

Amy Harvey

From: Roger Stancil
Sent: Monday, May 28, 2018 12:44 PM
To: Allen Buansi; Donna Bell; Hongbin Gu; Jeanne Brown; Jess Anderson; Karen Stegman; Town Council; Michael Parker; Nancy Oates; Pam Hemminger; Rachel Schaevitz; Roger Stancil; Ross Tompkins
Cc: Ken Pennoyer; Amy Oland; Matthew Brinkley; David Finley; Sara Hancock; Brian Litchfield; Amy Harvey; Beth Vazquez; Carolyn Worsley; Catherine Lazorko; Christina Strauch; Dwight Bassett; Flo Miller; Lindsey Bineau; Mary Jane Nirdlinger; Rae Buckley; Ralph Karpinos; Ran Northam; Roger Stancil; Sabrina Oliver
Subject: Options for reduction to proposed Transit Fund tax increase

I have reviewed options for reducing the proposed transit tax increase with our Transit Director and Business Management Director. The following is the result of our discussion.

It is important to note that all costs (less University 100% routes) associated with Transit are shared between the funding partners, so any decrease in cost or increase in revenues would lead to adjustments for all three funding partners. Our other funding partners have already agreed to their contribution rates and lowering them would require further discussions with them. Increasing revenues and reducing partner contributions would provide less capacity to handle fuel volatility (we budgeted for a 20% increase, however, market trends are now showing 35%+ increases) and increased fuel costs, or other major unplanned expenditures.

Options:

Advertising Revenue (+/- \$150,000). The current Managers Recommended Budget includes \$150,000 in advertising revenue. Based on feedback from some Council Members, the Council needs to have a policy discussion about whether to continue allowing advertising on the buses. We proposed to have that discussion in the Fall. If the decision is to continue advertising, the Transit Director recommends moving to a third party contract. Preliminary discussions with possible vendors project an increase to \$300,000. If the Council decides to eliminate advertising, we will need to adjust for this loss in revenue.

Other Revenues. The Transit Director believes recent updates in revenue projections from the state and GoTriangle (Orange County Transit Plan) could yield an additional \$40,000 in Vehicle fees from GoTriangle and an additional \$10,000 in state operating assistance.

Health insurance negotiations. While we showed the savings generated by our employee supported changes to our healthcare plan in the General Fund, we did not adjust the transit budget because of the ripple effects with our funding partners. Applying those savings would yield another \$37,000.

If the Council chose to continue advertising and contract the service plus make the revenue adjustment and apply the health insurance savings, we could reduce the proposed transit tax increase to .85 cents instead of the original one cent.