BUDGET SUMMARY

| Category | 2024 Actual | 2025 Actual | 2026 Budget | 2027 Requested Budget | 2026/2027 Variance |
|---|---|---|---|---|---|
| **Expenditures** | | | | | |
| Personnel Costs | 0 | 0 | 0 | 0 | 0 |
| Operations Costs | 140,948,899 | 151,744,985 | 147,609,067 | 150,113,895 | 2,504,828 |
| Debt & Depreciation | 18,099,283 | 7,286,073 | 6,631,098 | 5,995,377 | (635,721) |
| Capital Outlay | 1,625,991 | 1,933,463 | 900,000 | 1,259,099 | 359,099 |
| Interdepartmental Charges | 3,003,232 | 4,085,000 | 5,907,689 | 5,733,664 | (174,025) |
| **Total Expenditures** | **$163,677,405** | **$165,049,521** | **$161,047,854** | **$163,102,035** | **$2,054,181** |
| **Revenues** | | | | | |
| Other Direct Revenue | 20,826,538 | 20,288,685 | 21,242,510 | 21,272,522 | 30,012 |
| State & Federal Revenue | 87,043,468 | 136,253,495 | 110,876,553 | 102,512,534 | (8,364,019) |
| **Total Revenues** | **$107,870,005** | **$156,542,180** | **$132,119,063** | **$123,785,056** | **($8,334,007)** |
| **Tax Levy** | **$55,807,400** | **$8,507,341** | **$28,928,791** | **$39,316,979** | **$10,388,188** |
| **Personnel** | | | | | |
| Overtime $ | 0 | 0 | 0 | 0 | 0 |

**Department Mission:**
The Milwaukee County Transit System (MCTS) connects the community to jobs, education, and life with essential transit services. MCTS continuously pursues excellence through investment, development, and innovation in the Milwaukee metropolitan area.

**Department Vision:**
To be the preferred transportation choice through service excellence and innovation.

**Department Description:**
The Director's Office of the Milwaukee County Department of Transportation (MCDOT) provides oversight of MCTS, conducts transit related studies, and prepares and administers Federal and State transit grants. MCDOT personnel also facilitate the acquisition of capital equipment and provide the Architecture & Engineering Division (A&E) of the Department of Administration Services (DAS) with capital improvement recommendations for MCTS facilities. Milwaukee Transport Services, Inc. (MTS), is a quasi-governmental instrumentality of Milwaukee County that is recognized as an element of Milwaukee County by the Federal Transit Administration (FTA). Transit employees work for MTS, which manages day-to-day transit operations using facilities and equipment owned by Milwaukee County.

The Milwaukee County Transit System (MCTS) is Wisconsin’s largest transit agency and a vital force for economic growth, public safety, and equity. With over 300 buses serving more than 40 routes across 19 municipalities, MCTS connects thousands of riders daily to jobs, schools, healthcare, and essential services. By reducing transportation barriers, lowering emissions, and supporting workforce mobility, MCTS plays a critical role in building a healthier, more inclusive, and economically vibrant Milwaukee County, for both riders and non-riders alike throughout the region.

**Major Changes**
- The Office of the Comptroller projected a $15.7 million budget shortfall for MCTS in 2027. Through operational efficiencies and other cost-saving measures, MCTS has lowered the projected shortfall.

- In 2027, MCTS is requesting a tax levy increase of approximately $10.4 million in order to sustain fixed-route bus service at 2026 levels. MCTS and MCDOT recognize that this request amount exceeds the countywide tax levy target, and that it will be challenging to obtain this level of funding increase in the adopted budget due to county fiscal challenges. The amount requested is submitted in consultation with the County Executive's Office and the Office of Strategy, Budget and Performance who share a joint goal of sustaining transit service while MCTS advocates for sustainable funding, and while MCTS is working with a planning firm on a Bus Network Redesign project which is expected to be completed in 2027. Additionally, the County Board designated increased and sustainable funding for transit as the highest advocacy priority for the county in 2026 Budget Amendment #01, and this allocation would provide additional time for advocacy efforts while avoiding major disruptions to the transit system in 2027.
- Milwaukee County remains the only major metro in the Midwest without a dedicated transit funding source. Existing funding sources remain flat or are declining while operational costs continue to rise.
- The Office of Government Affairs & Office of Strategy, Budget and Performance, in partnership with MCTS & MCDOT, has begun an advocacy effort to secure and diversify funding to ensure reliable, affordable, and expanded public transportation services. This includes operating funding, infrastructure investment, and broader policy changes that support long-term transit system sustainability.
- MCTS has partnered with Jarrett Walker + Associates (JWA), a nationally recognized transit planning firm, to conduct a comprehensive analysis and redesign of our fixed route bus transit network. The redesign will help MCTS align service levels beyond 2027 with the funding available and build a system that is more useful, dependable, and positioned to grow as additional resources become available. With no further Federal COVID funds available and the uncertainty of one-time appropriations, a proactive approach to aligning MCTS service levels with available funding was necessary.
- Vehicle Registration Fee (VRF) revenue is projected to decreases from approximately $17.2 million in 2026 to $16.8 million in 2027, or by about $0.4 million, based on recent trends in vehicle registrations.
- Federal and state grants decrease by approximately $8.3 million compared to 2026, primarily due to the spend down of federal COVID-19 relief funds.
- Since 2020, MCTS has relied on approximately $192 million of federal COVID-19 funds to support operations and capital expenditures. These funds were projected to run out by mid-year 2026. However, savings from our newly renegotiated contract with our Paratransit vendor and a modest projected surplus in 2026 will allow MCTS to roll over approximately $2.4M of federal COVID-19 funds to 2027.
- For the 2027 Budget, MCTS is assuming that its Other Post Employee Benefits (OPEB) Trust will cover 100% of retiree health care costs, due to the fund achieving fully funded status.
- Federal Section 5307 funds are reduced from $31.0 million in the 2026 MCTS operating budget to $29.5 million in the 2027 operating budget. Recent MCTS annual operating budget allocations have exceeded annual federal funding appropriations for 5307. This budget adjustment intends to move towards a more sustainable funding path for federal 5307, while further adjustments may be needed in future years. Additionally, federal 5307 funds are available to be used for capital infrastructure costs.
- Through the I-94 East/West Project, in 2027 it is expected that MCTS will receive some mitigation funding from the Wisconsin Department of Transportation to cover the cost of services impacted by the highway construction.
- The Office of the Comptroller's Audit Services Division conducted an audit of MTS's governance model in 2026. MCTS and MCDOT are seeking corporate counsel guidance to implement the recommendations made within the final audit report. Several recommendations from the audit regarding fiscal transparency are incorporated into this 2027 Requested Budget. Further updates will be shared with the County Board in the coming months.
- According to the current Collective Bargaining Agreements (CBA), in 2027, employees represented by ATU Local 998 will receive a 4% salary increase plus a cost-of-living wage adjustment (COLA) capped at 2.5%. Employees represented by OPEIU Local 9 will receive a 3.5% salary increase plus COLA capped at 2.5%. Non-represented employees will receive an average merit increase of 3% without COLA.
- The 2027 budget allocates $163.1M in total expenses, comprising $117.3M for labor costs, which includes $9.9M for overtime, and $45.6M for operating costs. This provides funding for an estimated total of 1,068 full-time employees, including 878 represented and 190 non-represented.
- MCTS does not anticipate continuing the pilot program with the Milwaukee County Sheriff's Office in 2027 due to funding and staffing limitations.
- MCTS does not anticipate continuing the same-day paratransit pilot program in 2027 due to exhaustion of funds, contract expiration, and the high cost of service. MCTS is exploring an opportunity to potentially offer a limited number of same day rides on paratransit

service provided by its existing paratransit service contractor (Transdev). MCTS is submitting a supplemental request for same day paratransit service which would aid in this effort if additional funding were to be allocated.

## Strategic Program Area: Paratransit

**Service Provision:** Mandated

**How We Do It: Program Budget Summary**

| Category | 2024 Actual | 2025 Actual | 2026 Budget | 2027 Budget | 2026/2027 Variance |
|---|---|---|---|---|---|
| Expenditures | 20,978,008 | 23,335,702 | 24,766,828 | 24,299,306 | (467,522) |
| Revenues | 13,650,975 | 22,503,982 | 21,764,699 | 21,512,322 | (252,377) |
| Tax Levy | 7,327,033 | 831,719 | 3,002,129 | 2,786,984 | (215,145) |

**What We Do With It: Activity Data**

| Activity | 2024 Actual | 2025 Actual | 2026 Target | 2027 Target |
|---|---|---|---|---|
| Van Ridership | 364,360 | 385,602 | 375,291 | 385,602 |
| Van Trips per Hour | 2 | 2 | 2 | 2 |

**Strategic Overview:**
MCTS is focused on stabilizing service, ensuring sustainability, and designing a scalable transit system that can expand as additional funding becomes available. To support this effort, MCTS has partnered with Jarrett Walker + Associates (JWA), a nationally recognized transit planning firm, to conduct a comprehensive analysis and redesign of the transit network. This engagement aims to optimize service levels within current financial resources and create a core system that meets ridership demand and can grow as funding allows. By optimizing the system now to the current funding levels, MCTS can prevent ongoing annual service reductions and provide greater predictability and stability for riders, employees, and the community.

Concurrently, MCTS continues to reinforce its organizational goals in daily operations:
Strengthen financial stability for long-term sustainability
Increase ridership by improving customer experience
Pursue excellence through investment, development, and innovation

In addition to the one-time Federal funds, the MCTS budget includes anticipated revenue contracts that exceed $300,000 from state and federal sources, and in accordance with Wisconsin Statute 59.52(31), approval from the County Board is required. Passage of the MCTS budget allows MCDOT to execute these revenue grant contracts in 2026:

State Urban Mass Transit Operating Assistance Contract (Section 85.20)
State Urban Mass Transit Paratransit Assistance Contract (Section 85.205)
State Specialized Transportation Assistance Program for Counties (Section 85.21)
Federal Urbanized Area Formula (Section 5307)
Federal Bus and Bus Facilities Formula (Section 5339)

Until a dedicated and sustainable funding source is identified all future budgets will remain challenging. While not mandated by the state, public transit plays a vital role in Milwaukee’s present and future. A strong, inclusive, and accessible transit network benefits all residents: connecting people to jobs, education, healthcare, and enhancing economic development.

**Strategic Implementation:**
MCTS will continue to provide Paratransit service for all of Milwaukee County, border-to-border, which far exceeds the federally mandated requirement of providing paratransit services for 3/4 mile of the fixed route lines. MCTS recently signed a contract amendment with our paratransit vendor, Transdev, that seeks to improve efficiency and service for Paratransit van riders. In 2027, Transit Plus will continue to implement recommendations for service improvement based on public input from Paratransit riders.

MCTS does not anticipate continuing the same-day paratransit pilot program in 2027 due to exhaustion of funds, contract expiration, and the high cost of service. MCTS is exploring an opportunity to potentially offer a limited number of same day rides on paratransit service provided by its existing paratransit service contractor (Transdev).

The 2027 budget allocates $24.3M in total expenses, comprising $0.8M for labor costs and $23.5M for operating costs. A total of 8 full-time employees, including 3 represented and 5 non-represented.

**Additional Program Details:**

## Strategic Program Area: Fixed Route

**Service Provision:** Mandated

**How We Do It: Program Budget Summary**

| Category | 2024 Actual | 2025 Actual | 2026 Budget | 2027 Budget | 2026/2027 Variance |
|---|---|---|---|---|---|
| Expenditures | 142,699,397 | 141,713,820 | 136,281,026 | 138,802,729 | 2,521,703 |
| Revenues | 94,219,031 | 134,038,198 | 110,354,364 | 102,272,734 | (8,081,630) |
| Tax Levy | 48,480,366 | 7,675,622 | 25,926,662 | 36,529,995 | 10,603,333 |

**What We Do With It: Activity Data**

| Activity | 2024 Actual | 2025 Actual | 2026 Target | 2027 Target |
|---|---|---|---|---|
| Bus Hours | 1,340,958 | 1,306,406 | 1,194,615 | 988,093 |
| Bus Miles | 17,417,957 | 16,895,831 | 15,661,409 | 12,953,900 |
| Buses in Fleet | 388 | 381 | 381 | 330 |
| Buses in Peak Hour | 260 | 251 | 217 | 205 |
| Miles / Bus | 44,892 | 44,346 | 41,106 | 39,254 |
| Passenger Revenue | $20,780,346 | $20,124,020 | $23,587,906 | $23,958,890 |
| Passengers | 25,300,649 | 25,029,803 | 23,958,890 | 21,887,911 |
| Revenue per Passenger | $1.18 | $1.15 | $1.41 | $1.45 |

**Strategic Overview:**
MCTS is focused on stabilizing service, ensuring sustainability, and designing a scalable transit system that can expand as additional funding becomes available. To support this effort, MCTS has partnered with Jarrett Walker + Associates (JWA), a nationally recognized transit planning firm, to conduct a comprehensive analysis and redesign of the transit network. This engagement aims to optimize service levels within current financial resources and create a core system that meets ridership demand and can grow as funding allows. By optimizing the system now to the current funding levels, MCTS can prevent ongoing annual service reductions and provide greater predictability and stability for riders, employees, and the community. The financial and service impacts of this redesign will be reflected in the 2028 budget.

Concurrently, MCTS continues to reinforce its organizational goals in daily operations:
Strengthen financial stability for long-term sustainability
Increase ridership by improving customer experience
Pursue excellence through investment, development, and innovation

In addition to the one-time Federal funds, the MCTS budget includes anticipated revenue contracts that exceed $300,000 from state and federal sources, and in accordance with Wisconsin Statute 59.52(31), approval from the County Board is required. Passage of the MCTS budget allows MCDOT to execute these revenue grant contracts in 2026:

State Urban Mass Transit Operating Assistance Contract (Section 85.20)
State Urban Mass Transit Paratransit Assistance Contract (Section 85.205)
State Specialized Transportation Assistance Program for Counties (Section 85.21)
Federal Urbanized Area Formula (Section 5307)
Federal Bus and Bus Facilities Formula (Section 5339)

Until a dedicated and sustainable funding source is identified all future budgets will remain challenging. While not mandated by the state, public transit plays a vital role in Milwaukee's present and future. A strong, inclusive, and accessible transit network benefits all residents: connecting people to jobs, education, healthcare, and enhancing economic development.

**Strategic Implementation:**
To remain within budget in 2027 without impacting service levels, MCTS will require an increase in the tax levy allocation. This is due to the rising cost of service, reduced Federal funding, and depletion of federal COVID-19 stimulus funds that were provided to MCTS. Since 2020, MCTS has received approximately $192 million in dedicated federal COVID-19 relief appropriations. Looking ahead to future budgets, it is anticipated that MCTS will be faced with another large funding gap in 2028 given that federal stimulus funds will no longer be available in 2028, and MCTS lacks dedicated funding sources that increase with inflation. Expenditure increases and limited revenue options will further add to 2028 and future year funding gaps.

MCTS operations are already cost-efficient compared to peer agencies based on reports from the Southeastern Wisconsin Regional Planning Commission (SEWRPC) and the American Bus Benchmarking Group (ABBG). Managing labor costs remains a priority. To stabilize staffing and reduce overtime, MCTS will continue to invest in its Coach/Bus Apprenticeship program and pursue grant support from the Department of Workforce Development's Fast Forward program. MCTS will continue to manage operational performance using Key Performance Indicators, a data-driven approach, and a commitment to continuous improvement.

MCTS is engaging the community and other stakeholders in the redesign of the new network. Final decisions on the new bus system will be made by the community, including bus operators, riders, elected officials, MCTS employees, nonprofit organizations, and other partners. JWA's approach emphasizes thoughtful planning, active listening, and meaningful dialogue with the community. Although we are in the early stages, this work is already underway with an expected Milwaukee County Board of Supervisors vote for adoption sometime in late Q1 or early Q2 of 2027. Implementation of the redesigned bus network is anticipated in either the second half of 2027, or in early 2028, dependent upon project timelines and budget funding availability.

Concurrently, the advocacy effort toward dedicated, sustainable funding has begun. If additional investment toward transit is ensured, this redesigned bus network is scalable and can grow in accordance with greater funding.

The 2027 budget allocates $138.8M in fixed-route total expenses, comprising $116.5M for labor costs, including $9.9M for overtime, and $22.1M for operating costs. A total of 1,060 full-time employees, including 875 represented and 185 non-represented.

**Additional Program Details:**
The following multi-year contracts with a 2027 annual value of over $100,000 are included in the 2027 MCTS Budget:

| VENDOR | DESCRIPTION | 2027 Projected Amount |
|---|---|---|
| ATU Local 998 | Maintenance and Bus Operator's Union | $63,685,943 |
| TransDev (First Transit) | Paratransit Service | $24,000,000 |
| United Health Care | Health Plan | $17,000,000 |
| EH Wolf | Fuel Cooperative Contract | $8,400,000 |
| RxBenefits | Prescription Drug Benefits | $5,214,000 |
| Sedgwick | Worker's Comp Benefit | $3,024,245 |
| Cummins | Cummins OEM Parts | $1,750,000 |
| OPEIU Local 9 | Office & Professional Employees Union | $1,626,010 |
| Waukesha Metro | Waukesha Co Intergovernmental Agreement | $1,200,000 |
| United Health Care | Medicare Advantage | $928,000 |
| Anthem Blue Cross | Dental Plan | $772,000 |
| Delerrok | Umo/Cubic- Digital Fare Collection | $772,000 |

| | | |
|---|---|---|
| Delta Dental | Dental Plan | $800,000 |
| Clever Devices | CAD/AVL, APC, OTR, and Support | $691,000 |
| Lube-Tech | Fluids, Lubricants, DEF for Buses | $632,000 |
| The Hartford Group | Life Insurance & Disability | $618,000 |
| Michelin | Bus Tire Lease | $550,000 |
| CDW-G | Microsoft Product Licenses | $500,000 |
| On-Call General Contractor | On-Call General Contractor | $500,000 |
| Luminator Technology | MVSS Warranty and Service Agreements | $462,000 |
| Ceridian Dayforce | HCM System | $509,000 |
| Jarrett Walker & Associates | Bus Network Redesign Consultant | $437,500 |
| MidAmerican Building Services | Janitorial Services | $304,000 |
| Boelter+Lincoln | Marketing and Website Management | $290,000 |
| Giro/Hastus | Route Planning Software | $247,000 |
| Quarles & Brady | Outside Legal Counsel | $241,000 |
| Interstate Power | Bus Transmissions/Rebuild | $240,000 |
| Goldfish Uniforms | Operator & Route Supervisor Uniforms | $182,000 |
| Convergint Technologies | Security-Service and Subscription | $148,000 |
| NAMI Southeast WI | De-Escalation Training Classes | $102,000 |
| Remix Technologies | Transit Planning Platform License | $101,000 |
| Zimmerman Company | Timetable Printing | $100,000 |

## Fare Table

| Fare Name | Current Fare | Proposed Fare | Variance |
|---|---|---|---|
| **Cash Fares** | | | |
| Cash Fares - Adult | $2.75 | $2.75 | $0.00 |
| Cash Fares - Reduced Fare | $1.25 | $1.25 | $0.00 |
| **Stored Value Fares** | | | |
| Single Ride - Stored Value Full Fares | $2.75 | $2.75 | $0.00 |
| Daily Cap - Stored Value Full Fares | $8.25 | $8.25 | $0.00 |
| Weekly Cap - Stored Value Full Fares | $33.00 | $33.00 | $0.00 |
| Monthly Cap - Stored Value Full Fares | $99.00 | $99.00 | $0.00 |
| Single Ride - Stored Value Reduced Fare | $1.25 | $1.25 | $0.00 |
| Daily Fare Cap - Stored Value Reduced Fare | $4.00 | $4.00 | $0.00 |
| Weekly Fare Cap - Stored Value Reduced Fare | $16.50 | $16.50 | $0.00 |
| Monthly Fare Cap - Stored Value Reduced Fare | $49.50 | $49.50 | $0.00 |
| **Passes** | | | |
| Student 7-Day Pass | $17.50 | $17.50 | $0.00 |
| U-Pass Semester Pass | $50.00 | $50.00 | $0.00 |
| Commuter Value Pass (Quarterly) | $210.00 | $210.00 | $0.00 |
| **Other Special Fares** | | | |
| Umo Lite - 1 ride | $2.75 | $2.75 | $0.00 |
| Paratransit Fare | $4.00 | $4.00 | $0.00 |
| Paratransit Agency Fare | $35.00 | $35.00 | $0.00 |