5311 Formula and Flex

Item	Amount	Number of Projects
Rural Transit Buses	\$11,919,653	100
Rural Transit Equipment	\$1,401,633	58
Rural Transit Facility Construction	\$6,570,000	6
Rural Transit Facility Improvements	\$562,000	19
Rural Transit Energy Audits	\$65,716	22
Rural Transit Operating Assistance	\$1,923,217	66
Rural Intercity Bus Capital	\$3,868,069	17
Decals	\$913	1

Recovery Act Reporting

- Milestone Progress Report (FTA) – Quarterly
 - Section 1201 c (FTA) – Annual
 - Section 1512 c (OMB) – Quarterly
- Oberstar Report - Monthly
- Special inquiries from multiple sources

FTA Reviews

2009 State Management Review

❖ Satisfactory Continuing Control

- Requested agencies enter equipment and facility construction and improvements in PTMS
- PTMS was not working correctly so put this on hold
- Now is working for equipment but not for facility items

Procurement System Review (PSR)

- Calyptus Consulting Group
- 45 procurement files evaluated for 50-60 elements
- Two levels of findings:
 - Not Deficient. Defined as, *“The review of the selected procurement files found that in all instances, the grantee complied with the requirements.”*
 - Deficient. Defined as, *“The review of the selected procurement files found that in one or more of the applicable instances, the grantee did not comply with the requirement.”*

Procurement System Review (PSR)

Areas where more than 50% of the procurement files were deficient included:

- **Written Procurement Selection Procedures**
 - RFP did not include the criteria that would be used in vendor selection
- **Award to Responsible Contractors**
 - procurement file did not indicate looked at debarment list
- **Clauses**
 - Contract did not include the appropriate FTA clauses
- **Bid Opening Sealed Bid**
 - No documentation of the opening meeting (such as a sign-in sheet)
- **Advertised/Publicized**
 - Procurement file did not include copies of the advertisements

Procurement System Review (PSR)

Areas of Significant Concern to FTA/Calyptus

- Cost or Price Analysis
 - 5 of 6 subrecipient procurement files deficient
 - 2 of 2 MDOT
- Written Record of Procurement History
 - 4 of 6 subrecipient procurement files deficient
 - 2 of 2 MDOT procurements
- Specific Procedures on FTA procurements
- Responsibility - debarred/suspended list
- Clauses

Procurement System Review (PSR)

Strengths

- No sole sourcing
- Good piggybacking
- Adequate Competition
- No use of brand names
- No splitting
- Good Specifications
- No Unreasonable Qualifications

Procurement System Review (PSR)

- MDOT has provided corrective action plan to FTA which included:
 - Procurement Guidelines for subrecipients for the deficiency areas
 - Matrix of Audit Verification of all deficiency areas
 - Training for MDOT staff and subrecipients

Federal Grant Close Out

Federal Grant Close-Out

- FTA instructed MDOT to put procedures in place that will result in:
 - Quickly close out grants over four years old
 - Ensure the majority of grants are closed in two years from date of FTA award
- New Procedures
 - Specific deadlines in each new project authorization that includes federal funds
 - Obligate (i.e., place orders for buses, issue third party contracts, purchase equipment, complete facility improvements) within six months of receiving an executed PA
 - Funds not been obligated within 12 months - MDOT may cancel the authorization
 - MDOT will no longer extend PA after initial three years except for very unique circumstances, such as new facility construction.

How To Meet the Deadlines

- Do more pre-work prior to receiving your PA, such as finalizing specification
- Obligate funds as soon as possible
- Identify potential savings as early as possible so you can seek MDOT approval to expend the savings within the deadlines
- Structuring your earmark requests to Congress and requests to the rural task forces to include projects that can be completed in two years (with longer timeframes possible for new facility construction)

Federal Transit Priorities

Playing the Discretionary Grant Game

Small Starts

Livability

Transit Investment for Greenhouse Gas and Emissions Reduction

New Starts

Clean Fuels

Sustainability

State of Good Repair

The Federal Scene

State of Good Repair

- FTA study released July 2010
 - Cost of bringing nation's rail and bus transit systems into state of good repair = \$77.7 billion
 - **Most \$77.7 billion backlog can be attributed to rail**
 - More than 40 percent of the nation's buses are also in poor to marginal condition
- "State of Good Repair" one of the five system-wide goals included in proposed USDOT Strategic Plan
- In April 2010, FTA announced availability of \$775 million in competitive State of Good Repair program
 - About 400 applications submitted to FTA requesting \$4.2 billion
 - Applications now being reviewed by FTA
 - MDOT application - \$8,204,104 (Federal \$6,522,729 of which \$4,963,097 is for bus replacement and \$3,241,007 is for facility and equipment)

The Federal Scene

Livability and Sustainability

- *Partnership for Sustainable Communities* formed June 2009 by:
 - U.S. Department of Housing and Urban Development (HUD)
 - U.S. Department of Transportation (DOT)
 - U.S. Environmental Protection Agency (EPA)
- *“... to ensure that housing and transportation goals are met while simultaneously protecting the environment, promoting equitable development, and helping to address the challenges of climate change.”*
- Following Livability Principles are guiding their work:
 - Provide more **transportation choices**
 - Expand location-and energy-efficient **housing choices**
 - Improve **economic competitiveness** of neighborhoods by giving people reliable access to employment centers, educational opportunities, and other basic services
 - Target Federal funding toward **existing communities**—through transit-oriented development and place-based policies
 - **Align federal policies** and funding to remove barriers to collaboration, leverage funding and increase the effectiveness of existing programs
 - Enhance the **unique characteristics** of all communities, whether rural, suburban or urban

The Federal Scene
Livability and Sustainability

December 2009

- FTA announces the availability of discretionary grant funds - “Livability Bus Program”
- Funded using \$150 million in unallocated Discretionary Bus and Bus Facilities Program funds

July 2010

- FTA announces winners
- 47 projects from 31 states to receive more than \$163 million
- Selected from 281 applications totaling over \$2 billion in funding requests

Some of the winners

ARIZONA

11th Street Pedestrian Improvement Project; City of Phoenix; \$2,400,000

Create enhanced inner city neighborhood bus corridor. Repaint/replace bus shelters, benches and trash receptacles. Add pedestrian level lighting

MISSOURI

IT Enhancements; City of Joplin; \$244,032

Upgrade MAPS' hardware and software, including the implementation of an automatic vehicle locator system to improve vehicle tracking and scheduling for curb-to-curb service

WISCONSIN

Bus Shelter Construction and Improvements; City of Racine; \$380,000

Build 17 new bus shelters, upgrade an additional 14 existing shelters, add helpful passenger information displays

NORTH CAROLINA

Fleet Replacement; City of Asheville; \$428,000

Upgrade their bus fleet with five new hybrid and diesel buses, improving fuel efficiency, reducing carbon emissions and improving passenger service

MASSACHUSETTS

Interactive Passenger Information System; Pioneer Valley Transit Authority; \$745,689

Provide transit passengers with 24/7 access to real-time traveler, trip planning, scheduling, customer service information. Paratransit vehicle fleet to be equipped with GPS to notify customers when the vehicle is approaching

KANSAS

Johnson County Transit Maintenance Facility Improvement; Kansas City Area Transportation Authority; \$374,150

Expand 10 year old maintenance facility to accommodate expanding fleet

Federal Themes

- Livability
 - Transportation options
 - Transit, walking, biking
 - For all size communities
 - Environmental benefits
 - Transportation planning coordinated with land use planning
 - Transportation coordinated with housing
 - Human service coordination
 - Access to transportation for the transit dependent
 - Mixture of transportation systems that are consistent with community context
- Sustainability
 - Lower cost to society – users, the environment, communities
 - Reduced greenhouse gas emissions
 - Green buildings
 - Clean fuels
 - Environmental Management System (a structured, measurable method for identifying and measuring an organization's environmental impact)
 - Reducing and mitigating environmental impacts of construction and operations
- State of Good Repair
 - Maintaining existing infrastructure
 - Asset Management

Thank you.

What are your questions?