

Inquiry of agency responses to the decline in sales tax.

Information compiled on November 17, 2008

The Question: How is your agency responding to the decline in sales tax (i.e. increase fares, decrease service, decrease staff)? How are you timing this response and what is your approximate scale of planned changes?

Ben Franklin Transit says...At Ben Franklin Transit our sales tax as of 10/31/08 are up by 2.2% compared to 2007 but budget we are down 1.5%. For our 2009 Budget we are using a 3% sales tax increase, but will be monitoring it very close. We did an increase in vanpool fares 11/1 of 5% and anticipate another increase midyear 2009 along with a general fare increase for other services. With regards to service reductions we had reduced our Night Service Budget by \$245,000 for 2009 (with the enactment of a surcharge after 11 p.m. of \$1.25 effective 11/1/08) and for the future if sales tax continues to decline we will look at reducing or eliminating our contracted services for Night, Sunday and Finley services. Regarding staff we have only one new position in our 2009 Budget, vanpool customer service at midyear, and this will depend on the size of the fleet at that time whereas in the 2008 Budget we had a fiscal support position that wasn't filled, and 2 operations supervisor and HR specialist position that would be hired depending on the sales tax which was reviewed at midyear 2008 and the position were not filled.

Clallam Transit says...Clallam Transit has experienced a 13% month over month decline in sales tax revenue since June (it started in March, which is really January collections). Our Board members are comfortable with a projection of flat sales tax revenue in 2009. Like Spokane, we have sufficient reserves to maintain the current level of service through 2010, plan on deferring funding capital reserves for one year, and will revisit the economic outlook half way through 2009. At that time we may contemplate fare increases, but plan to avoid service reductions (fixed route ridership is up 30% over prior year). We will be finalizing a long term comprehensive plan in early 2009, which will probably result in some service realignment, as well as some recommendations for fare adjustments.

C-Tran says...We are increasing fares, using 5307 formula funds for preventative maintenance, and pulling from our capital reserves-delaying capital projects. Our Board has decided that it is important to maintain our existing level of service now, when the demand is increasing. Should we be in the same position in 2010, we will likely go out for a sales tax increase - we are currently at 0.5%.

Grays Harbor Transit says...Grays Harbor Transit has experienced a 9% increase in tax revenue over 2007 to date. However with the current economic state we are not projecting an

increase for the 2009 budget. Our plan is to use from reserves to maintain the current level of service and reevaluate for 2010.

Intercity Transit says...Intercity Transit's sales tax receipts for 2008 are down 4.4% from budget and are trailing 2007 receipts by 3% - or just about \$1 mill less than we anticipated. My board just authorized a fare increase from \$0.75 one way and \$1.50 all day to \$1.00 one way and \$2.00 for an all day pass. They also increased our vanpool fares by 18% which will mean that our fares and Pierce Transit's vanpool fares are comparable. Even with these fare increases and a general ridership increase of approx.15% during 2008 we are projected to go completely broke mid-2013. Having said that we are not panicking **YET**. We are hoping that 2009 or even 2010 sales tax revenue perks up, fuel costs stay down (and semi-constant), and the board is tossing around the idea to go out for additional sales tax but that has not been decided. Worst case – economy stays in the tank – no additional sales taxes – fuel costs escalate again - we plan to cut service in 2011 at the latest and maybe as early as mid-2010. Best case – we weather the storm and do not have to cut any service.

Island Transit says...We have always planned conservatively. But in finalizing the 2009 budget, this is the first time in the ten years I've been here that we've had to radically slash budget line items. We are maintaining wages and benefits, so no service cutting at this time, but other expenditures are being tightened up.

Kitsap Transit says...Kitsap Transit's Sales tax has declined approximately 5.75% year over year through August 2008 or approximately \$1.7 million if extrapolated through year end 2008. Kitsap Transit is currently budgeting zero sales tax growth in 2009. This coupled with standard increases in operating expenses due primarily to COLA, health benefits, PERS, and fuel (to a lesser degree now); Kitsap Transit was projecting a budget deficit of approximately \$4.5 million with immaterial reserves to speak of. Consequently, Kitsap Transit is proposing select fare increases coupled with select reductions of service and employees to take effect in the first quarter of 2009 in order to achieve a balanced budget for the year. Additional changes will need to be considered if sales tax revenues continue to decline.

Link Transit says...Link's 2008 sales tax collections is dead even with last year's sales tax collections. Retail sales are down 6%, manufacturing is down 36%, but construction is up 25%. For 2009 we did not budget an increase in sales tax revenue, however there are several large construction projects schedule for 2009 that may kick it up a bit. To help offset the loss in sales tax, we are implementing an increase in fares beginning in January, which is anticipated to bring in approx. an additional \$300,000 and we have frozen all wages for 2009. Operating grants make up 17% of our operating budget and we are hopeful that the grants through the DOT will be renewed at the same amount for the next grant cycle 2009-11. We are planning on going out for a sales tax increase in 2009 for the first time, we are currently at 4/10th and we are not sure if it will be 1/10th, 2/10ths or 3/10ths. If we do not pass a sales tax increase and if sales tax revenues do not recover, we will more than likely see service cuts in 2010. Our reserves are not where

they should be and to start funding the reserves adequately, we must have more money or less expenses.

Pacific Transit says...Our sales tax is up approx. 16% and we are not planning to cut any service. Next year our sales tax will probably be flat or a little lower.

Spokane Transit says...Spokane Transit has experienced a sales tax decline of -2.4% YTD, contrary to a 2008 budget growth estimate of +3.5%. We are planning to budget a -3.5% sales tax decline again in 2009. This will result in approx. \$2.7 M less revenue in 2008 and even greater in 2009. Because we have reserves available, the Board seems to be supportive of sustaining current services in 2009, while deferring significant capital projects to 2011 and beyond. They are considering fare increases in 2010, 2011, and 2015. Additionally, they are supportive of a 4% service reduction in 2010; with up to a 21% service reduction in 2011, if additional revenues are not found or the economy does not rebound.

Twin Transit says...We have just experienced a downturn in sales tax after year to date our tax was up 11.2%. We believe FEMA spending was involved in keeping our sales tax up due to flood last year, and now the economy downturn has hit us. If service reduction is necessary, we will cut weekend paratransit service and eliminate our intercity route between Chehalis and Centralia for ½ hour to 1 hour service, only if sales tax reduction continues. We are budgeting break even for 2009.

Valley Transit says...We have not had a decline this year. We did last year. Our board chose to use reserves to fund our projected 09 deficit while we wait approximately six months to see what the local economy is going to do. If revenues tumble we will institute a service reduction plan.

Whatcom Transit says...The current version of the WTA 2009 budget predicts flat-line sales tax collections equal to predicted "actual" 2008 collections. This prediction is about 6 weeks old however. Our most recent sales tax deposit was 5% less than predicted and at this time we are beginning to believe that a flat-line assumption for 2009 is not conservative enough. Our current 2009 draft budget and long-range financial plan indicate a \$780,000 loss from operations in 2009 raising to a operating loss of \$3,190,000 in 2013 using current (perhaps unrealistic) predictions of sales tax collection. There is no service reductions anticipated during this period. We have adequate reserves through 2013. During 2009 a review of WTA fare will be conducted with an anticipation of a fare increase. The above predictions could change significantly if the economy in Whatcom County deteriorates further than anticipated.

Yakima Transit says...Yakima Transit's sales tax is up 4.6% over 2007. Our sales tax in 2009 is forecasted to be 7.8% over 2008. There are no plans to cut back.