

2011 ANNUAL REPORT

MILWAUKEE COUNTY TRANSIT SYSTEM



PROVIDING TRANSPORTATION

TO THE COMMUNITY FOR OVER

150 YEARS

MESSAGE FROM THE MANAGING DIRECTOR

Reliable, convenient and safe public transportation services to meet the varied travel needs of the community; that's at the core of what we do here at the Milwaukee County Transit System. We strive to make quality service available that people need and will use.

Funding for our transit system was a key area of focus in 2011. Much time was spent during the year working with elected officials, community leaders and bus riders to petition the state to maintain and restore transportation funding.

We were part of a larger movement to remind our state representatives of the importance of transit to creating and maintaining jobs. For years, we have been explaining how cutting transit funding results in less jobs and a higher cost of living for many.

A critical change was won. We were successful in persuading state legislators to keep funding for transit in the dedicated transportation fund rather than the general fund. This was a major accomplishment. A 10% decrease in state operating

assistance for all transit systems in Wisconsin did pass, though. This was a significant departure by the state in its long standing historical role of providing increased funding support for public transit.

Thankfully, through the hard work of so many, including Milwaukee County and community advocates, MCTS applied for and was granted federal Congestion Mitigation and Air Quality (CMAQ) funding for a new express bus project. This allowed MCTS to maintain the majority of the transit service levels for 2012.



Milwaukee County residents rely on us to get to work, job training, school, medical appointments and entertainment. So we will continue our strong efforts to find ways to maintain transit service levels. We have a good operational plan in place with stellar, hardworking employees and we will continue to work with Milwaukee County to streamline costs. Most importantly, we will work to communicate our challenges and help find a way to fund transit so our community has the mobility it needs.



Sincerely,

Lloyd Grant, Jr.
President and Managing Director

STATE OF CURRENT AFFAIRS

MCTS provided over 44.7 million rides in 2011, up 1.5% from the prior year. Ridership increased despite service changes. Looking ahead, we estimate that ridership will remain steady despite the slow economic recovery. The community is still experiencing an unemployment downturn and MCTS had a reduction of overall bus service. However, if gas prices continue to rise as economists predict, ridership could increase as people look to more affordable means of travel. Additionally, we are initiating new bus service which we have not been able to do in nearly a decade. The new MetroEXpress limited stop bus service could stimulate an increase in rides.

44.7 million
rides in 2011



A Transportation Finance and Policy Commission established by the state legislature will be looking at issues related to the future of transportation finance in Wisconsin. The Commission's report is due to the state legislature by March 1, 2013. MCTS and Milwaukee County representatives participated in a public hearing by the Commission urging then to include dedicated funding for public transit in their recommendations to the State.

MCTS will also be working with the Wisconsin delegation in the Senate and House to enact new authorizing legislation for surface

transportation funding. We will continue efforts to ensure that transit is adequately funded by demonstrating that public transportation is a crucial part of job growth and economic development as well as a solution to our nation's energy and environmental challenges.

Lastly, work will continue to upgrade the bus fleet with the addition of 55 new clean diesel buses. And, MCTS expects to issue an award in the spring of 2012 to begin development of a new fare collection system as part of an initiative to replace its 26-year-old fareboxes by introducing a smart card fare payment system.

MCTS MISSION

The mission of the Milwaukee County Transit System is to provide reliable, convenient and safe public transportation services that efficiently and effectively meet the varied travel needs of the community and contribute to the quality of life here.

The objectives in-line with achieving this mission include the following: maximize ridership, provide service that meets travel demands, maximize reliability and safety in operations, strive for excellence in job

performance, provide a positive work atmosphere, promote a positive public image, manage in a fiscally responsible manner, enhance internal cooperation and understanding, and serve as an advocate for public transportation.

Maximize ridership and provide service that meets **travel demands.**



HIGHLIGHTS OF 2011

Enhanced Service

Much of the year was spent preparing a system-wide route and schedule restructuring plan for 2012 due to the state decreasing funding for transit by 10%. After an award of \$19.6 million in federal CMAQ funds, we shifted gears to restore service levels.

Thirty-five new Flyer buses were added to the fleet. This brings the total of new clean diesel buses at MCTS to 125.

As a test project, one passenger seat was removed from 35 buses to address challenges with strollers and carts in the bus aisles. This newly designated area for

strollers was positively received by customers, making the aisles on buses easier and safer for passengers to navigate.

Forty of the older bus models in the fleet were painted with the new paint scheme. This program will continue next year.

Thirty-five new **clean diesel,** near zero emission **buses** were added to the fleet bringing the total to **125 at MCTS.**



Training and Security

A Management Development Training program was implemented in which approximately 100 managers and supervisors were provided both on-site and online training in core management skills including leadership, managing change, promoting teamwork, improving communication and addressing workplace issues. Professional development fosters and supports our goal of creating and maintaining a strong managerial and supervisory team, prepared to address the many challenges in the transit industry.

Using funds from a Federal Emergency Management Agency (FEMA) Transit Security Grant, the MCTS Critical Incident Management Team (CIMT) participated in two emergency readiness exercises. In March, the team tested MCTS's Continuity of Operations Plan in a table top exercise. In June,

the team held a functional security exercise that tested the CIMT's ability to support, coordinate and communicate information in response to a threat that affects transit operations. In each event, a formal report was prepared to identify the strengths to be maintained and built upon, and also identified areas for improvement.

Each year, bus operators earn safety awards from the National Safety Council in recognition of their accident-free driving record. Currently, 161 operators have earned a five-year safe driving award, 305 operators have earned a 10 year safe driving award, 169 operators have earned awards for over 20 years of safe driving, and 26 operators have 30 or more years of accident-free operation.

Service to Persons with Disabilities

In 2011, through increased efforts of the New Freedom Program, MCTS provided the highest level of boardings for individuals who use a mobility device. There were 76,608 boardings which is a 38% increase since the New Freedom Program began in 2009. Also, more than 2,300 paratransit clients were provided a free New Freedom Pass to provide more flexible transportation.

The primary goal of the New Freedom Program is to expand the independence of persons with disabilities by removing barriers to their use of fixed route transit services. Benefits of the initiative include empowering individuals with choice and independence, and conserving scarce resources. Multiple strategies were used including removing physical barriers, individual or small group travel training and community outreach.



MCTS provided the **highest level** of boardings for individuals who use a **mobility device.**



Efficiencies and Cost Reduction Measures

- A barcoding system for inventoried parts and materials was implemented throughout the maintenance function, allowing an easier way to locate and retrieve thousands of parts and supplies while reducing costs.
- The customer service phone system was replaced with an open-source interactive voice response system. This change provides new cost savings since there are no further costs from vendors for enhancements/upgrades and no maintenance fees. Also, the capacity for caller connections has been doubled, improving reliability.
- A 12-year-old proprietary telephone system was also replaced with an open-source system. This was a key improvement as the prior system was outdated and no longer vendor supported.

Additionally, there will no longer be additional costs from vendors for enhancements/upgrades and no maintenance fees.

MCTS achieved another milestone in its efforts to go paperless. Personal and liability claims handling software was implemented, allowing for improved staff efficiency. Just like riding the bus, the new system helps advance our green initiatives because information can be accessed electronically.

Our Employee Return-to-Work program continues to positively impact the overall organization. Since inception, indemnity claims have been reduced by 80% and lost work days by 96%. As it relates to the bottom line, overall expenditures in worker's compensation have been reduced by 67%.

Community Connections

Social media and other communications were maximized to engage customers and create more ease in using the system. This included the MCTS website (record high use reached 178,327 in one month), Twitter (nearly 2,000 followers), Facebook (1,300 fans), newsletters and the Rider Insider Program. MCTS also initiated a new special promotion to Rider Insiders in which ten area businesses provided a discount for our customers.

Promotional efforts helped to achieve record high participation in the U-PASS Program. The student pick up rate reached 81% at Marquette, 70% at UWM and 47% at MATC.

MCTS attended many community events promoting transit with the specially wrapped vehicle, "We Heart the Bus". Positive interactions with the community were achieved as this bus which is decorated with more than 4,000 bus riders' signatures.

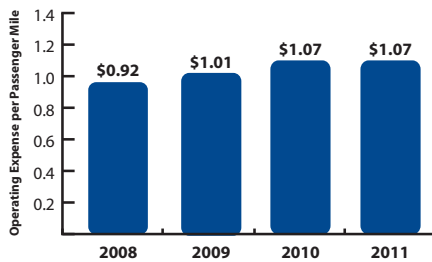
THREE IMPORTANT MEASURES OF MCTS



COST EFFECTIVENESS

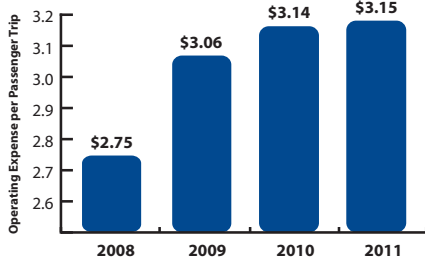
Cost effectiveness measures the cost of the service used by the public. Operating expense per passenger mile stayed the same in 2011, a good indication that the service is being used by the public.

Operating Expense per Passenger Mile



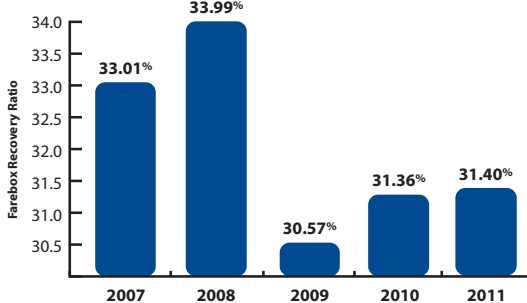
The Operating Expense per Passenger trip has increased slightly. Both operating expense and passenger trips rose in 2011.

Operating Expense per Passenger Trip



The Farebox Recovery Ratio describes to what degree operating expenses are covered by passenger revenue. The ratio increased slightly in 2011 showing that MCTS received more passenger revenue in relation to its operating expenses.

Farebox Recovery Ratio

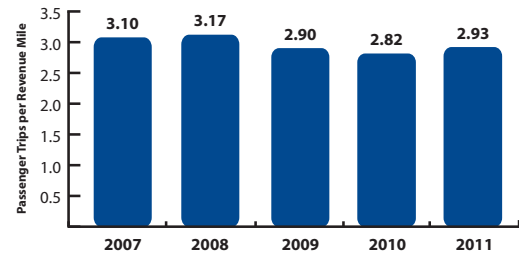


NOTE: Graphs are based on fixed route service. Revenue miles are miles operated by vehicles available for passenger service. Revenue hours equals time the bus is available for passenger service.

SERVICE EFFECTIVENESS

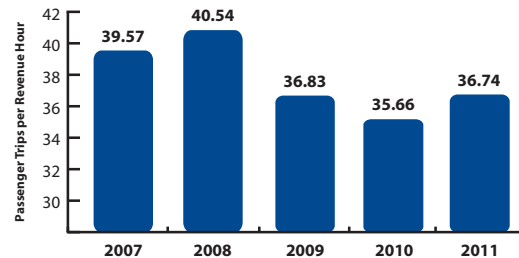
Service effectiveness measures how much public transportation service is used in relation to the fare and the amount of service available. Trips per Revenue Mile shows the number of passengers boarding per bus mile. This measure fell for three straight years before increasing in 2011. The number of passengers slightly increased, while the revenue miles decreased. The measure is at its highest point since 2008 and has a favorable outlook for 2012 given the increase in passenger trips.

Passenger Trips per Revenue Mile



Passenger Trips per Revenue Hour increased over 2010. While it is still significantly lower than in 2008, the increase for 2011 is a positive sign especially given that it was driven by a rise in passenger trips and not just falling revenue hours.

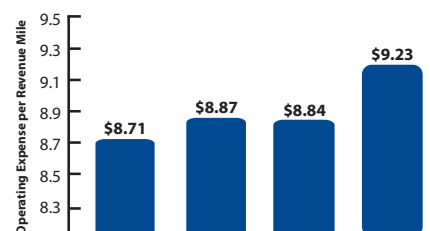
Passenger Trips per Revenue Hour



SERVICE EFFICIENCY

Service efficiency measures the quantity of public transportation service produced per dollar expended. The indicator below shows the impact of service cuts. Although operating expenses have remained relatively constant, decreased service tends to drive overall cost of service upward.

Operating Expense per Revenue Mile





2011 SERVICE STATISTICS

Service Area/Milwaukee County	241 Square Miles
Population	947,735
City of Milwaukee Population	594,833
Miles Served	17,107,116
Bus Hours	1,298,645
Revenue Passenger Ridership	38,075,651
Total Passenger Ridership	44,753,412
Paratransit Ridership Total	876,494
Passenger Trips on an Average Weekday	151,498
Average Passengers per Bus Hour	35
Routes	52
40 Foot Low Floor New Flyer Buses	407
30 Foot Low Floor New Flyer Buses	8
Average Age of Vehicle	7 years
Oldest Vehicle	12 years
MCTS & Private Bus Shelters	712
Advertising Bus Shelters	111
Bus Stops	5443
Summer Service Ridership	386,609
AM Peak Buses	325
PM Peak Buses	313
MCTS Freeway Flyer Ridership	487,406

MCTS provides

151,000 rides

on an average

weekday.

Additional Bus Services Provided

Operate Ozaukee County Express Route 143:

Five buses operating 35 bus hours per weekday

Total ridership not including Summer Services: 91,895

Operate Waukesha County's Route 79:

Five buses operating 31 bus hours per weekday

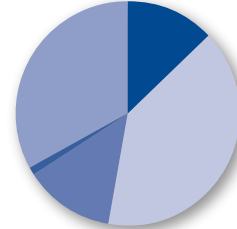
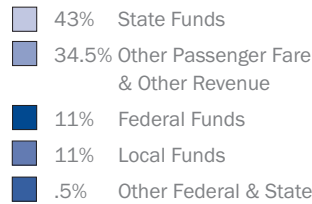
Total ridership: 57,688

ANNUAL OPERATING BUDGET

Fixed Route	\$141,030,000
Transit Plus.....	\$22,294,000
Total.....	\$163,324,000

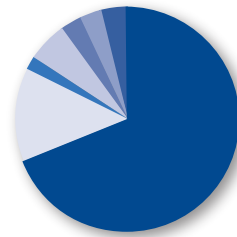
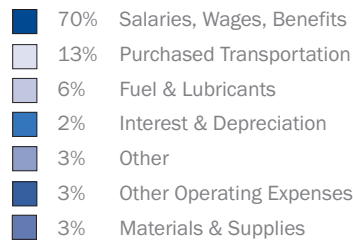
2011 REVENUE STATISTICS

Passenger Fares.....	\$44,629,000
Other Revenue	\$11,926,000
Federal Funds.....	\$18,395,000
State Funds.....	\$70,135,000
Other Federal & State	\$1,103,000
Local Funds	\$17,136,000
Total.....	\$163,324,000

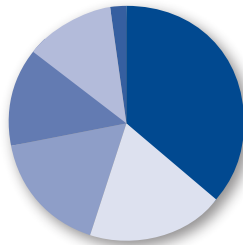
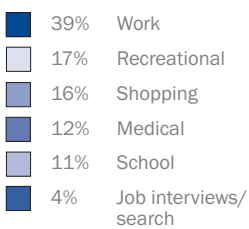


EXPENSES

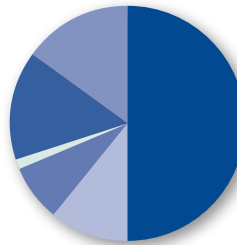
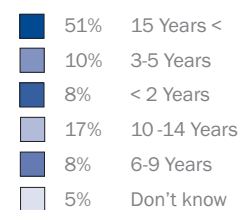
Salaries, Wages, Benefits....	\$113,693,000
Purchased Transportation	\$21,011,000
Fuel & Lubricants.....	\$10,404,000
Materials & Supplies.....	\$4,997,000
Other Operating Expenses	\$4,707,000
Interest & Depreciation	\$4,064,000
Other.....	\$4,448,000
Total Expenses.....	\$163,324,000



REASONS TO RIDE



YEARS USING THE BUS



HOW FARE IS PAID

Pay Cash.....	42%
Full Fare Tickets.....	18%
Weekly Pass.....	14%
Half Fare Tickets	9%
U-PASS.....	5%
CVP.....	6%
Other.....	3%
Monthly Pass	3%

Ridership on MCTS rose 1.5% in 2011; providing additional Milwaukee County residents a **cost-effective** and **reliable** mode of transportation.

MILWAUKEE COUNTY TRANSIT SYSTEM



Milwaukee County Executive Chris Abele

Milwaukee County Board Chairwoman Marina Dimitrijevic

Milwaukee County Transportation, Public Works and Transit Committee

Michael Mayo, Sr., Chair

John Weishan, Jr., Vice Chair

Mark Borkowski

David Bowen

Jason Haas

Patricia Jursik

Theodore Lipscomb, Sr.

Milwaukee County Department of Transportation

Frank Busalacchi, Director

Milwaukee Transport Services, Inc.

Lloyd Grant, Jr., President and Managing Director

Michael Giugno, Vice President and Deputy Director

Milwaukee Transport Services, Incorporated is a private not-for-profit corporation, contracted by Milwaukee County to manage and operate the Milwaukee County Transit System in conjunction with the Milwaukee County Board and the Milwaukee County Department of Transportation since 1975.



MILWAUKEE COUNTY TRANSIT SYSTEM

1942 NORTH 17TH STREET

MILWAUKEE, WI 53205



VITAL TO THE COMMUNITY. VITAL TO YOU.