



## Transit

Transit is an integral part of Michigan's transportation system. It helps remove barriers to economic activity by connecting workers, consumers and businesses to key activities and markets supporting Michigan's economic vitality. It also provides a means of transportation to persons who may otherwise not be able to get to medical appointments, shopping, work, school or recreational activities.

As part of the *2005-2030 MI Transportation Plan*, a technical report, [\*Transit Technical Report\*](#) (September 2006) was compiled. The report presented a summary of key policy, planning, and operational data and issues relevant to understanding the current status, potential issues, and future directions for transit in Michigan, including information about the transit assets, services and programs in Michigan that provide the building blocks for understanding the role of transit in Michigan.

This new white paper discusses some of the significant changes to transit in Michigan since the 2006 report on transit was compiled.

### Existing State of Public Transit in Michigan

Since the MI Transportation Plan was adopted, transit in Michigan continues to provide a range of services. There are 79 public transit agencies serving Michigan residents, including 20 urbanized transit organizations and 38 specialized transportation providers. All 83 counties continue to have some form of public transportation, although service is still limited in some counties. To see a list of all public transit providers, go to MDOT's Web site at: [http://www.michigan.gov/mdot/0,1607,7-151-9625\\_21607-31837--,00.html](http://www.michigan.gov/mdot/0,1607,7-151-9625_21607-31837--,00.html).

Some of the significant changes since 2006 to the rural and urban transit systems in Michigan are:

- Within rural Michigan, one new transit authority has formed. Benzie Transportation Authority, aka [\*\*The Benzie Bus\*\*](#), is located in Benzie County. Before the inception of the authority, there was limited service primarily for the elderly and individuals with disabilities provided by the Benzie County Commission on Aging. Through a grassroots effort, an authority was formed and a millage was passed. The agency now provides over 70,000 rides annually, and continues to grow each year. One small community-based provider, **Milan Public Transportation**, has discontinued service. It was located in the southern portion of the Lower Peninsula.
- Within the Detroit Metro area, the Regional Transit Coordinating Council (RTCC) adopted the [\*\*Comprehensive Regional Transit Service Plan\*\*](#) (CRTSP) on Dec. 8, 2008, outlining a detailed analysis of existing transit services in the region and recommendations for an enhanced transit network for Southeast



Michigan. The RTCC used federal funds originally earmarked to the Detroit Area Regional Transportation Authority (DARTA) to develop this regional service plan. As noted in the 2006 *Transit Technical Report*, DARTA was formed by an Interlocal/Interagency Agreement in May 2003 and dissolved as a result of a court ruling that DARTA was not properly formed. The RTCC took over federal funds earmarked to DARTA to complete the planning process.

- **The Rapid** in Grand Rapids has a new partnership with Ferris State University (FSU), providing four times per day service between Grand Rapids and FSU's main campus in Big Rapids. The Rapid also recently completed a \$32.4 million expansion and renovation of its Wealthy Street Operations Center. The project expands the facility from 117,500 to 205,000 square feet and makes room to accommodate up to 170 buses indoors. The center is environmentally certified as a LEED (Leadership in Environmental Engineering and Design) facility, and will accommodate articulated (double-length) buses for The Rapid's 2.8 million passenger per year Grand Valley State University (GVSU) routes. The agency's Silver Line Bus Rapid Transit (BRT) system on South Division Avenue is planned to be operational in 2014. More than nine miles in length, the system connects downtown and Grand Rapids' "Medical Mile" with 60<sup>th</sup> Street. The BRT system will have low floor, hybrid fueled buses, 18 stations and is located in the region's highest volume corridor. An alternative analysis study for a Laker Line BRT system connecting GVSU's downtown Pew Campus with its Allendale campus is also underway. The Rapid has also launched major service enhancements on its regular routes, increasing bus frequency to 30 minutes on many routes and extending evening hours.
- The **Capital Area Transportation Authority (CATA)** partnered with local communities to study the possibility of major transportation improvements along the Michigan/Grand River Avenue corridor in the Ingham, Eaton and Clinton tri-county area. CATA and its study partners evaluated three transit alternatives for the corridor: Bus Rapid Transit (BRT), Light Rail Transit (LRT), and Modern Streetcar. The study team completed the final phase of the alternative analysis in February 2011, with the CATA Board of Directors' adoption of BRT as the Locally Preferred Alternative (LPA). Michigan/Grand River is one of the most important corridors in the tri-county area. It connects the State Capitol, downtown Lansing, Sparrow Hospital, downtown East Lansing, Michigan State University and the Meridian Mall. Mobility and accessibility along the corridor is vital to the long-term economic health of the region. Route 1, which runs along Michigan and Grand River Avenues, is the region's most popular bus route. Given the concentration of students, residents, and jobs along the corridor, there is also a significant amount of walking and bicycling. The transportation study followed the Federal Transit Administration (FTA) process called "Alternatives Analysis." CATA is now in the process of completing an application to the FTA to enter FTA's Small Starts Program.



- The small urbanized provider, [Harbor Transit](#), formed a new authority and has extended its service area by passing a local millage in additional townships. The new authority, Harbor Transit Multi-Modal Transportation System, now serves residents in Grand Haven Charter Township in Ottawa County, while continuing to provide service to the City of Grand Haven, the Village of Spring Lake and the City of Ferrysburg. The service area expanded from 10 square miles to 40 square miles - quadrupling the service area.
- Kalamazoo County formed a transportation authority that contracts with the city's [Kalamazoo Metro Transit System](#) to provide county-wide service. The services include fixed route service, a demand/response service within three-quarters of a mile beyond the fixed route bus service (Metro Van), and demand/response transportation service throughout Kalamazoo County (Care-A-Van).
- The [Macatawa Area Express \(MAX\) Transportation](#) (Holland/Zeeland) went from a city-operated agency to an independent transit authority in 2007. The service has been expanded and includes a Night Owl service for second-shift workers. MAX's intermodal terminal provides transit, intercity bus and Amtrak service. The agency is beginning construction of a new \$6.5 million operations and maintenance facility that is planned for completion in 2013.

The following map shows where local public transportation services are currently available in Michigan.





### Urban and Rural Ridership

The original report presented data on public transit providers including ridership and passengers. Current information about ridership and passengers can be found in the [Transportation System Condition Report](#) located on the Michigan Department of Transportation (MDOT) Web site under [condition trends](#). This report shows that public transit ridership increased by about 15.5 percent from FY 2005 to FY 2010, while miles of service increased by about 7.5 percent. The trend for both items were up in the first three years of the period and down by a smaller degree in the last two. It is notable that Michigan transit agencies were able to achieve a net increase in miles of service during a period when state operating assistance per year stayed the same.

### Vanpooling

Vanpooling continues to increase each year in both the number of vans and riders. At the end of 2011, there were 370 vans and over 2,800 riders. On March 12, 2012, the 400<sup>th</sup> van was delivered. There are approximately 131,000 commuter trips taken each month. It is estimated that about 216,000 gallons of fuel are saved each month by people using vanpools.

### Transit under Development

Within the Detroit Metro area, the city of Detroit and a group of private sector investors explored the opportunities for light rail on Woodward Avenue. As noted in the 2006 *Transit Technical Report*, the Detroit Department of Transportation (DDOT) received a FY 2004 grant for \$750,000 from the Federal Transit Administration (FTA), with local match of \$188,800. The grant was for general development and comprehensive planning for what was then called the Center City Loop. The proposed project was to create rapid transit around the core of Detroit. As planning continued, the city narrowed its initial focus to the establishment of light rail on Woodward Avenue from downtown to Eight Mile Road. In 2011, the city completed an alternatives assessment and environmental impact study for Woodward Avenue light rail but did not proceed with further development due to a number of changing circumstances.

Among the changing circumstances was introduction within proposed legislation to create a regional transit authority that would focus on coordination of existing transit services within the Detroit metro area, as well as the establishment of regional-wide rapid transit. With the introduction of this legislation<sup>1</sup> the focus of local and state governments has shifted from light rail along a portion of one corridor, to regional rapid transit along several key corridors. This regional focus is consistent with the [CRTSP](#) adopted by the RTCC in 2008.

The private sector light rail initiative, spearheaded by M-1 RAIL, a 501(c)(3) corporation, continues to move forward. It is M-1 Rail's intention to construct and

<sup>1</sup> As of June 14, 2012, Senate Bill 909, S-3 was reported out of the Senate Committee on Transportation and was awaiting action on the Senate Floor.



operate a streetcar system along 3.4 miles of Woodward Avenue in downtown Detroit. As of June 2012, M1-Rail was in discussion with the FTA regarding financial and technical feasibility of their proposal in an effort to leverage federal funds as part of the total investment package and is working closely with MDOT and the city of Detroit on coordination. The project timeline calls for start-up of operations in late 2015.

Major transit corridor improvements are also in the works in the Lansing, Grand Rapids and Ann Arbor areas. As noted previously, CATA has completed an alternatives analysis for the Michigan/Grand River Avenue Corridor and is moving toward implementation. Alternatives analyses in process includes the Ann Arbor Transportation Authority’s examination of transit alternatives in the 8.5-mile crescent-shaped corridor extending from northeast Ann Arbor through the University of Michigan (UM) North and Central Campus, through the UM South Campus to Briarwood Mall near I-94. The Rapid is evaluating transit options for the for the 12-mile Allendale corridor along Lake Michigan Drive/M-45 connecting the Grand Valley State University (GVSU) Allendale campus, the Standale/downtown Walker area, the GVSU Pew Campus, and downtown Grand Rapids.

**Current Funding Sources, Levels and Influences**

Public transit in Michigan is a compilation of local public and non-profit service providers. Agencies may be a department of a city or county, private non-profit organization, or an authority that has its own board and local taxing authority. Funding is a mix of federal and state assistance, local millage or general funds, contracts, farebox and other sources of revenues such as the sale of maintenance or advertising.

The largest state program remains the Local Bus Operating (LBO) program that provides state assistance in the form of reimbursement as a percentage of eligible operating expenses. For the past several years, the annual appropriation for the LBO program has remained static at \$166.6 million per fiscal year, while the reimbursable percentage continues to decline for each agency. As expenses go up each year, the amount of state assistance each agency receives declines. The table below shows the increase in statewide expenses and the declining percentage of state assistance since 2005.

Fiscal Year		Total Eligible Expenses	Federal % of Eligible Expense	State % of Eligible Expense	Farebox % of Eligible Expense	Local % of Eligible Expense
2005	*	\$459,140,963	13%	36%	47%	14%
2011	**	\$537,067,130	15%	32%	45%	17%
<i>Data includes regular and ferry service</i>						
<i>*2005 data is from the PTMS Annual Audited OAR.</i>						
<i>** 2011 data is from the PTMS Reconciled Operating Assistance Report (OAR)</i>						
<i>Source: Office of Passenger Transportation, Public Transportation Management System (PTMS)</i>						



MDOT has been able to increase the federal operating assistance for nonurban transit agencies since 2005; however, this is not without decline in the nonurban fleet conditions. Prior to 2005, MDOT used part of the annual Section 5311, Formula Grants for Other than Urbanized Area Program appropriation for capital projects, such as vehicle replacements. As requested by the transit industry, MDOT now provides all of the nonurban federal Section 5311 funds as operating assistance. Although this does help offset some operating costs, it has led to an increase in the number of rural transit vehicles that have exceeded their useful life, resulting in higher maintenance costs and reduced service reliability.

With continued revenue constraints, MDOT has been increasing its focus on cost-effective transit operations and a regionalization approach. MDOT has contracted with a consultant to help train transit agencies on cost-reduction strategies that can be implemented at all levels. MDOT also continues to encourage agencies to look at how they might consolidate functions with other local governments and other agencies.

#### ***Federal Transit Funding***

Since the adoption of the *2005-2030 MI Transportation Plan*, the following federal programs have contributed to federal funding for transit in Michigan:

- **Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)**

The federal [Job Access and Reverse Commute \(5316\)](#) (JARC) program provides funding to address the unique transportation challenges faced by welfare recipients and low-income persons seeking to get and keep jobs. The program was established as part of federal surface transportation program authorization for the period of 1998-2003 and continued under SAFETEA-LU. Within Michigan, JARC has replaced a state-level program, called Transportation to Work, which is no longer a funded line item in the state budget. Instead, state funds are used to match the federal JARC grants.

In the SAFETEA-LU authorization, a new program was introduced, [New Freedom \(5317\)](#) (NF). It is a formula grant program aimed at providing additional tools to overcome existing barriers facing Americans with disabilities seeking integration into the work force and full participation in society. With this additional funding, several nonurban and small urban transit agencies have started mobility management programs with funds awarded by MDOT. There also have been new and expanded services established and buses with heavy-duty lifts purchased. MDOT also has funded nonurban and small urban capital projects such as new or improved bus shelters constructed using Americans with Disabilities Act (ADA) specifications.



Also new under SAFETEA-LU was a requirement for recipients of federal funds under the JARC, NF or [Section 5310 Elderly Individuals and Individuals with Disabilities Program](#), to develop a Coordinated Public Transit-Human Services Transportation Plan. The coordinated plan identifies the transportation needs of individuals with disabilities, older adults, and people with low incomes, provides strategies for meeting those local needs, and prioritizes transportation services for funding and implementation. In Michigan, there have been more than 50 coordinated plans developed since SAFETEA-LU was enacted. Projects funded under any of the three federal programs must be derived from the local plan.

- **American Recovery and Reinvestment Act**

Through the federal American Recovery and Reinvestment Act (ARRA) enacted by Congress in 2009, MDOT was able to fund the construction of four new nonurban transit facilities, which include administration, maintenance and bus storage. The new facilities are in Allegan, Benzie, Cadillac and Clare counties. MDOT also funded the purchase of replacement buses and equipment. In addition, nonurban agencies had energy audits performed that led to funding several small-scale energy-efficient facility improvements, also paid with ARRA funds.

The [Thunder Bay Transportation Authority \(TBTA\)](#) was awarded almost \$2.6M under the Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER) Grants program, an FTA program created under ARRA. The project involves replacing diesel buses with a series hybrid electric bus and evaluating reductions in greenhouse gas emissions.

New federal legislation, "Moving Ahead for Progress in the 21st Century Act" (MAP-21)," a 24-month transportation authorization bill, was signed into law on July 6, 2012. Folded into the bill is an extension of SAFETEA-LU for another three months, until September 30, 2012. MAP-21 authorizes federal transportation programs and funding through September 30, 2014. The impacts and implications of pending policy changes won't be fully known for some time and therefore cannot be considered and prepared for immediately. In the months ahead, U.S. Department of Transportation will need to put out new regulations and prepare for the changes. With the passage of MAP-21, the number of transit programs is consolidated and there are modest increases in formula funding for Michigan, including the rural formula program that supports intercity bus service. The legislation maintains current funding for transportation, with a slight adjustment for inflation. But it does not index the federal gas tax, limit spending to revenue, or transition funding to a more sustainable, user-based revenue source to ensure the future long-term solvency of the Highway Trust Fund as many hoped a new authorization bill would. The impacts to Michigan are currently being assessed.



***Other Changes to Federal Programs***

Within the past several years, there has been a significant change to the federal [Section 5309 – Bus and Bus Facilities Discretionary Program](#). This program had primarily been an annual discretionary grant program under which project funds were awarded to transit agencies and to MDOT as a result of congressional earmarks. The program is still a discretionary program but rather than being earmarked by Congress, funds are allocated by the FTA via a national competitive grant-making process. The largest program is the [State of Good Repair \(SGR\) program](#) which provides funds for the maintenance of assets. As indicated by FTA, “Maintaining the nation's bus and rail systems in a SGR is essential if public transportation systems are to provide safe and reliable service to millions of daily riders.” FTA releases an annual call for projects for the available funds. MDOT submits requests for its subrecipients (i.e., nonurban transit agencies) while urban agencies apply directly to FTA. In FY 2010, MDOT received a \$3.9M SGR grant for vehicle replacement and expansion for nonurban transit agencies. In FY 2011, MDOT received \$746,770 in SGR funding for sub recipient equipment purchases. TBTA also was awarded a \$6M SGR for a bus facility.

MDOT made changes to its implementation of the federal [Section 5311 – Non-urbanized Area Formula Program](#) by adding tribal governments to its list of eligible recipients. Starting in FY 2012, tribes will be able to make an annual application to MDOT for Section 5311 planning, capital and operating funds.

***Federal Apportionments***

In FY 2011, Michigan was apportioned the following federal funding in each identified program:

**General Operation and Infrastructure**

<i>Section Number Program Name</i>	<i>Total Amount</i>
Section 5307 Urbanized Area Formula Program	\$83.7 M
Section 5309 Bus and Bus-Related Facilities	N/A*
Section 5311 Non-urbanized Area Formula Program	\$17 M
Section 5311(b)(3) Rural Transportation Assistance Program	\$0.2 M

**Transportation Services for Targeted Populations**

Section 5310 Special Needs of Elderly Individuals and Individuals with Disabilities	\$4.4 M
Section 5316 Job Access and Reverse Commute (JARC)	\$5.0 M
Section 5317 New Freedom Program	\$3.4 M

**Planning**

Section 5304 Statewide Planning and Research Program	\$0.6 M
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**Total** \$114.3 M

*\*5309 funds are discretionary grants, not apportioned*

*Source: May 20, 2011 Federal Register*



### ***CTF Policy Issues***

In the 2006 *Transit Technical Report*, two Comprehensive Transportation Fund (CTF) Policy Issues were noted: 1) the decline of state assistance under the LBO program and 2) the inability for CTF revenues to keep up with the match obligation for federal capital funds awarded to Michigan transit agencies.

As mentioned above, the LBO program has been funded at a consistent dollar amount in the appropriation bill -- \$166.6 million a year while agencies' eligible expenses have increased. Between 1999 and 2005, reimbursement percentages dropped from 42 to 32 percent of eligible expense for large urban systems (who are eligible for up to 50 percent) and from 50 to 38 percent for small urban and non-urban systems (who are eligible for up to 60 percent). Between 2005 and 2011, the reimbursement percentages continued to drop but less dramatically, from 32 to 31 percent for large urban systems and from 38 to 37 percent for small urban and non-urban systems. The slowdown in pattern of declining statewide expenses is apt to be a result of local service cuts.

In FY 2005, MDOT projected a long-term shortfall in revenues to meet its goal of providing the full 20 percent federal match with traditional revenue sources. To maintain the 20 percent match commitment and allow agencies to capture federal funds, MDOT began using federal toll revenue credits for a portion of the matching funds in FY 2005. The use of toll credits continued through FY 2010 (with small amounts used in 2011 and 2012), which kept federal transit funds flowing to Michigan. Vehicle replacement, expansion and rehab and facility projects continue to be MDOT's main priority, so MDOT used the limited amount of cash and bond to match these types of projects. Restructuring bond funds also generated proceeds that will be used through FY 2013 to help reduce gaps in revenues. However, the long term picture remains uncertain and MDOT continues to project match shortfalls in future years.

### **Performance Measurement**

MDOT continues to use the Public Transportation Management System (PTMS) to collect transit agency data on revenues, expenses, ridership and other agency related information. The system also is used for vehicle, equipment and facility inventories. PTMS data is used to calculate cost effectiveness indicators for each transit agency, such as cost per mile. These performance indicators are published annually on MDOT's Web site.

Transit has been incorporated in MDOT's [\*Transportation System Condition Report\*](#). In addition, MDOT has since taken the initiative to develop a process to collect additional data to support a more detailed list of measures on the condition of the transit system in Michigan. The intent of these additional measures is not to compare agencies to each other as can be done with the PTMS measures, but rather to determine the condition of the entire transit system. The measures are tied to the four goals of the *MI Transportation Plan*. The first set of data will be collected in FY 2012.



As part of its performance measurement efforts for transit, MDOT developed an Economic Benefit measurement tool. The scalable tool can be used for nonurban and urban systems to determine the benefit of transit operating investments in their local service area, or can be used to calculate a statewide economic benefit as a result of the total federal, state and local funds invested in transit operations.

### **National Transit Agenda**

The American Public Transportation Association's (APTA) strategic plan was updated and approved by the board in March 2010. The 2010-2014 Plan was developed under the context of "a dramatically changing landscape for public transportation" and identified these areas where APTA needs to focus.

- Developing an economically sustainable financial structure for the industry;
- Helping environmental sustainability become integral to how the industry functions and what it provides;
- Establishing efficient, safe, and attractive systems and services;
- Attracting, developing, and retaining a diverse work force able to deliver high-quality performance;
- Ensuring key stakeholders understand how public transportation is essential to social, environmental, and economic quality of life.