

# **MRide Program Annual Report for FY2008**

May 2009

## **Purpose of the Report**

The MRide program began August 1, 2004. It is an Ann Arbor Transportation Authority (AATA) program in partnership with the University of Michigan that provides unlimited rides for U-M students, faculty and staff on all AATA fixed-route service, at no cost to the passenger.

The MRide Program pays the passenger fares for UM riders through a combination of federal funds earned by UM's bus system and UM direct funding. State matching funds for the federal funds were available in only one year of the agreement. Within the AATA total budget, passenger fares (including the U-M MRide payment to AATA) cover about 20% of the operating cost. The remainder of AATA's total operating budget is funded primarily by Ann Arbor property tax and state operating assistance.

The purpose of this report is to provide an annual summary of MRide statistics, results, issues and financial status. Annual reports will utilize passenger statistics for the period September 1 through August 31 to better match academic activity on the U-M campus.

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## 1. Executive Summary

### Background history

'Unlimited Access' is the generic term used to describe arrangements between a university and its local transit authority to provide fare-free bus rides to students, faculty and staff. Unlimited Access was identified as a high priority in the April 2001 Student Access Study prepared by BRW, Inc. The MRide program is the University of Michigan's and AATA's version of Unlimited Access.

The MRide program was the culmination of a history of growing cooperation between the University of Michigan and the Ann Arbor Transportation Authority. In the preceding ten years, the U-M and AATA had partnered in several joint ventures including:

- Bus service connecting central campus to Wolverine Tower (AATA route 36)
- AATA bus passes for U-M faculty and staff, purchased by U-M
- Joint development of Park & Ride lots
- Shared bus stops and shelters
- Coordinated marketing and communications, and
- Bus service for hospital staff during the Mott parking structure renovation project.

Outside of the MRide agreement, the University, AATA and the Ann Arbor Downtown Development Authority (DDA) partnered to fund a combined Oxford/LINK bus route that connects Oxford Housing to Central Campus and Central Campus to the downtown business district and Kerrytown. Fall of 2008 marked the start of the fourth year of this partnership. Ridership by U-M riders in the Fall semester of 2008 has increased by more than 50% compared to the Fall semester of 2004, the first year of the program. AATA ridership by non-UM riders is up by 36% in the same period.

### FY2008 Results

Following its debut in August 2004, the MRide program was well received by U-M faculty, staff and students and it significantly boosted AATA ridership. At the end of the fourth year of the MRide program, AATA ridership had risen about 44%, carrying more than 5.7 million passenger-trips in 2007-2008. U-M rides exceeded 2.25 million in the year ending August 31, 2008, and represent 39% of total AATA trips.

Actual and projected financial results indicate that the program is on solid ground for the first five years of the agreement. Federal allocations provide a stable funding source. However, state matching funds have fallen short of expectations and are unlikely to improve. Expenses are in line with estimates. The net result is estimated to be about a \$70,000 shortfall between revenue and expense at the end of the first five years (July 31, 2009).

The future contains many possibilities for additional cooperative efforts, such as commuter rail service, expanded Park & Ride lots, commuter express bus service, and transportation planning aimed at improved regional connectivity. The report concludes with a summary of future challenges and opportunities.

Of primary short-term importance is to reach agreement on the continuation of this important program.

## 2. AATA Passenger Statistics

Total AATA ridership for the 2007-08 fiscal year was up 7%, or nearly 400,000 passenger trips for a total of more than 5.7 million passenger trips. AATA buses carried more than 2.25 million U-M passengers from September 1, 2007, through August 31, 2008 -- an increase of 132,103 passenger trips, or 6% compared to the prior year (see table below). These increases were higher than the prior year, reflecting the impact of high gas prices last summer and continued promotion of transit services by the U-M and AATA.

Route No. and Name		Sept. 2007 - August 2008 Riders	Change from Previous Year		Sept. 2007 - August 2008 UM Riders	UM Riders Change from Previous Year		
1	Pontiac - Dhu Varren	224,341	25,557	13%	105,839	47%	11,891	13%
1U	Pontiac University	20,765	2,554	14%	18,146	87%	5,125	39%
2	Plymouth	583,964	21,575	4%	434,090	74%	21,567	5%
2X	Plymouth Shuttle (new in 2007)	20,292			18,312	90%		
3	Huron River	237,036	7,836	3%	48,577	20%	337	1%
4	Washtenaw	775,693	58,640	8%	334,916	43%	17,125	5%
5	Packard	592,152	48,819	9%	174,382	29%	7,683	5%
6	Ellsworth	635,379	64,661	11%	201,085	32%	18,575	10%
7	South Main East	315,806	32,567	11%	51,057	16%	3,170	7%
8	Pauline	195,060	20,490	12%	42,258	22%	7,553	22%
9	Jackson	182,795	8,123	5%	45,346	25%	-708	-2%
9U*	Jackson University	27,698	2,504	10%	24,079	87%	2,453	11%
10	Ypsilanti Northeast	127,589	12,565	11%	7,606	6%	469	7%
11	Ypsilanti South	86,869	-2,471	-3%	3,587	4%	-405	-10%
12	Miller - Liberty	265,652	1,785	1%	71,181	27%	-6,184	-8%
12UL*	Liberty University	28,325	-1,834	-6%	23,981	85%	-3,381	-12%
12UM*	Miller University	40,915	7,061	21%	35,603	87%	6,440	22%
13	Newport	45,223	3,724	9%	14,910	33%	2,757	23%
14*	Geddes - E Stadium	106,881	20,669	24%	78,948	74%	16,308	26%
15	S. Maple - W Stadium	74,099	5,123	7%	27,052	37%	789	3%
16	Ann Arbor - Saline Rd	144,467	11,403	9%	50,462	35%	8,026	19%
20	Ypsilanti Ecorse-W. Willow	123,680	16,096	15%	7,031	6%	132	2%
22	North - South Connector	209,263	12,867	7%	101,947	49%	5,303	5%
33	EMU Shuttle	81,200	3,043	4%	0	0%	0	
36	U of M Shuttle	361,919	7,473	2%	333,631	92%	7,078	2%
Link	the LINK	231,765	6,895	3%	N/A	(all riders free)	N/A	(all riders free)
<b>TOTAL</b>		<b>5,738,828</b>	<b>397,725</b>	<b>7%</b>	<b>2,254,026</b>	<b>39%</b>	<b>132,103</b>	<b>6%</b>

\* Service changes to these routes beginning 8/24/08: #9U changed to 609, #12UL eliminated, #12UM changed to #18 and added service, #14 reduced service.

The fall semester of 2008 had U-M ridership on AATA buses growing by 11% versus the same period in 2007, while total AATA ridership is up by 9%. This continues the very strong growth seen in the annual period ending August 31, 2008.

ANN ARBOR TRANSPORTATION AUTHORITY

Change in Riders by Route

September - December, 2008

Route No. and Name		Fall 2008 Riders	Change from Fall 2007		Fall 2008 UM Riders		UM Riders Change from Fall 2007	
1	Pontiac - Dhu Varren	79,207	4,819	6%	41,238	52%	2,294	6%
1U	Pontiac University	10,436	4,105	65%	7,232	69%	2,388	49%
2	Plymouth	223,566	18,407	9%	174,545	78%	16,228	10%
2X	Plymouth Shuttle	10,537	2,245	27%	6,109	58%	-1,480	-20%
3	Huron River	98,604	20,895	27%	23,418	24%	7,293	45%
4	Washtenaw	299,593	35,700	14%	139,277	46%	21,053	18%
5	Packard	223,139	21,989	11%	76,287	34%	13,259	21%
6	Ellsworth	243,458	21,205	10%	90,147	37%	11,537	15%
7	South Main East	119,604	12,372	12%	22,328	19%	4,292	24%
8	Pauline	86,949	13,898	19%	32,333	37%	9,065	39%
9	Jackson	64,617	7,692	14%	17,349	27%	3,021	21%
609*	Dexter University	13,475	2,095	18%	8,921	66%	-1,213	-12%
10	Ypsilanti Northeast	47,116	10,078	27%	2,733	6%	622	29%
11	Ypsilanti South	32,925	7,128	28%	1,743	5%	727	72%
12	Miller - Liberty	87,640	-3,513	-4%	21,969	25%	-4,203	-16%
13	Newport	14,279	-1,457	-9%	4,569	32%	-778	-15%
14+	Geddes - E Stadium	18,467	-21,159	-53%	12,707	69%	-15,309	-55%
15	S. Maple - W Stadium	25,286	1,825	8%	8,321	33%	-293	-3%
16	Ann Arbor - Saline Rd	45,062	-4,333	-9%	15,415	34%	-2,736	-15%
17**	Amtrak - Depot St.	539	539	N/A	165	31%	165	N/A
18*	Miller - University	23,824	12,596	112%	21,379	90%	11,265	111%
20	Ypsilanti Ecorse-W. Willow	47,521	4,089	9%	2,844	6%	373	15%
22	North - South Connector	81,366	9,729	14%	44,444	55%	8,012	22%
33	EMU Shuttle	56,359	13,956	33%	0	0%	0	
36	U of M Shuttle	156,412	9,150	6%	145,123	93%	7,456	5%
Link	the LINK	89,218	-13,346	-13%	N/A	(all riders free)	N/A	(all riders free)
	<b>TOTAL</b>	<b>2,199,199</b>	<b>190,704</b>	<b>9%</b>	<b>920,596</b>	<b>42%</b>	<b>93,038</b>	<b>11%</b>

\* Service changes on 8/24/08: #9U changed to 609, #12UL combined with #8, #12UM changed to #18 and added service, #14 reduced service.

\*\* New route with service beginning on 12/1/08

### 3. Service Additions and Adjustments

Stability is an important element in maintaining the confidence of people in using transit service. However, it is necessary to periodically evaluate and revise service to correspond to ridership and changing conditions. In August, 2008, AATA implemented service changes in eleven of its twenty-seven routes. This is the largest service change since 2005. The overall level of AATA service remained the same, (i.e. no increase or decrease in service hours). The changes were designed to reduce service in areas and times with lower ridership, increase service to respond to areas with growing ridership, and improve on-time performance on routes and at times where service was less reliable.

The AATA engaged in a significant public input process for these changes. After developing proposed service changes, AATA solicited public input via email, telephone, mail, and at a series of public meetings. AATA and U-M worked together to publicize the proposed changes on campus and AATA held public meetings at sites on campus including the medical center. As a result of the public input, AATA revised more than half of the proposed changes prior to implementation,

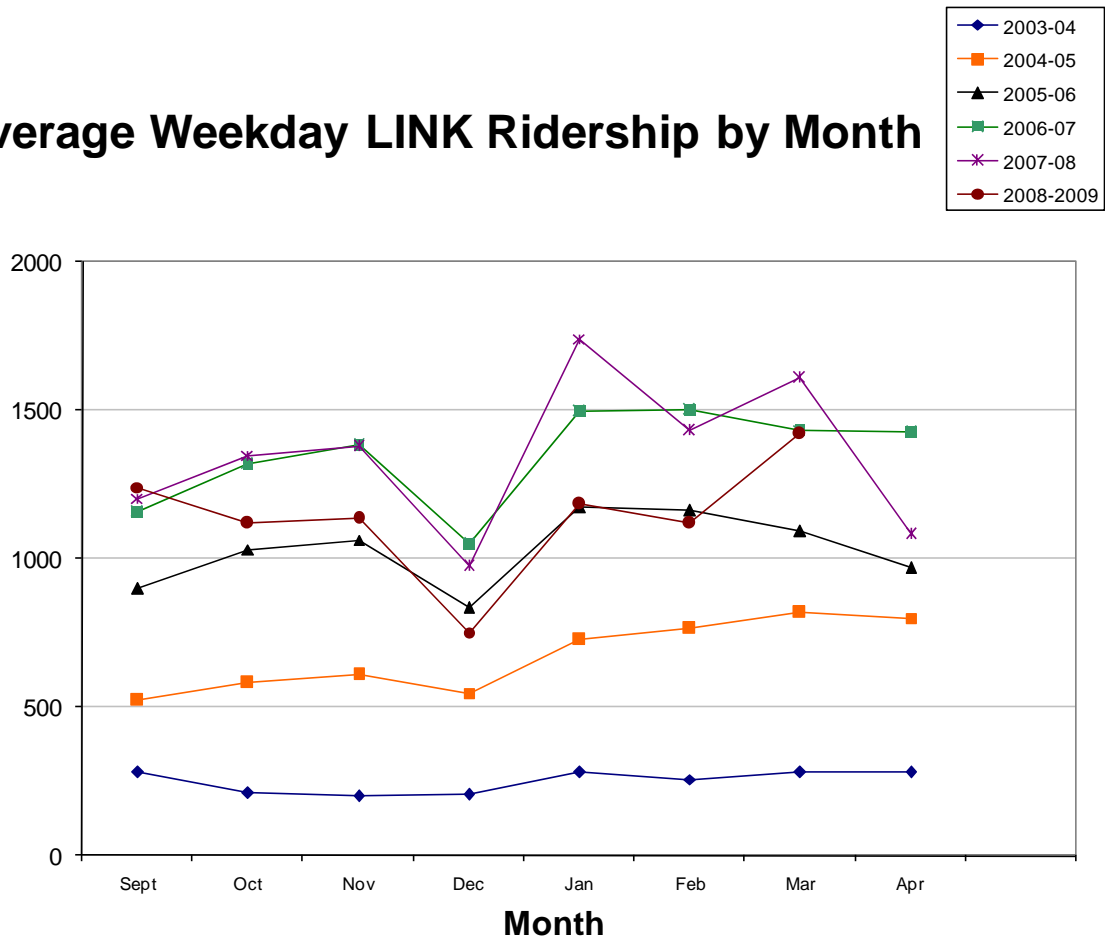
Preliminary evaluation of the service changes so far indicates that ridership increased on the revised routes more than average and on-time performance improved significantly on all but one of the routes targeted for improvement in this area. On-time performance continues to be a problem on the #4 Washtenaw route. This is the busiest route in the AATA system and is heavily used by U-M riders. It travels the Washtenaw corridor connecting Ann Arbor and Ypsilanti. Traffic congestion is a growing problem in the corridor, particularly during peak hours. There is a clear need for expanded service in this corridor which has not been possible because of lack of funding outside of Ann Arbor.

A new type of service debuted in May, 2008. The AATA began operation of the A2 Chelsea Express. Two trips a day are operated in the morning from a park and ride lot in Chelsea to 5 stops in Ann Arbor including Central Campus and the Medical Center, and two return trips in the afternoon. The service is operated by Indian Trails under contract to AATA using a highway coach featuring reclining seats, reading lights, luggage racks and WiFi. The fare is \$125 per month, and UM pays ½ of the cost for staff. The start-up costs are paid by a federal grant obtained by AATA. Ridership has been growing more slowly than projected. A second route from Canton – which has significantly more U-M employees - is planned to begin in 2009.

#### 4. Oxford/LINK Route

In the summer of 2005 the UM, AATA and the Ann Arbor Downtown Development Authority (DDA) recognized the potential for accomplishing common goals by combining the UM Oxford Housing-to-central campus bus route with the AATA LINK service. With joint funding supporting it, the Oxford/LINK route was launched in September 2005. The first year went very well, with this academic-year-only route carrying 174,429 passengers for the year. In the second year of service, ridership rose to 224,870, a 27% increase compared to the year before. Ridership remained about the same during the 2007-08 academic year and has declined in the current academic year. The chart below shows ridership by year. A factor in this decline is decreased in-time performance. In response, AATA and UM are considering changes to reduce operating time in the campus area and the DDA is reviewing the route in the downtown area.

### Average Weekday LINK Ridership by Month



## 5. Financial Report

The University of Michigan has been submitting financial and service data to the National Transit Database (NTD) project since FY2000. These data are used by the Federal Transit Administration to apportion federal Section 5307 transit assistance. This submittal of NTD data is generating transit funds for Washtenaw County, with the AATA as the recipient agency. The MRide agreement specifies that funds generated by the U-M bus system are to be used to offset a significant portion of the incremental cost of the MRide program.

The following table summarizes the current financial status of the MRide agreement. This analysis assumes that the State of Michigan will continue to not match the federal dollars being generated. Primarily because of this lack of matching funds, it is projected that there will be a negative balance of about \$70,000 by the end of the fifth year of the agreement. Under the terms of the contract, the U-M will reimburse the AATA for this shortfall at the end of the fifth year.

# M-Ride Revenue and Expense Projections

as of: 4/28/2009  
prepared by: Chris White

Total Revenue	<u>Federal Transit funds earned by UM</u>		<u>State Match</u>	<u>UM Payment</u>	<u>Total</u>
	<u>bus service</u>				
2002-2004 carryover	\$1,822,790				\$1,822,790
8/1/04-7/31/05	\$669,196	\$0	\$0	\$700,000	\$1,369,196
8/1/05-7/31/06	\$651,308	\$232,173	\$232,173	\$700,000	\$1,583,481
8/1/06-7/31/07	\$676,952	\$0	\$0	\$700,000	\$1,376,952
8/1/07-7/31/08	\$829,802	\$0	\$0	\$700,000	\$1,529,802
8/1/08-7/31/09 (est.)	<u>\$894,799</u>	<u>\$0</u>	<u>\$0</u>	<u>\$700,000</u>	<u>\$1,594,799</u>
<b>Total Revenue</b>	<b>\$5,544,847</b>	<b>\$232,173</b>	<b>\$232,173</b>	<b>\$3,500,000</b>	<b>\$9,277,020</b>

M-Ride Expenses	<u>Expenses before Inflation</u>	<u>Cumulative CPI</u>	<u>Total Expenses</u>
8/1/04-7/31/05	\$1,674,520	1.000	\$1,674,520
8/1/05-7/31/06	\$1,805,360	1.0307	\$1,860,865
8/1/06-7/31/07	\$1,805,360	1.0517	\$1,898,609
8/1/07-7/31/08	\$1,805,360	1.0738	\$1,938,554
8/1/08-7/31/09 (est.)	<u>\$1,805,360</u>	1.0940	\$1,975,064
<b>Total</b>	<b>\$8,895,960</b>		<b>\$9,347,612</b>

<b>Balance of Section 5307 funds after FY 2009</b>	<b>-\$70,592</b>
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## 6. Future Direction

The MRide program is a popular and growing program. With this growth brings additional challenges and opportunities for promoting the use of transit at the University of Michigan. In addition, the MRide program is merely one example of potential synergies between the two transit operations run by U-M and AATA.

Highlights of the opportunities and challenges have been grouped in three categories:

### Funding

- *State funding:* AATA receives operating and capital funding from MDOT, but the percent of cost is declining. The AATA is receiving the same amount of state operating assistance for urban service that it received in 1997. The state no longer provides capital funding for anything but replacement buses. Support for transit in the state legislature is quite good, but with the current economic climate, this is not translating into funding that is keeping up with rising costs.
- *Local funding:* The stagnant state funding is putting increasing pressure on local government to pay to maintain transit service. In Ann Arbor, a dedicated millage for transit was keeping pace with rising costs. The recent decline in property values will have a significant effect. The pending purchase of Pfizer property by UM will reduce AATA property tax revenue by about \$500,000 per year. Outside of Ann Arbor, the current economic climate is generally putting increasing financial pressure on the local units that participate in AATA, the City of Ypsilanti and townships of Pittsfield, Ypsilanti, and Superior. In the City of Ypsilanti, the support for transit is high, but the availability of funds to continue service is uncertain. The AATA has maintained the level of transit service so far while working with Ypsilanti. Many U-M staff who live in Ypsilanti use AATA to get to work, particularly at the Medical Center. The participating townships have been able to continue funding existing service levels, but there is a need for service expansion with the growing population.
- *Regional or county-wide funding:* WATS has completed a transit plan for Washtenaw County. There have been some preliminary discussions about the possibility of regional funding for transit in the urban area, or county-wide, but no specific proposals at this time.
- *U-M funding:* The MRide agreement is, in essence, a ten-year agreement; the financial computations for the first five years are well defined, with an option to extend the contract for another five years, assuming both parties can agree to financial commitments and service levels. The U-M will face a need for additional funding for MRide in order to continue the program beyond the initial five year contract. The U-M and AATA may also identify desired service enhancements during this five year period. Establishing a sustainable funding source for the continuation and possible expansion of the MRide program is a high priority for U-M.

### Planning and Coordination

- *Integration with master plans:* alternative modes of transportation of all types, including transit, are becoming important elements in U-M master planning efforts. The Health System in particular has deliberately included master plan assumptions that rely on increasing participation in transit and other alternatives for staff commuting to work.
- *WATS:* the AATA and U-M will continue to actively participate in the Washtenaw Area Transportation Study (WATS) technical and policy committees. We jointly will pursue funding opportunities available through WATS to be used for transit improvements.
- *Commuter rail:* the city of Ann Arbor, the U-M and AATA are interested parties in the possibility of bringing commuter rail to the area. North-South and East-West rail connections, along with 'local connector' service would be a welcome addition to the menu of transportation options for commuters.

- *Joint planning efforts:* the U-M, city of Ann Arbor, DDA and AATA will continue their cooperative planning efforts related to transportation, parking, transit center, traffic and street improvements. Many opportunities will present themselves as the University grows and the city promotes downtown development.
- *Feasibility analysis for alternative transit (BRT bus rapid transit, streetcars, light rail):* The AATA, U-M, Downtown Development Authority, and City of Ann Arbor are funding a study of potential alternative types of transit for the corridor from downtown Ann Arbor to the northeast. The alternatives are expected to include BRT (bus rapid transit), streetcars, and light rail.

### **Service, Facilities and Equipment**

- *Transit facility improvements:* as transit is promoted and integrated into campus master plans, we see a need to improve transit stops and transit centers, designed to enhance the transit experience. A significantly enhanced Central Campus Transit Center on North University is in design for construction in FY 2010. This is a joint effort led by UM with participation by AATA and the City of Ann Arbor. AATA recently added about \$1 million in federal stimulus funds to complete the project funding. Other examples include establishing transit centers near the core of the Medical Campus and on Wall Street, and improving bus stops throughout the campuses. Two heated shelters have been installed on East Medical Center Drive at East Hospital Drive, to serve the Health System as a major bus stop on a temporary basis. After the completion of the 1.1 million square foot C.S. Mott Children's & Women's Hospital, a permanent and significant transit center needs to be built in this general area.
- *East Medical Campus growth:* as growth continues at the East Medical Campus, the importance of public transportation to this campus increases. The U-M and AATA have worked together to ensure that existing cab services and connections to U-M bus services are communicated to eligible area residents. With expanded local funding (noted above) there may be opportunities to provide direct bus connections to this site.
- *Hybrid-electric buses:* The AATA has added 27 hybrid-electric buses to its fleet in the past 15 months replacing older diesel buses. Hybrid buses now comprise more than 35% of AATA's fleet. It is the highest percentage of any transit operator in the country. Federal and state grant funds have been used to fund this purchase.
- *Park and Ride lot development:* AATA is completing the design of a 266 vehicle park and ride lot on Plymouth Road at US-23. Construction will be paid for with federal stimulus funds. Completion is scheduled for late 2009. Direct service is planned to the medical center and central campus. The existing AATA park and ride lot on Green Road will continue to serve people on North Campus. Due to the current success of the Green Road Park and Ride lot, the U-M plans to expand this lot by 100 spaces in 2009 or 2010.