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Omaha Mass Transit

**"Omaha must be a community committed
to promoting and maintaining a high
quality of life for all of its people."¹**

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Key Findings

- Less than two percent of the workforce in Omaha use mass transit
- Omaha's Public Transportation System has the lowest fare price compared to comparable cities
- Fare revenues only account for 11 percent of the operational costs of the system whereas the national average is 35 percent
- Metro's annual pension cost exceeds \$1.1 million, which resulted in the pension cost being equal to 26 percent of operating revenues
- The Long Range Transportation Plan 2035 uses unrealistic growth rates, which could result in financial pain for the City of Omaha
- Proponents of the Downtown-Midtown Corridor want to induce demand for public transportation through taxes and fees

Introduction

Over the past few years there have been a plethora of suggestions for reforming Omaha's mass-transit system, ranging from simply changing routes to constructing an intercity high speed rail from Lincoln to Omaha, or even an intracity rail from Midtown to Downtown. The city is currently conducting an 18 month study to determine what, if any, mass transit projects could be enacted along the proposed corridor from Downtown to Midtown. Local officials around Omaha and surrounding areas appear to have already decided that public transportation must be revamped at all costs. This raises two questions: should Omaha initiate new mass transit projects or should the system be reduced? Two studies, Omaha Master Plan-Transportation Element (OMPTE) and Long Range Transportation Plan 2035, have already been conducted, with the former highlighting mass transit ideas and the latter also highlighting mass-transit projects but including financial, funding, and ridership information. Neither has resulted in selections of priority capital projects. There is also an ongoing 18 month study currently being conducted which is likely to result in some type of mass-transit project.

Transportation Element's Four Goals

The initial study, OMPTE, provides a description of stated goals for the transportation system in Omaha:

1. Provide balanced options for enhanced mobility.
2. Attain a safe and healthy environment.
3. Create livable and connected neighborhoods.
4. Promote economic returns with fiscal stability.

While these are respectable goals, they immediately raise several major concerns. The first goal, providing balanced options for enhanced mobility, is problematic because empirical evidence does not demonstrate a need in Omaha for enhancing mobility using public transportation.

According to the 2010 census, less than 2 percent of people use public transportation in Omaha. Therefore, it can be inferred that Omaha does not need to increase public transportation due to the current use being so minute. It appears that the city of Omaha is trying to supply a service for which there is little demand. This viewpoint is substantiated within the study itself:

According to Census data, fewer than two percent of workers in Omaha commute by transit. Unfortunately MAPA's regional travel demand forecasting model does not include a mode choice model that can estimate how many trips overall are made on transit. However, Census data suggests that the rate of automobile ownership and use in Omaha may be a constraint on household finances and that there may be demand for transit service beyond what current ridership levels indicate.²

The second goal of attaining a safe and healthy environment through the transportation system is fundamentally counterintuitive. This idea operates under the notion that Omaha policymakers know what constitutes a safe and healthy environment for all its citizens. According to their draft:

They [transportation investments] should also improve access to places that support healthy lifestyles, such as active green spaces and grocery stores that sell fresh food.³

A safe and healthy environment as defined by this committee does not relate to transportation, and rather attempts to influence social behavior Constructing a transportation system based on anything except cost-efficiency or market demand is a waste of taxpayer money and a fiscal disaster waiting to happen.

The goal of promoting economic returns and fiscal stability cannot occur with the current or proposed transit system. Currently, operating revenues only cover approximately 11 percent of the operational costs, much lower than the national average of 35 percent. However, this does not mean funding should be increased because transit system issue run deeper than lack of funds. Ninety-eight percent of Omaha's work force does not use public transportation, indicating a lack of demand for public transportation. It is highly unlikely that the lack of support for public transit would change with the implementation of a new system; particularly one designed to meet the previously stated goals.

Current Transit System

Riders/Target Market

Omaha's current system, while quite similar to cities of similar size, is only used by approximately 2 percent of Omaha's workforce. This small number results from the transit system being unable to attain choice ridership—those who have other methods of transportation but choose to ride public transit. Choice ridership typically increases when a city is overwhelmed by traffic congestion, high parking costs, and high costs to own a car.⁴ Currently, the pressure from these three variables is not high enough to attain choice riders. The Omaha Master Plan says:

In order to increase its choice ridership, Metro needs to identify an independent and dedicated funding source. Lacking any direct and dedicated funding source (such as sales tax, occupancy tax, rental car tax, etc) the transit operator will likely be unable to sustain even the current levels of service and any hopes of capital grants from the Federal government for fix service (BRT, rail, etc.) become very unlikely.⁵

It appears that choice ridership is a necessity in order to pursue the mass transit project. Without choice ridership it is likely the mass transit system will not be able to continue functioning, much less expand.

According to the National Transportation Database, the Transit Agency provided approximately 4,127,592 rides in 2011. The total of rides provided in 2011 included three different ridership programs: bus,⁶ demand response,⁷ and purchased transit.⁸

Exhibit 1: Property Taxes Supporting OMT⁹

Tax Entity	Tax Rate 2011-2012	Tax Rate 2010-2011	Tax Rate 2009-2010	Tax Rate 2008-2009	Tax Rate 2007-2008
City of Omaha					
General Bond	0.29047	0.29047	0.26712	0.43387	0.43387
Omaha Transit Authority	0.20875	0.20875	0.20875	0.24912	0.24912
Metropolitan Utilities Dist	0.04933	0.04872	0.04674	0.18475	0.18475
	0.00000	0.00000	0.00000	0.04613	0.04617
				0.00000	0.00000

Funding

The fact that the current funding system is—by the report’s own estimation—unable to support even current ridership levels is alarming, and begs the question of whether Omaha should consider expanding or renovating the current system.

The system is funded by three primary sources: local property taxes, Federal Transit Administration (FTA) funds, and user fees. User fees only cover 11.1 percent of operational costs, far below the national average of 35 percent. (Figure 2) According to the 2011-2012 tax levy (Exhibit 1), each homeowner pays .04933 percent on the levy amount of their home. So an individual with a home assessed at \$100,000 would pay approximately \$49.33 in property taxes, some of which would go to the Omaha Transit Authority.

The FTA oversees metropolitan transit systems in the United States and awards grants to local systems based on a set of specific criteria. These grants can either be operational grants, which subsidize the day to day operations of the transit system, or capital grants, which subsidize projects

such as the purchase of new buses. Capital grants have more stringent requirements that must be met.

Additional funding would likely come from artificial pressure. As one of the targets for public transit is to increase the number of choice riders, which typically result from traffic congestion, high parking costs, and high costs to own a car, it is in the interest of public transit to try and increase those pressures. Two of these pressures, high parking and car ownership costs, can both be created through taxation. Additionally, funding for the system can be raised through direct taxes, assessments, and fees. These measures were highlighted by the transit authority at a Transportation Priorities Public Meeting held at the Scott Conference Center on September 15, 2011, and are essentially the only sources for future cash flows. Public-private partnerships were mentioned in the presentation at the Scott Conference Center as a way to decrease overall costs, although they are often limited in time and money.¹⁰

Fares

The cost of riding the Metro was approximately \$7.41 per rider in 2011, but the average rider fee collected was \$1.07

(Figure). The difference is then paid by the Transit Authority through taxes and government grants. Over the past two years, the Transit Authority reported net cash operating losses of \$21.5 and 21.3 million, while operating cash inflows were \$4.4 and 4.3 million, respectively. This indicates that if the Transit Agency wants to break even it needs to increase fares, decrease services provided, or both.

Figure 1: Key Ridership Statistics

Average Cash Paid by Passenger Per Ride (2011)	
Received from customers and users (including contracts)	\$4,413,580
Divided by annual ridership	4,127,592
Avg. cash paid by passenger per ride (2011)	\$1.07
Received from customers and users (including contracts)	4,413,580
How Much Do Customers Pay of Operating Costs? (2011)	
Divide: operating expenses	30,617,114
Actual cost borne by customer (%)	14.42%
Avg. cash paid (2011)	\$1.069
What should the actual cost be?	
Divide: % paid by riders	0.1441
Estimated break-even point	\$7.42

Long Range Transportation Plan

The Long Range Transportation Plan 2035 is a study conducted by Metropolitan Area Planning Agency (MAPA), a voluntary agency consisting of members from

Figure 2: Key Operating Statistics

State	Nebraska	Iowa	Nebraska	Wisconsin	Wisconsin	Minnesota	Colorado	New York	National
City	Omaha	Des Moines	Lincoln	Madison	Milwaukee	Saint Paul	Colorado Springs	New York City	
Name	Metro ¹³	Dart ¹⁴	Star Tran ¹⁵	Metro Transit ¹⁶	MCTS ¹⁷	Metro Transit ¹⁸	Metro-MMT ¹⁹	MAT ²⁰	National ²¹
Method	Bus	Bus	Bus	Bus	Bus	Bus/ Light Rail/ Northstar	Bus	Bus/Rail	All modes
Adult Regular	1.25	1.75	1.75	2.00	2.25	\$1.75/\$1.75/ \$7.00-5.25	1.75	2.25	
Financial Data Year	2011	2011	2010	2010	2010	Budgeted 2011	2009	2011	2010
Fares (in Millions)	3.499	4.237	1.215	11.08	44.53	103.8	.88	3,629	12,181
Total Operating Expenses (in Millions)	30.617	20.810	7.691	47.49	164.55	379.45	9.77	13,710	35,071
Farebox Recovery Rate (%)	11.431%	20.363%	15.800%	23.340%	27.063%	27.352%	9.013%	26.470%	34.732%

Douglas, Sarpy, Mills, Pottawattamie, and Washington Counties. The study projected the transportation needs of the Omaha-Council Bluffs metro area until the year 2035. Regarding public transit, the study noted the Transit Agency is operating at a loss and would likely go bankrupt without public funding, with approximately 84 percent of their revenue coming from taxes or government grants. Needless to say, this study expects this revenue stream to continue indefinitely, and also sees the possibility for growth in each stream. In particular, the report presumed annual increases in all the streams: property taxes by 3.5 percent, farebox revenues by 2.7 percent, state aid by 1.5 percent, contract revenues by 1.5 percent and federal funds by 1.5 percent.¹¹

These growth rates are, of course, presumptive, but qualitative data suggests increases are not likely to be sustained, especially growth rates pertaining to funds from federal grants and state aid. The federal deficit is expected to exceed \$20 trillion dollars by year 2016, which will likely result in cuts or elimination of federal programs. The federal government will be more inclined to decrease

spending in areas such as public transit, particularly in areas with low ridership. Similarly, Nebraska and Omaha will have increased costs within the next twenty years, making it implausible that these rates can be sustained. (Appendix 1)

Expanding the transit system in Omaha will most likely increase the negative operating cash flows making the program more expensive to maintain. Of note, the Omaha Master Plan indicated increased costs would result in lost ridership. Therefore, if mass transit is enacted and continues to lose money, the city will look towards the taxpayers to make up the difference. This is substantiated by the optimistic growth rates that appear to be detached from the current and near future economic conditions.

How Does the Omaha's Metro Compare?

One of the key statistics for measuring cost efficiency is the farebox recovery ratio, which compares passenger revenues to operating expenses.¹² This statistic provides useful information about the profitability and sustainability of public transit. The

Figure 3: Workforce Demographics²³
Means of Transportation to Work by Selected Characteristics
2010 American Community Survey (Population based on 1-Year Estimates)

State	Nebraska	Iowa	Nebraska	Wisconsin	Wisconsin	Minnesota	Colorado	New York	National
City	Omaha	Des Moines	Lincoln	Madison	Milwaukee	Saint Paul	Colorado Springs	New York City	
Population	408,958	203,443	258,379	233,209	594,833	285,068	416,427	8,175,133	311,591,917
Workforce	203,445	99,870	132,612	127,566	249,594	137,675	201,216	3,615,588	136,941,010
Use of Public Transportation	2,283	2,897	1,282	10,935	19,807	12,007	1,649	2,012,591	6,768,661
Error (+/-)	738	1,082	482	1,699	2,274	2,269	888	24,092	55,155
Use of Public Transportation (%)	1.122%	2.901%	0.967%	8.572%	7.936%	8.721%	0.820%	55.664%	4.943%
Average Age	33.4	40.4	36.9	31.4	36.5	30.9	26	38.2	38.5
Population Density (Per/Mile)	3,217.9	2,515.6	2,899.4	3,037.0	6,188.3	5,484.3	2,140.6	27,012.5	87.4

national average for the farebox ratio is approximately 35 percent, with the remaining 65 percent of funding coming from taxes and federal and state grants. Omaha's transit system is lagging far behind the national average and comparable cities with a farebox rate of only 11.4 percent (Figure 2). Of comparable cities, Omaha has the lowest one way cash fare at \$1.25. To even begin to be comparable with other cities, Omaha would have to raise its fares to at least \$1.75, the same rate used by Lincoln's public transit.

A 40 percent increase in the current fare would result in a farebox recovery rate of approximately 16 percent. However, even this farebox rate would be below the national average, suggesting that the transit system is running inefficiently compared to its peers. If Omaha's transit system is to be successful, it must reduce operating expenditures and create a lean cost structure eliminating non-value added activities, only then can the city benefit from increased ridership, which is needed for economies of scale to take place.

The Metro's operating expenses are exacerbated by their unique and duplicate routes. The OMPTE highlighted that the Metro covers 806 miles of routes, but 500 miles of these routes are unique, resulting in numerous overlapping

routes.²² As a general rule, decreasing uniqueness leads to less usage, in this case, fewer riders.

With the exception of Madison, Wisconsin, an increase in public transportation appears to occur when cities have a population density greater than 5000 people per square mile. In other words, Omaha needs to become much denser for public transportation to be used by a larger percentage of the workforce, as it currently only has a population density of approximately 3,217 people per square mile. Although cities with population density of 5000 per square mile only see approximately 6-8 percent of the workforce participate, such an increase would help raise Omaha's farebox rate and improve the system's finances.

However, it is also interesting to note that cities with less population density than Omaha—specifically Madison and Des Moines—both have higher public transportation usage rates. Examining how these cities encourage and maintain such comparatively higher usage rates on their public transportation, even with lower population density, would be of great benefit to Metro, and could save the city money by imitating the best practices of these cities who have seen success with their public transportation.

OMPTE Project Idea

Transit Guideway Projects

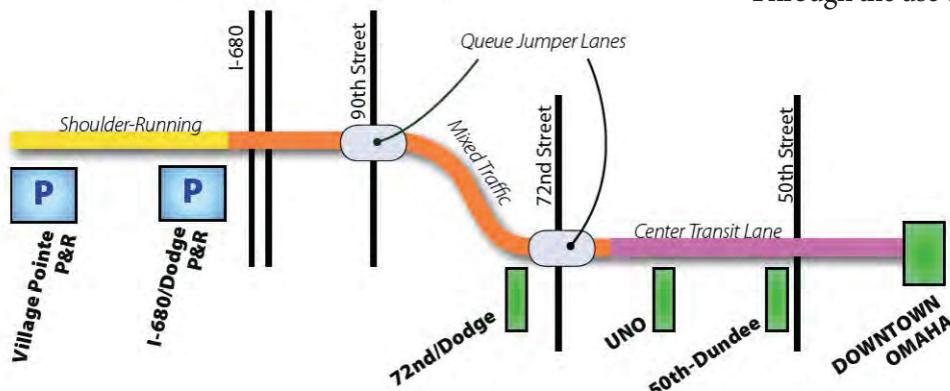
Transit Guideway Projects are locally planned and implemented projects that qualify for financing through the FTA. The funding provided by the FTA is only for starting new projects like light rail, but does not provide assistance in the operation of the new system. There are two types of projects.²⁴

1. Eligible fixed-guideway projects which include, but are not limited to, rapid rail, light rail, commuter rail, automated guideway transit, people movers, and exclusive facilities for buses (such as bus rapid transit) and other high occupancy vehicles.
2. Non-guideway bus-based projects that include a defined set of low-cost features. These may also qualify for support under New Starts and Small Starts project categories.²⁵

Increased ridership would make Omaha more likely to attain Transit Guideway Funding, and it should be noted how much local public transit costs without these federal government subsidies.²⁶ Many of the subsidies provided by the federal government help with upfront financing costs and are phased out once the system is up and running. Therefore, if a transit system cannot support itself once government subsidies are gone; the city will be forced to find alternative ways to pay for the system.

Since the early 1990s, Omaha mayors P.J. Morgan, Hal Daub, Mike Fahey, and Jim Suttle have all been proponents of some type of mass transit in downtown Omaha, with

Figure 4: Operational Characteristics



many referencing streetcars in the as the ideal option. However, there is a reason streetcars were abandoned in 1955, and it is because their operation became unsustainable; re-instituting them now in 2012 would prove similarly unsustainable. The other idea mentioned is a light rail system on Dodge. A rail system should not even be considered due to its high cost of implementation and maintenance. The Government Accountability Office (GAO) found that running a bus system on city streets has lower operating costs and only requires two percent of the capital outlay compared to a rail system.²⁷ They also found that the service was comparable in time and quality.

OMPTE has presented the most recent ideas for the mass transit system. However, an 18 month, in-depth, \$1.3 million study is currently underway to analyze current ideas and present other options for Omaha. One option presented by the OMPTE study is a rapid bus transit system. Bus rapid systems work by creating bus-only lanes that allow a specialized fleet of buses with limited stops to navigate the city easier than current buses do. A rapid bus transit system in Omaha would be initiated in phases, with the first phase in the OMPTE example being a route from downtown to midtown, near the University of Nebraska—Omaha on Dodge Street, with certain stops along the route designated as park and ride stops. To improve transit time, the rapid system would have its own lane in the center of Dodge and traffic lights would communicate with buses so rapid buses would make all of the green lights. Figure 3 shows the proposed plan; the first phase of the downtown to midtown corridor is the purple line.

If phase one proves successful, the rapid bus system would expand further out on Dodge, although the center lane would only exist on the downtown-midtown corridor. Through the use of jumper lanes at particular

intersections—72nd and Dodge and 90th and Dodge specifically—the rapid bus system could provide rapid service even though the bus would be sharing roads with cars. These are lanes only to be used by rapid bus while waiting at the lights. Special green lights in these lanes would activate 10-20 seconds before the normal green lights, allowing for the rapid bus to stay ahead of traffic.

Recommendations

Niche Market

Because Omaha's public transportation has less than two percent ridership, there does not appear to be a need for expansion of public transportation in Omaha. Instead of building a system where services exceed demand, the City of Omaha and Transit Agency should focus services on the niche market of those who have no alternative means of transportation. Such a shift of focus would allow those who cannot drive access to transportation while decreasing the financial burden on taxpayers. This makes much more sense than artificially increasing demand by eliminating parking spots in the Metro, increasing the parking costs, or increasing various fees/taxes for drivers in Omaha.

The idea of providing transportation to a niche market is in line with a current Metro service current in use in Omaha, currently called MOBY. Between 2002 and 2009, bus ridership per year stayed relatively constant while MOBY saw its ridership increase by around 41 percent over the same time period. (Refer to Exhibit 2.1 and 2.2) MOBY is similar to a privatized system used by hotels in Atlantic City and Eppley Airfield. Currently, the MOBY system is only for disabled riders and it provides them with curbside to curbside service for \$2.50 each way. The MOBY runs along a fixed route but it can provide service to areas that are nine blocks from the fixed route.

Exhibit 3: Bus Routes³⁰

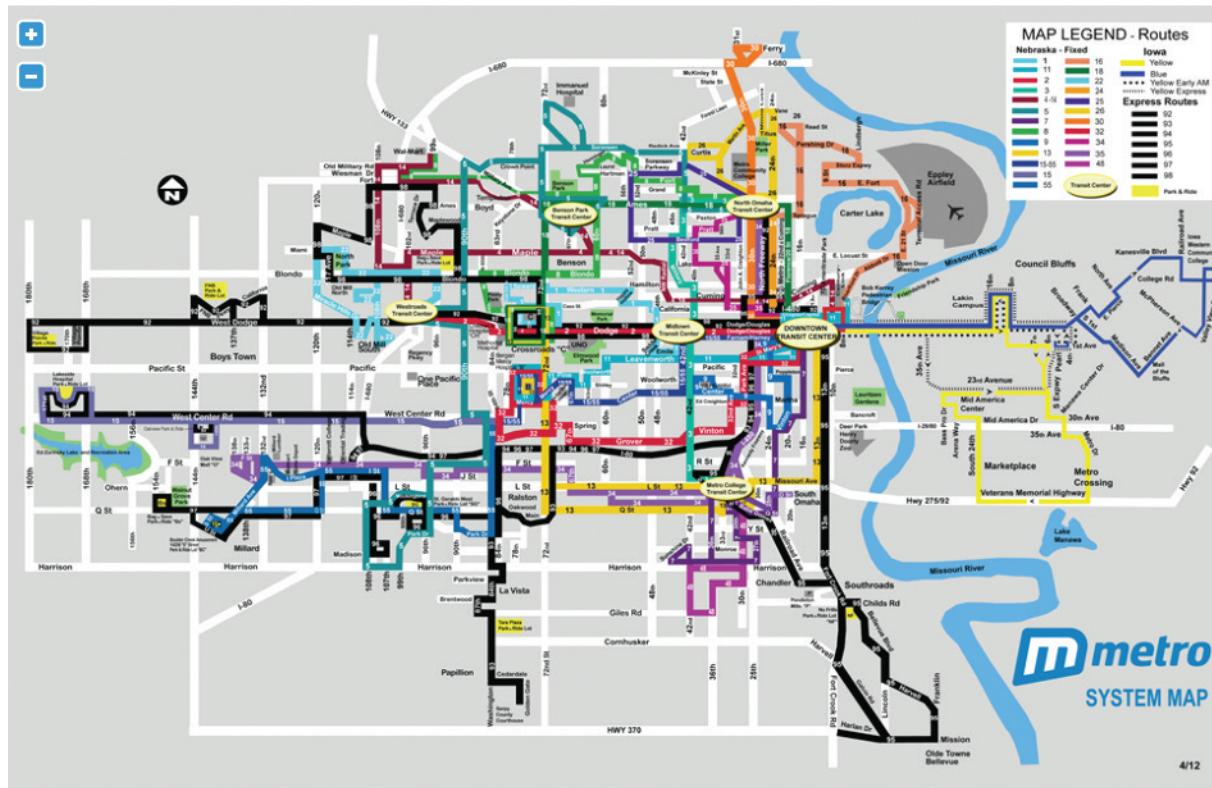


Exhibit 2.1: Historical Ridership—Standard Metro Services²⁸

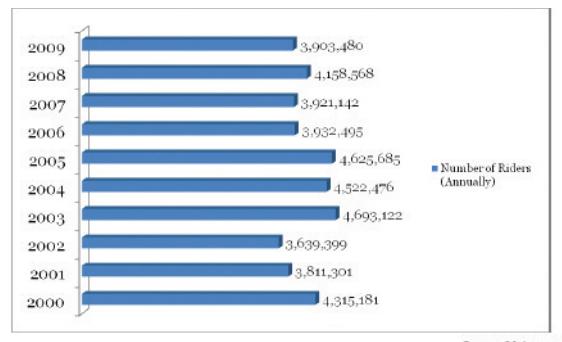
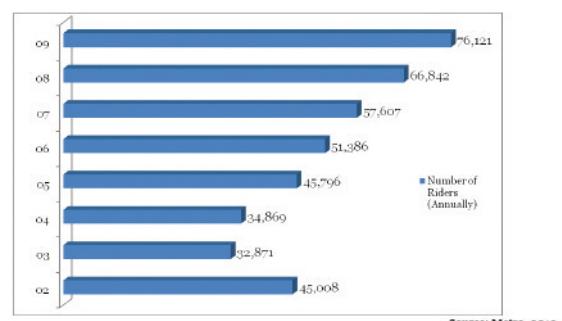


Exhibit 2.2 Historical Ridership—MOBY²⁹



Reduce all Unique Routes

Because of the high cost of public transportation, it is imperative that buses do not run without passengers. In Omaha, 500 miles of bus routes are unique and nearly every route intersects or runs parallel with other routes (Exhibit 3). The massive number of routes can most likely be attributed to Metro's need to increase ridership, but it results in raising costs with little actual benefit. Therefore, in order to bring down costs, Metro should begin closing routes that see little or no traffic and divert focus only to its most used routes.

Eliminate Defined Benefit Plans

Another way to reduce transportation agency costs would be the elimination of their defined benefit plans. The Metro

Transit Agency employs approximately 275 employees, 35 are compensated by salary and 240 by hourly wage.³¹ Hourly wage employees may receive pensions if they qualify as full-time employees. The Transit Agency treats both salaried and hourly workers generously by requiring employees to participate in their defined benefit plan, which promises retired employees a specific income based on their salary and years of service. The other type of retirement plan—defined contribution—is not offered by the Transit Agency. This alternate plan involves the employer paying a fixed rate into an employee's retirement fund, resulting in the employee having to be responsible for their retirement reducing the future liabilities of the agency.

The Transit Agency's pension fund is already underfunded by approximately 37.29 percent for salaried workers and

Exhibit 4: Pension Costs³³

December 31, 2011

Annual required contribution	
Interest on net pension obligation	
Adjustment to annual required contribution	
Annual pension cost	
Contributions made	
Increase in net pension obligation	
Net pension obligation (asset), beginning of year	
 Net pension obligation (asset), end of year	

Hourly Plan	Salaried Plan
\$ 871,783	\$ 275,039
65,951	(6,625)
(84,443)	8,556
<hr/> 853,291	<hr/> 276,970
<hr/> 703,006	<hr/> 257,653
<hr/> 150,285	<hr/> 19,317
<hr/> 879,346	<hr/> (94,638)
 <hr/> \$ 1,029,631	 <hr/> \$ (75,321)

Exhibit 5: The Dominating Shift from Defined Benefit Plans to Define Contribution Plans³⁴

Fortune 100 retirement plan prevalence for new hires (1985–2010)

	1985	1998	2002	2004	2005	2006	2007	2008	2009	Today
All DB plans	90	90	83	74	63	58	54	49	45	42
Traditional DB plan	89	67	49	40	34	30	28	24	20	17
Hybrid pension plan	1	23	34	34	29	28	26	25	25	25
DC plan only	10	10	17	26	37	42	46	51	55	58

38.34 percent for hourly workers when observing unfunded actuarial accrued liability (UAAL), making UAAL \$2,771,618 for salaried workers and \$10,296,146 for hourly employees. The significant difference in UAAL results from most of their workforce being hourly wage employees.

The present value of these plans is a net pension obligation for salaried employees of \$1,029,631 and a net pension asset of \$75,321 for hourly employees.³² In other words, if pensions had to be paid today they would owe a net amount of approximately 954,310 for all of their employees (Exhibit 4). Therefore, it only makes sense for the Transit Agency to shift from a defined benefit to a defined contribution plan in order to avoid this fiscal disaster. Indeed, most private companies are finding that such a switch is one of the ways to keep a positive operating cash flow (Exhibit 5), an example that would help the Transit Agency immensely.

Privatization

Finally, the City of Omaha always has the option to privatize the bus system. Privatized companies are skilled in providing goods and services to clients/customers while creating a profit. In 1964, Congress offered incentives to states to take over their transit programs resulting in a downward spiral ever since. Randal O'Toole of the Cato Institute concluded that the number of transit riders has decreased by more than 50 percent while the cost per mile has increased 75 percent from 1964-2008.³⁵ However, instead of increasing the fares required to use mass transit, transit agencies have instead lobbied for increases in subsidies, resulting in operating budgets with the majority of revenues coming from non-operating sources. Privatizing the system would reintroduce innovation as companies have profit incentives that the government-run system currently does not have.

A handful of privatized public transportation shows that this is a possible remedy for Omaha's public transit woes. In Atlantic City, the Atlantic City Jitney Association (TACJA) is composed of eight routes with four of these routes free to their passengers because the hotels along the routes pay the bus drivers, as the routes aid the hotel in bringing in business, the other four routes cost \$2.25 per ride. TACJA has been able to stay in business since 1915 without government subsidies. Another example is NY Waterways, a ferry and bus company in New York since the 1960s.

Finally, the Hampton Jitney, which has provided transportation from New York City to the Hamptons for more than 30 years, shows that there is a market for those with higher incomes to use public transportation. The longevity of these companies indicates that they have been able to provide a service to consumers and profit while doing so. Omaha itself does have a few limited examples of private transit being used effectively, mainly for transportation to and from Eppley Airfield, as such transit is often cost effective and convenient compared to parking at the airport. Furthermore, there is competition between the private companies. The MOBY service in Omaha is also quite similar to the Eppley and Atlantic City private services, but lacks competition. As shown above in Exhibit 2.2, there is a demand for curbside to curbside service but the Metro only offers it to those who are disabled. With these examples from inside and outside the city, Omaha should at the very least investigate the possibilities of privatizing their system.

Conclusion

With the problems of current system identified, it is important to articulate how the city might address these issues to make its public transportation more cost-efficient for taxpayers and more accessible and productive for consumers. Focusing on the most used routes, such as the downtown-midtown corridor, if operated efficiently, could prove successful, as would internal changes such as the shift from defined benefit to defined contribution pension plans. Privatization may also be a possibility for Omaha's transit problems. In the end, Omaha must first consider the most cost-efficient and productive use of taxpayer's money for the use of private transit. The current path is unsustainable, and instead of simply building more in the hopes of change, there must be a serious examination at reforming the system so that it serves the best interests of taxpayers, operators, and consumers.

Appendix

Growth Rate Assumptions

1. Annual increases in property tax revenues of 3.5%
 - a. The current levy amount of .04933 % would grow to .11658% resulting in the Omaha Transit Agency receiving approximately \$116 from a home assessed at \$100,000. Is this a practical assumption to make? Maybe using historical data this appears practical but considering today's economy it seems very unlikely. This is corroborated by a recent article published by the *Omaha World Herald*, "Property Tax Hike Looks Unlikely."³⁶ The City Council is looking for all possible budget cuts to avoid increasing property taxes.

2. Annual increases in Farebox Revenues of 2.7%
 - a. The anticipated Real Growth in GDP for the United States until 2030 is approximately 2.1%, growth adjusted for inflation, indicating that their projections intend to outpace the rest of the United States.³⁷ This is a plausible assumption because their current fares are so low that it allows for potential increases resulting in additional revenues. Also, their plans have indicated a desire to induce demand, which would likely increase transit revenues.

3. Annual increases in federal funds of 1.5%
 - a. This assumed increase is a complete farce and is backed up by no research. It appears that the number was pulled out of thin air. During 2010-2020 the projected decrease in output for general nondefense government except for compensation and consumption of fixed capital is -.8%. This indicates that either government spending is decreasing in areas like transportation or transportation agencies are becoming more inefficient, which is hard to believe. The annual increases should be changed to a 0% increase until 2020, and possibly reduced at a rate closer to -.8% to be conservative.

4. Annual increases in contract services of 1.5%
 - a. This growth rate is plausible based on historic data and it does not outpace real GDP growth. This annual increase is contingent on too many variables, which makes it incredibly difficult to forecast.

5. Annual increases in state aid of 1.5%
 - a. This growth rate does not seem acceptable based on qualitative observations. However, this is contingent upon many variables making it difficult to analyze

Endnotes

1. Omaha Master Plan. Transportation Element. Omaha : s.n., 2011.
2. Omaha Master Plan. Transportation Element. Omaha : s.n., 2011. Page 34
3. Omaha Master Plan. Transportation Element. Omaha : s.n., 2011. Page 8.
4. Omaha Master Plan. Transportation Element. Omaha : s.n., 2011. Page 35.
5. Omaha Master Plan. Transportation Element. Omaha : s.n., 2011. Page 35.
6. A transit mode comprised of rubber-tired passenger vehicles operating on fixed routes and schedules over roadways.
7. A transit mode comprised of passenger cars, vans or small buses operating in response to calls from passengers or their agents to the transit operator, who then dispatches a vehicle to pick up the passengers and transport them to their destinations.
8. Transportation service provided to a public transit agency or governmental unit from a public or private transportation provider based on a written contract. The provider is obligated in advance to operate public transportation services for a public transit agency or governmental unit for a specific monetary consideration, using its own employees to operate revenue vehicles.
9. Douglas County Clerk. Douglas County Clerk. [Online] [Cited: June 7, 2012.] : <http://www.douglascountyclerk.org/images/stories/tax/TaxRate%20Rate%20comparison%20by%20Douglas%20County%20Political%20Subdivisions.pdf>.
10. Omaha Transportation Master Plan. Plan Prioritization. Omaha, Nebraska : s.n., September 15, 2011.
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12. This ratio focuses on passenger fares compared to operating expenses, excluding operating revenue, such as contracts, from calculation.
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900 South 74th Plaza

Suite 400

Omaha, NE 68114

402.452.3737

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