

WTA

On April 27th, 2010, a ballot measure (Prop. 1) will ask Whatcom County residents to vote on whether or not to increase sales tax by two-tenths of one percent—two cents on a ten-dollar purchase—to maintain and improve public transportation services.

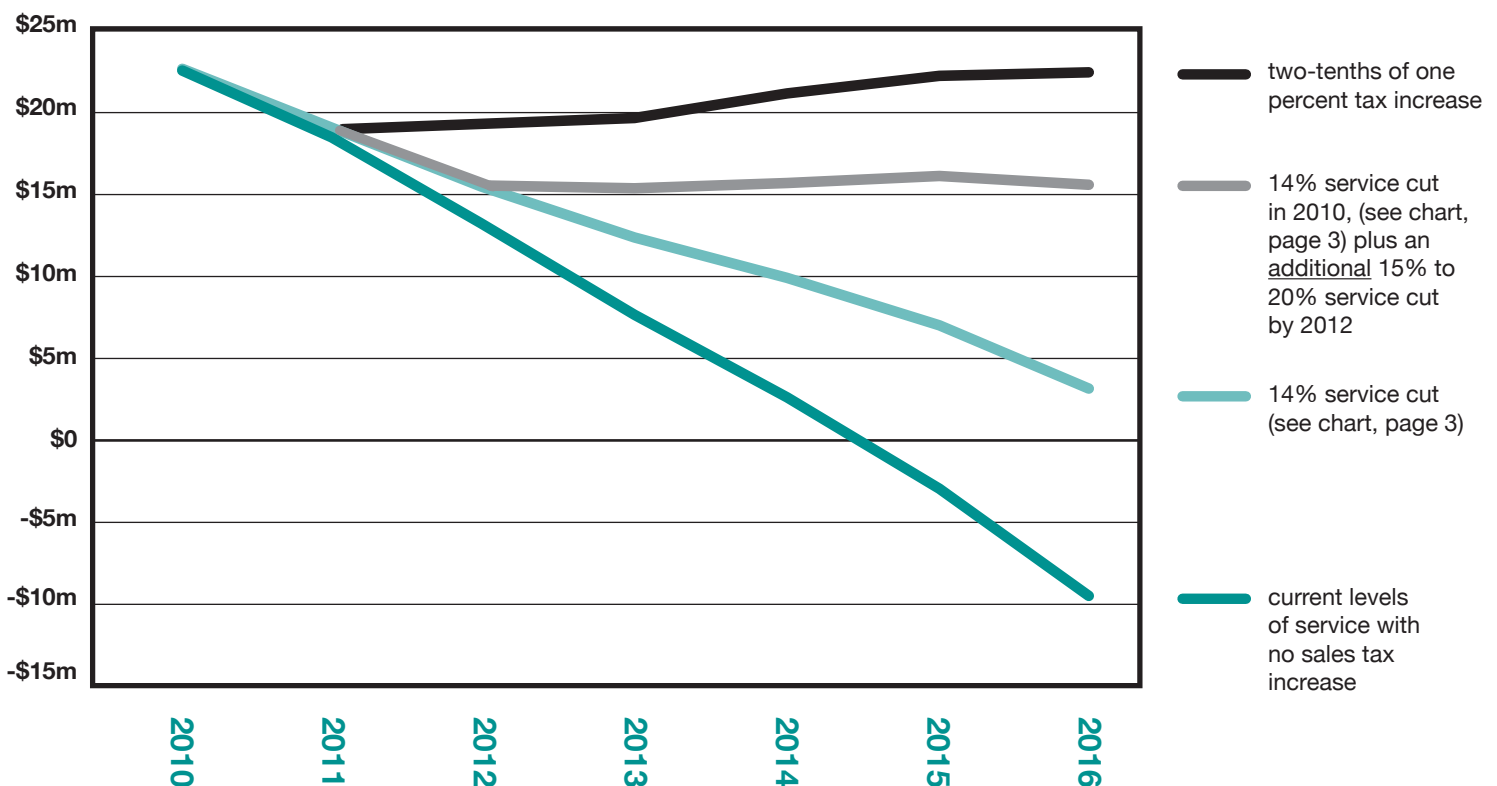
If you'd like more information, contact Maureen McCarthy at 360-527-4718 or maureenm@ridewta.com

Why is WTA seeking a sales tax increase?

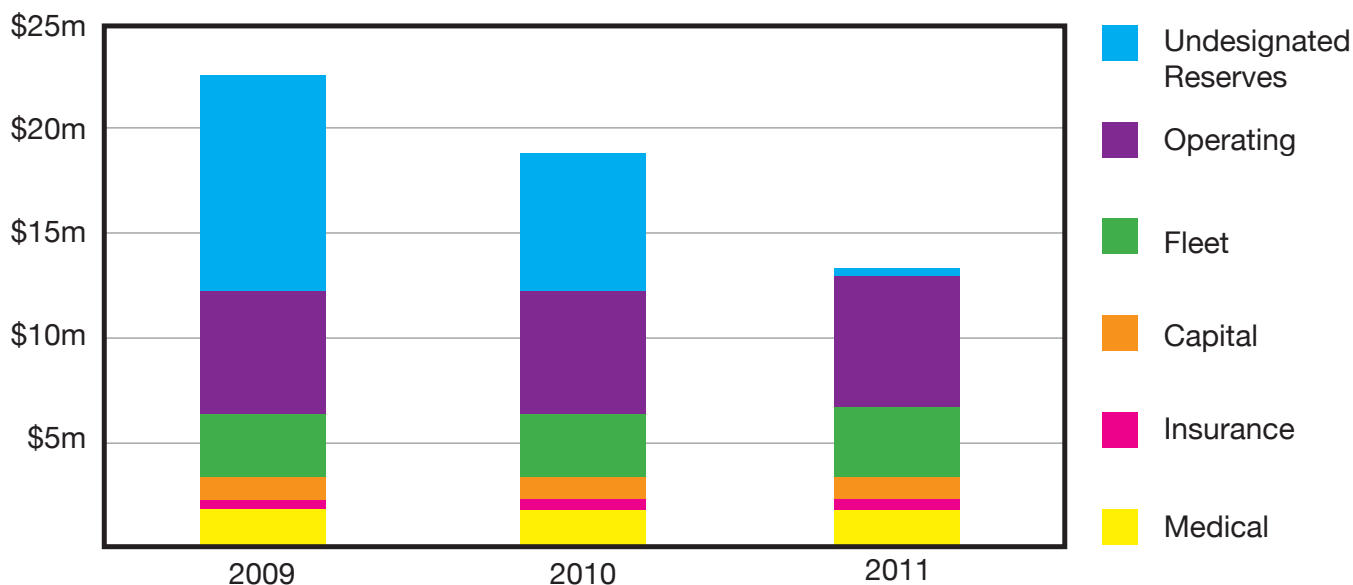
90% of WTA's operating revenue comes from local sales tax. WTA currently collects six-tenths of one percent sales tax—six cents on a ten-dollar purchase. Sales tax revenues have decreased significantly since 2007, due to the economic recession. From 2007 to 2009, undesignated reserve funds allowed WTA to maintain service as ridership was rapidly increasing. (According to the Federal Transit Administration, in 2008 WTA had the highest ridership increase in the nation. Ridership continued to increase in 2009.)

WTA has been drawing down its undesignated reserve fund since late 2007. **Given current sales tax projections, WTA's undesignated reserve fund would be fully depleted by the end of 2011.**

WTA Cashflow Chart



Projected WTA Reserve Fund Balances*



*Based on current projections that Whatcom County retail, new car and construction sales will increase at about 3% through 2015.

What does WTA need reserve fund balances for?

Transportation is capital intensive and has a high fixed cost. Reserve fund balances are maintained for the following:

- Undesignated reserves are saved up during a strong economy and used to maintain service during an economic downturn.
- Operating reserves are designated for month-to-month variations in sales tax revenues and operational expenditures such as fuel, payroll, parts, utilities, etc. They are also used for capital expenditures (primarily fleet replacement) prior to grant reimbursements. WTA Board policy requires a minimum \$6 million in operating reserves.
- Fleet reserves are designated for planned replacement of fixed route buses, Specialized Transportation mini-buses and support vehicles.
- Capital reserves are designated for maintaining and improving major equipment, facilities, and I.T.
- Insurance reserves are designated for potential uninsured claims.
- Medical self-insurance reserves are designated for employee medical insurance claims.

If sales tax is not increased by two-tenths of one percent, what would happen next?

In May 2010, WTA would host a public hearing to receive comments on a proposed 14% service cut. (See chart, page 3). Service cuts would take effect in fall of 2010. An additional 15 to 20% service cut would be implemented by 2012.

Proposed 14% fixed route service cuts for Fall 2010:

ROUTE	WEEKDAY	SATURDAY	EVENINGS
3 Maplewood	dropped	dropped	n/a
4 Hospital	dropped	dropped	n/a
15 Cordata	n/a		last trip dropped
23 Deemer	dropped	dropped	n/a
24 Cordata	cut by half	cut by half	last trip dropped
25 X Lynden Express	dropped	dropped	n/a
26 Lynden	service cut to Main St./Pine St.		n/a
27 Ferndale	service cut to LaBounty Dr. and Vista Dr. (northbound)		n/a
80X Shuttle	dropped when no WWU	dropped	n/a
10 Birchwood	no change	no change	dropped
401 Fairhaven	no change	cut by half	n/a
55 Blaine/Birch Bay	cut by 1/3	cut by 1/3	n/a

All Sunday service would be eliminated.

**This includes fixed route service and Specialized Transportation.
An additional 15 to 20% service cut would be implemented by 2012.**

If the economy improves, would WTA still need the two-tenths of one percent sales tax increase?

- Yes. WTA projects that Whatcom County retail, new car and construction sales will increase at about 3% annually through 2015.
- At the current six-tenths of one percent sales tax rate, WTA sales tax revenues would not reach 2007 collections levels until about 2015—an eight-year recovery period. This does not factor in inflation.
- A two-tenths of one percent sales tax increase would allow WTA to maintain current service levels and maintain adequate reserves.