

FOR ACTION

AGENDA ITEM F.2

MEMORANDUM

TO: Chairperson and Members of the Board of Directors

FROM: Richard G. Walsh, General Manager

DATE: November 19, 2009

SUBJECT: Consideration of a Resolution Directing the Submittal of a Proposition to the Voters to Authorize the Collection of Additional Sales and Use Tax for Public Transportation

RECOMMENDATION

The Executive Committee met on November 12, 2009 and recommended that the Board of Directors support the approval of draft Resolution No. 230-09 directing the submittal of a proposition to the voters on August 17, 2010 to authorize the collection of an additional two-tenths of one percent (0.2%) sales and use tax effective January 1, 2011 in order to maintain and improve public transportation service in Whatcom County.

BACKGROUND

Staff presented the draft 2010 WTA Budget to the Executive Committee on November 12, 2009. In order to address the fiscal impact of decreased sales tax revenues due to the current recession, this proposed budget includes two service reduction options – one of ten percent and another of fourteen percent. The Executive Committee discussed a third option of presenting a sales tax increase proposal to local voters within the boundaries of the WTA Public Transportation Benefit Area (PTBA).

Since 2008, WTA has been sustaining services by drawing down undesignated cash reserves. This draw from reserves cannot be sustained indefinitely. See attached cash flow chart showing projected diminished reserve balances with current service level as well as with each of the 2010 reduced service budget options. Staff has included numerous cost saving initiatives in the proposed 2010 budget. These economies will be applied regardless of the tax or service options.

WTA currently collects 0.6% sales tax to fund transit services. This rate was approved by voters in March 2002. RCW 82.14.045 defines the sales and use tax authority of a public transportation benefit area to be established by an authorizing proposition of a majority of voters at a rate from 0.1% to not more than 0.9%.

WTA staff has evaluated the impact of potential tax increase amounts on expenses related to continuation of current service levels. See attached cash flow chart which

shows projected cash in all reserve funds with each of the potential sales tax increase options applied, i.e. 0.1%, 0.2%, or 0.3%. Staff recommends consideration of a 0.2% sales tax increase to assure long term sustainability of current WTA service levels.

Possible ballot dates in 2010 include February 9, May 18, August 17, and November 2. The Whatcom County Elections Supervisor projects the cost of a county wide ballot on the two earlier dates, (February 9 and May 18), to be in the range of \$110,000 – \$120,000. August 17 and November 2 are the primary and general election dates which would allow election costs to be shared among other countywide races. The cost of a WTA ballot issue on these two dates is projected to be \$20,000. If this ballot issue goes forward, it is staff's recommendation that it be held on the primary election date of August 17, 2010.

Resolution No. 230-09 directs the submittal of a proposition to the voters on August 17, 2010 to authorize WTA to impose an additional 0.2% sales and use tax effective January 1, 2011 in order to maintain and improve public transportation service in Whatcom County. If approved by the voters, this proposition will revise the sales and use tax rate authorized for WTA to 0.8% which will effectively replace the lost revenue WTA experienced as a result of the current recession. This will permit the agency to maintain existing service levels and to be responsive to limited additional service needs as growth in the community may dictate in the future. If the proposition were rejected, the agency would need to proceed with implementation in January 2011 of the 14 percent service reduction plan currently drafted with additional service reductions likely by 2014.

In compliance with Washington State Public Disclosure Commission regulations, WTA staff is prohibited from using any WTA time, facilities, or financial resources in support of the proposition. It can, however, provide objective information regarding the impact of the ballot decision.

Elected officials, including members of the Board of Directors, are free to take a position regarding a ballot issue. If the Board wishes to consider taking a formal position, it must allow equal time for public comment in opposition to the Board position.

FISCAL IMPACT

If the proposition is approved, the additional two-tenths of one percent sales and use tax would generate an estimated \$6,000,000 annually.

The Whatcom County Auditor's Office estimates the cost of an election to range from \$20,000 to \$30,000 depending upon the number of other issues sharing space on the ballot.

RESOLUTION NO. 230-09

**A RESOLUTION OF THE WHATCOM TRANSPORTATION AUTHORITY
PURSUANT TO RCW 82.14.045 PROVIDING FOR SUBMISSION TO THE
ELECTORATE OF THE WHATCOM PUBLIC TRANSPORTATION
BENEFIT AREA A PROPOSITION TO IMPOSE AN ADDITIONAL TWO-TENTHS OF
ONE PERCENT SALES AND USE TAX**

WHEREAS, the Whatcom Transportation Authority (WTA) is a public transportation benefit area (PTBA) in accordance with the procedures established by Chapter 36.57A RCW; and

WHEREAS, a public transportation benefit area is authorized by RCW 82.14.045 to impose a sales and use tax not to exceed a rate of nine-tenths of one percent to provide funds for the operation, maintenance, or capital needs of public transportation systems, if approved by a majority of the voters in the public transportation benefit area;

WHEREAS, the Whatcom Transportation Authority currently imposes a sales and use tax at a rate of six-tenths of one percent, which has been approved by the voters;

WHEREAS, the Whatcom Transportation Authority is unable to maintain current levels of public transportation services at the six-tenths of one percent tax rate to fund the operation, maintenance, and capital needs of the Whatcom Transportation Authority;

**NOW, THEREFORE, BE IT RESOLVED BY THE WHATCOM
TRANSPORTATION AUTHORITY THAT:**

Section 1.
There shall be submitted to the electorate of the PTBA on August 17, 2010, a proposition authorizing the increase of two-tenths of one percent in the rate of sales and use tax imposed by the Whatcom Transportation Authority under RCW 82.14.045 effective January 1, 2011.

Section 2.
As required by RCW 82.14.045, this increase would be used for the sole purpose of providing funds for the operation, maintenance, and capital needs of the Whatcom Transportation Authority.

Section 3.
The Whatcom County Auditor is requested and directed to place upon the ballot for August 17, 2010 a proposition as follows:

Shall public transportation services in Whatcom County be maintained and improved by authorizing the Whatcom Transportation Authority to impose an additional two-tenths of one percent (0.2%) sales and use tax effective January 1, 2011?

Yes []

No []

Section 4.
A copy of this resolution shall be transmitted forthwith to the Whatcom County Auditor.

PASSED in Open Public Meeting, by the Whatcom Transportation Authority on November 19, 2009.

WHATCOM TRANSPORTATION AUTHORITY
WHATCOM COUNTY, WASHINGTON

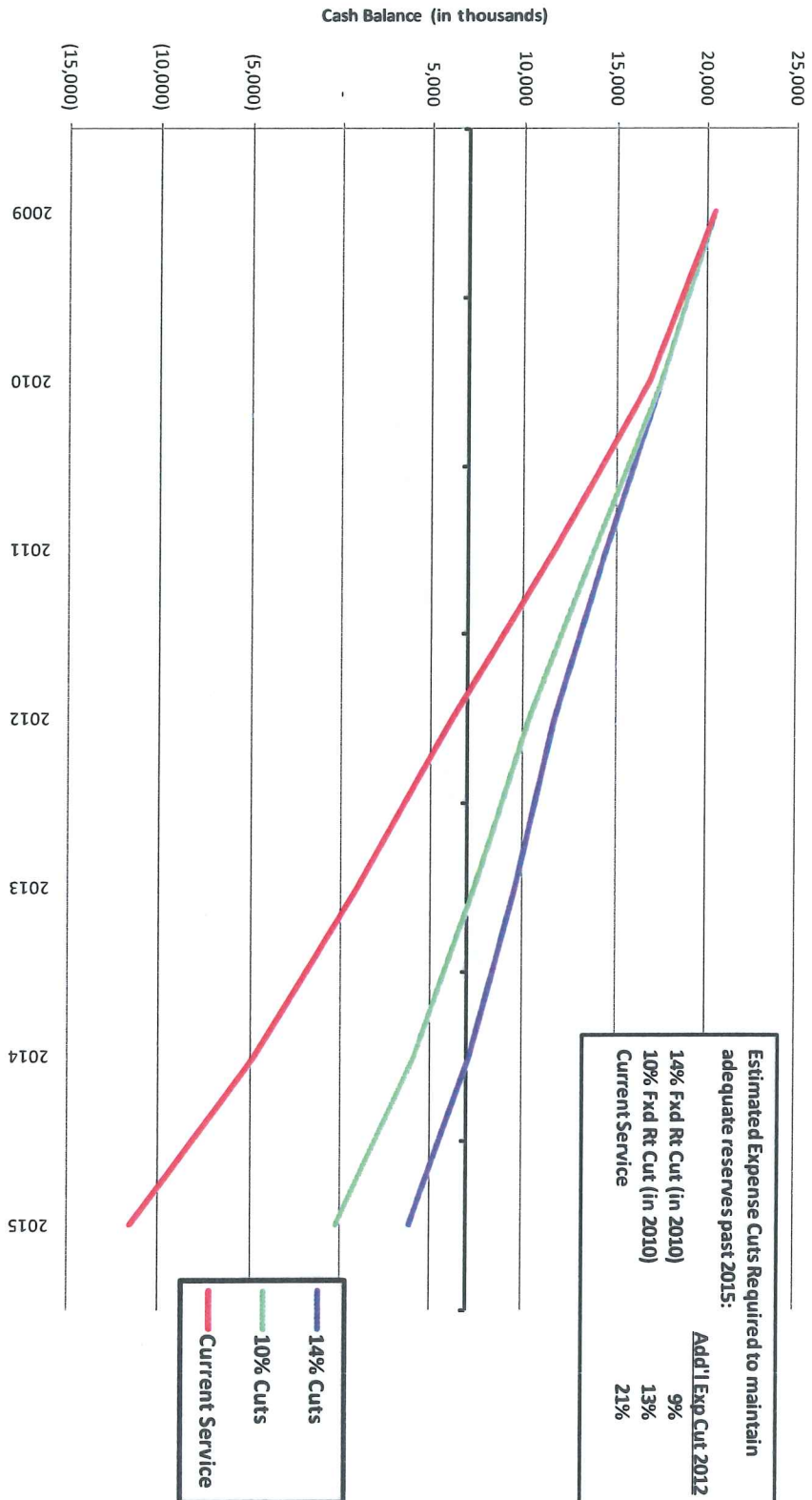
SETH FLEETWOOD, CHAIRPERSON

ATTEST: APPROVED AS TO FORM:

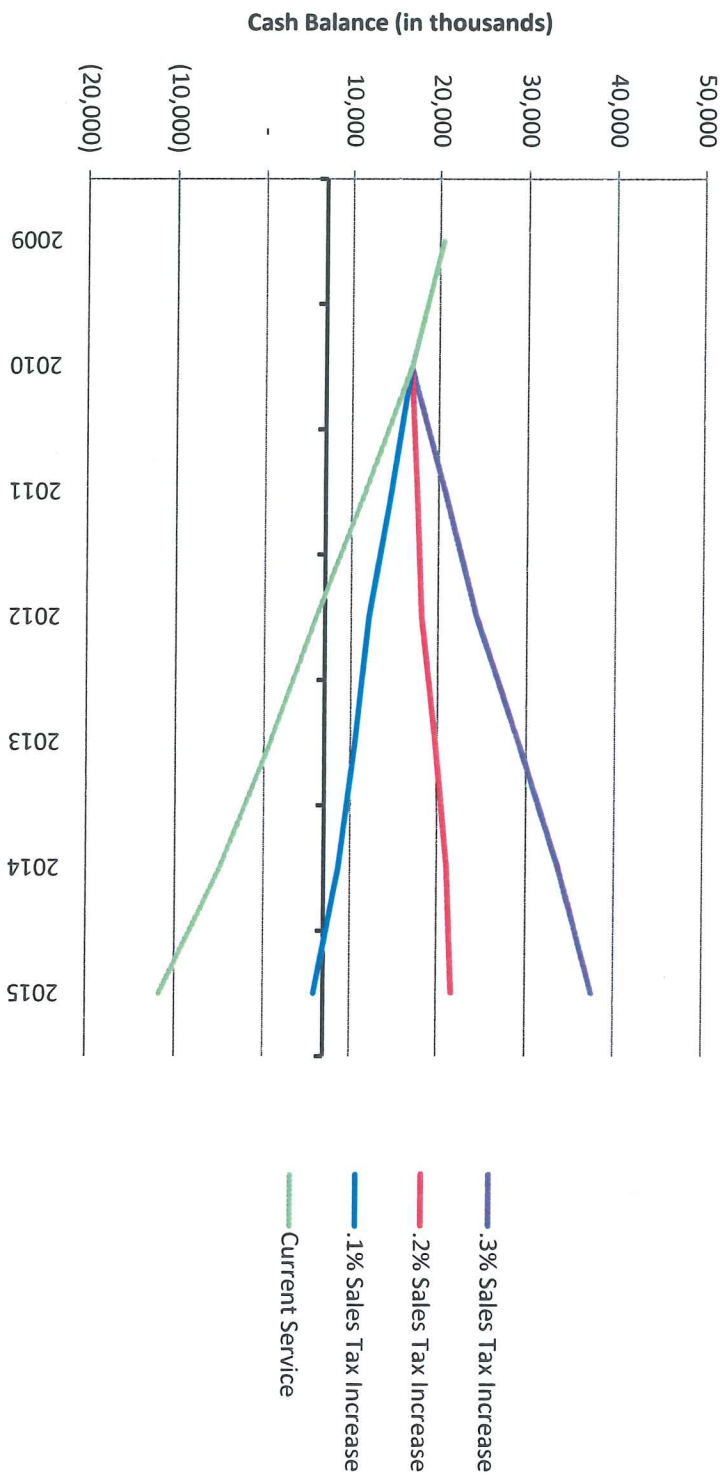
VICKI G. ESSER
CLERK OF THE BOARD

RICHARD J. LANGABER
COUNSEL TO THE AUTHORITY

**WTA
Cashflow
2010 Budget Options**



WTA
Cash: All Funds
Current Service with Sales Tax Increase Options



AGENDA ITEM H.1

FOR INFORMATION

MEMORANDUM

TO: Chairperson and Members of the Board of Directors

FROM: Richard G. Walsh, General Manager

Paul Schramer, Director of Operations

Steve Clancy, Director of IT

Pete Stark, Director of Fleet and Facilities

Kimberly Somers, Director of Human Resources

Rick Nicholson, Director of Service Development

Patricia Dunn, Director of Finance

Maureen McCarthy, Manager of Community Relations and Marketing

DATE: November 19, 2009

SUBJECT: Third Quarter 2009 Performance Report

I. Financial Data

WTA			
Statement of Revenue & Expenditures			
Year to Date at September 30, 2009			
	Actual	Budget	Variance
Sales Tax Revenue	12,724	15,710	(2,986)
Operating Revenue	1,423	1,324	99
Other Revenue	5,928	5,871	57
Total Revenue	20,075	22,905	(2,830)
Operating Expense	16,473	18,195	(1,722)
Income before Depreciation	3,602	4,710	(1,108)
Depreciation	2,691	2,294	397
Net Operating Income	911	2,416	(1,505)

(in thousands)

II. Gillig Fleet vs. Orion Fleet

	Gillig (2007s)	Orion (mid-90s)	Comments
Labor	4.86 hours/ 1000 miles	6.55/1000 miles 35 ft coach 8.09/1000 miles 40 ft coach	Gillig labor cost is 25% - 40% lower
Parts Cost per Mile	\$0.11 per mile	\$0.32 per mile	Gillig Parts cost is 65% lower
Utilization	40,400 miles	34,700 per mile	Gilligs provide 16% more service per coach
Fuel Economy	4.8 mpg	4.2 mpg	Gilligs get 14% better fuel economy

III. Year to Date Performance Data

