

Jefferson Transit Authority Board

2019 Budget Workshop Minutes

Tuesday, November 6, 2018, 1:30 pm

63 4 Corners Road, Port Townsend, WA

CALL TO ORDER/WELCOME

The meeting was called to order by Jefferson Transit Authority (JTA) Board Chair David Faber at 1:32 pm. Other members present were David Sullivan, Kathleen Kler Ariel Speser and Kate Dean. A quorum was present

STAFF PRESENT

General Manager Tammi Rubert, Finance Manager Sara Crouch, Fleet & Facilities Manager John Bender, and Executive Assistant/Clerk of the Board Laura Smedley.

2019 BUDGET PRESENTATION

Tammi Rubert welcomed the Board to the Budget presentation. The staff has developed 2019 goals for review and approval by the Board. These are goals presented for review in advance of the approval of the budget to allow staff the opportunity to incorporate funding associated with the process.

Kate Dean entered the meeting at 1:35 pm

Sara Crouch welcomed everyone and began her presentation on the 2019 Budget. She began the workshop by reading JTA's Mission Statement; "To Provide reliable, safe, comfortable public transportation service in Jefferson County which is cost-effective, reduces energy consumption and contributes to the cultural and economic betterment of the residents of Jefferson County.

Please see the 2019 Budget Presentation available at www.jeffersontransit.com for presentation details.

After explaining the reserve fund status and policies, Ms. Crouch stated with the exception of the Operating fund balance just described (page 5), these Policy driven funds are used for specific purposes. The funding requires Board approval to use. If it is used for any other purchase than it's intended purchase, this must also be Board approved.

The following questions were asked during and following the 2019 Budget Presentation:

- To clarify on the Capital reserve, the maximum level that we can currently have is \$4,279,300. Is JTA aiming to hit the maximum?
 - Yes, you are correct.
- These different reserves are dedicated reserves that do not flow between accounts.
 - The Board can decide to move money from one reserve to the another. The only caveat to that is we could not take money from the Capital fund and put into an Operational fund. Once it's in the Capital Reserve, it stays in the Capital Reserve. Although, JTA could take the Capital Reserve funding for the Vehicle Reserve or the Technology Reserve and move it over to the Capital Reserve. So, instead of funding a full-sized bus, we could fund a grand fund match in the Capital Reserve if we didn't have that money.
- Do any of the other accounts have maximum amounts like the Capital Reserve?
 - The Operational Reserve has up to three months expenses, so that would be the three months budgeted expense reserve. The idea for the Vehicle Replacement Reserve is four years to buy a bus, so it would go back down. I would say a maximum of \$500,000, but it doesn't have a cap per se.
- Are online sales helping the sales tax?
 - Unfortunately, it is difficult to determine how much of the retail sales tax is related to online sales. We are seeing increased sales tax for this year. The increase in July 2018 is construction related.
- What are your sales tax projections for 2019?
 - JTA is looking at 6.8% over the 2018 budgeted amount. We actually broke \$500,000 for the first time in the history of JTA last month.
- Can you help me understand the "what if" page where it says 2012 actual total sales tax at \$3,284,165.67?
 - That is the actual sales tax money JTA received. It is the first year JTA was at .09% sales tax rate for the entire year. Potentially, in a recession, we could go back to that amount because that is at the full sales tax rate.
 - Remember that 2012 was the first full year that we received the increased sales tax. What if we saw a few years of declining sales tax? On page 10 of this presentation is our five-year outlook. This is usually a very positive page, but the "what if" scenario shows a negative outlook, however, there is a reason for looking at this. It shows that if we received similar sales tax in a reversing trend with the exact amounts received for sales tax from 2015 to 2012, we would run into issues within about three years. Remember our sales tax

increases have been from retail sales and construction. These are the first areas to trend downward in a recession. People stop buying luxuries, they don't travel as much, and new construction is put on hold. In this example, the recession hits in 2020, but we can weather the storm because we have sound reserve policies. However, we are seeing \$108,570 as our reserve fund transfer at the end of this year, and \$100,000 automatically goes to the Capital Reserve, because that is how our Policy is written, the Capital Reserve gets funded before anything else, and then we would have \$8,500 going into our Operational Reserve, not the amount we need, but we are still in good shape. As the 2020 sales tax trend continues downward, we are seeing the decline and biting into the Operational Reserves, and that's leaving our balance here, but we are not funding the Capital Reserves. As you go on to 2022, and at this point, we are going to have to seriously look at cutting service. We are continuing to see the downward trend. We couldn't fund our Capital Reserves again. And we are running out of money to fund bus replacement. We still have to put service on the road, but it is hard to do without buses. My intention here isn't to scare the Board or the public; it's to say this is how fickle sales tax can be and why I have to be conservative when I budget. We are in a positive position because we have been fiscally responsible. We had to build a new facility in the middle of an economic downturn. We've added service, but done it responsibly. The budget we are presenting today maintains the responsible use of taxpayer dollars while keeping an eye towards the future.

- We are helping other districts with fueling, maintenance, storage. Can the 3rd maintenance bay be shared when it is built?
 - We are partnering with East Jefferson Fire and Rescue (EJFR) for fueling. They contributed funding toward the fueling system. We are discussing a potential partnership with the PUD. They have requested that JTA maintain their vehicles. We did reach out to the school districts before we built this facility to see if they would be interested in some type of partnership, and they were not.
- Is PUD going with electric vehicles?
 - JTA requested an updated vehicle list from the PUD, and they have not gone that path yet. We did start the conversation with them to see if they could provide enough electricity for us to completely electrify our entire fleet.
- What is the % increase in the rent at the school district facility in Forks?

- This year it was just under 9%, last year it was 2-4%. The rent is a little over \$1400/month. They also do all of our regular maintenance such as oil changes and tire rotation, with a fee for each service. This increase has regenerated discussions with Clallam Transit. Clallam Transit is interested in partnering to build a shared facility.
- What is the timeline on the Haines Place restroom?
 - Approximately 6 to 9 months. It is a prefabricated building, so the work is mainly the utilities and permitting.
- Thank you for being conservative considering the sales tax projections.


In two weeks the Budget Hearing will be held on November 20th. We have scheduled an executive session for that meeting also.

ADJOURNMENT

The meeting was adjourned at 2:17 p.m. The next regular Authority Board meeting will be held Tuesday, December 18, 2018, at 1:30 p.m. at 63 4 Corners Road, Port Townsend.



Laura Smedley, Clerk of the Board



Date