Agenda
City Council Special Meeting
Monday, August 9, 2021
Richland City Hall ~ 625 Swift Boulevard
Zoom - Public Telephone Access: (206) 337-9723 or (253) 215-8782
Meeting ID No. 505 625 7380

This meeting will accommodate virtual and in-person attendance. Those desiring to participate virtually are encouraged to join the meeting via Zoom using the information provided. Fully vaccinated meeting participants and attendees need not be masked. The meeting will be broadcast live on CityView Channel 192 and at https://www.ci.richland.wa.us.

City Council Special Meeting - 6:00 p.m.

Welcome and Roll Call

Items of Business:

1. Discussion to Determine City Council's Position on Proposal for Benton Franklin Transit to Initiate a Referendum Reducing Transit Sales Tax Collection by .10%.
   - City Council

Adjournment

City Council meetings are broadcast live on CityView Channel 192 and online at ci.richland.wa.us

Richland City Hall is ADA accessible. Requests for sign interpreters, audio equipment, and/or other special services must be received 48 hours prior to the meeting by calling the City Clerk's Office at 942-7389.

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 8/9/2021 Agenda Category: Items of Business

Core Focus Area 1 - Promote Financial Stability & Operational Effectiveness

Subject:
Discussion to Determine City Council's Position on Proposal for Benton Franklin Transit to Initiate a Referendum Reducing Transit Sales Tax Collection by .10%.

Department:	Ordinance/Resolution Number:	Document Type:
City Council		General Business Item

Recommended Motion:

Summary:
The purpose of the meeting is to determine the City Council's position relative to the proposal by Benton and Franklin Counties requesting Benton Franklin Transit (BFT) to initiate a referendum reducing transit sales tax collection by .10%. Councilmember Phil Lemley represents the Richland City Council on the Benton Franklin Transit Board and will be voting on this item on Thursday, August 12, 2021.

Per RCW 82.14.045, and with voter approval, Benton Franklin Transit is authorized to collect a sales and use tax to be used solely to fund the operations, maintenance, and capital needs of the Public Transportation Benefit Area. The current voter-approved sales tax collection rate is .60%

Using the 2022 sales tax revenue forecast of $41.6M, BFT has determined the annual impact of the requested reduction in sales tax collection would amount to a loss of revenue of $6.9M, or $39M over five years using a 4.0% revenue growth factor. Attached is information provided by BFT on various scenarios on service capacity and capital improvement planning.

Also included are letters from both Franklin County Commissioners and Benton County Commissioners requesting the referendum on the November ballot. The request, by both County Commissions, is a proposal to allow for an ongoing funding source to build and operate a regional behavioral health facility that is tax-neutral to the taxpayers. If the voters approved the transit rate reduction, both County Commission Boards would implement a new .10% sales tax to support mental health services.

Fiscal Impact:

Attachments:
1. Benton Franklin Transit Information
2. Benton and Franklin County Commission Letters

Ben Franklin Transit

Impact of Sales Tax Revenue Reduction

Presentation Overview

- BFT Timeline
- Funding Profile
- Financial Status
- Impact of Sales Tax Reduction
  - Service
  - Capital Program
  - Service/Capital Program

Rearview Mirror

- **May 1981- 0.3% Sales Tax Voter Approved**
  - Fixed Route Service Initiated
- 1982 Dial-A-Ride Service Initiated
- 1984 Vanpool Service Initiated
- 1997 Benton City and Prosser Operations Added
- 1999 Initiative 695 (Motor Vehicle Excise Tax Repealed)
- **March 2002 -Sales Tax 0.3% Voter Approved**
- 2005 Finley Annexed into PBTA

Rearview Mirror (continued)

- 2008 - 2009 Campus Expansion
- 2010 Great Recession ***No Reserves***
- 2010 Due to population growth, BFT Reclassified from a Small Urban Transit to Large Urban Transit (2012)
- 2012 Additional Federal Administrative Requirements
- **2015 Board Adopts Strategic Plan**
- 2015 Comprehensive Service Plan Study (10 Year Plan)
- 2017 Comprehensive Service Plan Implementation
  - Added 25,314 Revenue Hours
  - Service Hours Extended from 6pm to 8pm
- **2018 Taxi Service Bankruptcy**

Current Initiatives

- 2019 System Changes (Loss of Taxi)
  - Service Hours Extended to 10pm
  - Added Demand Response

- 2020 COVID
  - CONNECT Services Initiated - First Mile/Last Mile (Replaced Taxi Service)

- 2021 Service and System Expansion
  - Metro Frequent Routes (1 & 3) and Sunday Service
  - Additional Revenue Hours 29,000

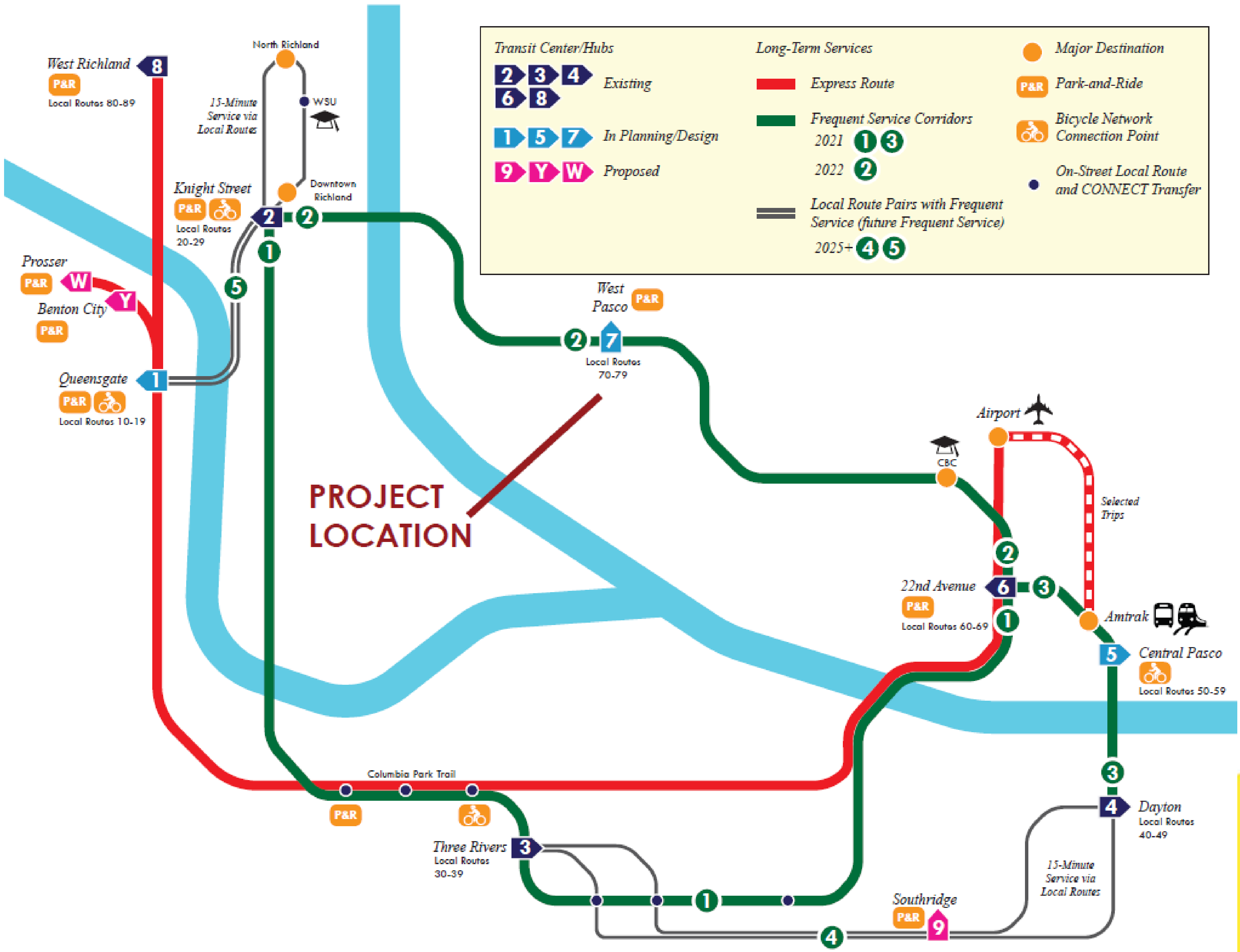
“We’re Going Places”

- 2022 Service Expansion +10,000 Revenue Hours ($1.3M)
- 2022 Capital Program
  - Q1 Queensgate Transit Hub Construction Start
  - Q2 Operations Building Construction Start
  - West Pasco Transit Hub Design
  - East Pasco Transit Hub Design/Construction
- 2023 Service Expansion +9,000 Revenue Hours ($1.3M)
- 2023 Capital Projects
  - Q3 West Pasco Transit Hub Construction Start

“We’re Going Places (continued)

- 2024 - 2026 Service Expansion +45,000 Revenue Hours
  – Utilize New Transit Hubs
  – Route Improvements in Prosser/Benton City
  – Metro Route 2 with West Pasco Transit Hub Completion and Route 3 Extension
  – System Wide Frequency Increase

Future Vision / Transit Hubs



Funding Profile

Funding Profile

Local:

- Fares, Misc.
- Sales Tax – Voter Approved 6/10th of 1.0%

State:

- Regional Mobility – Formula Based/Competitive
- Special Needs – Formula Based
- Vanpool Investment Program – Vanpool Vehicles Only

Federal:

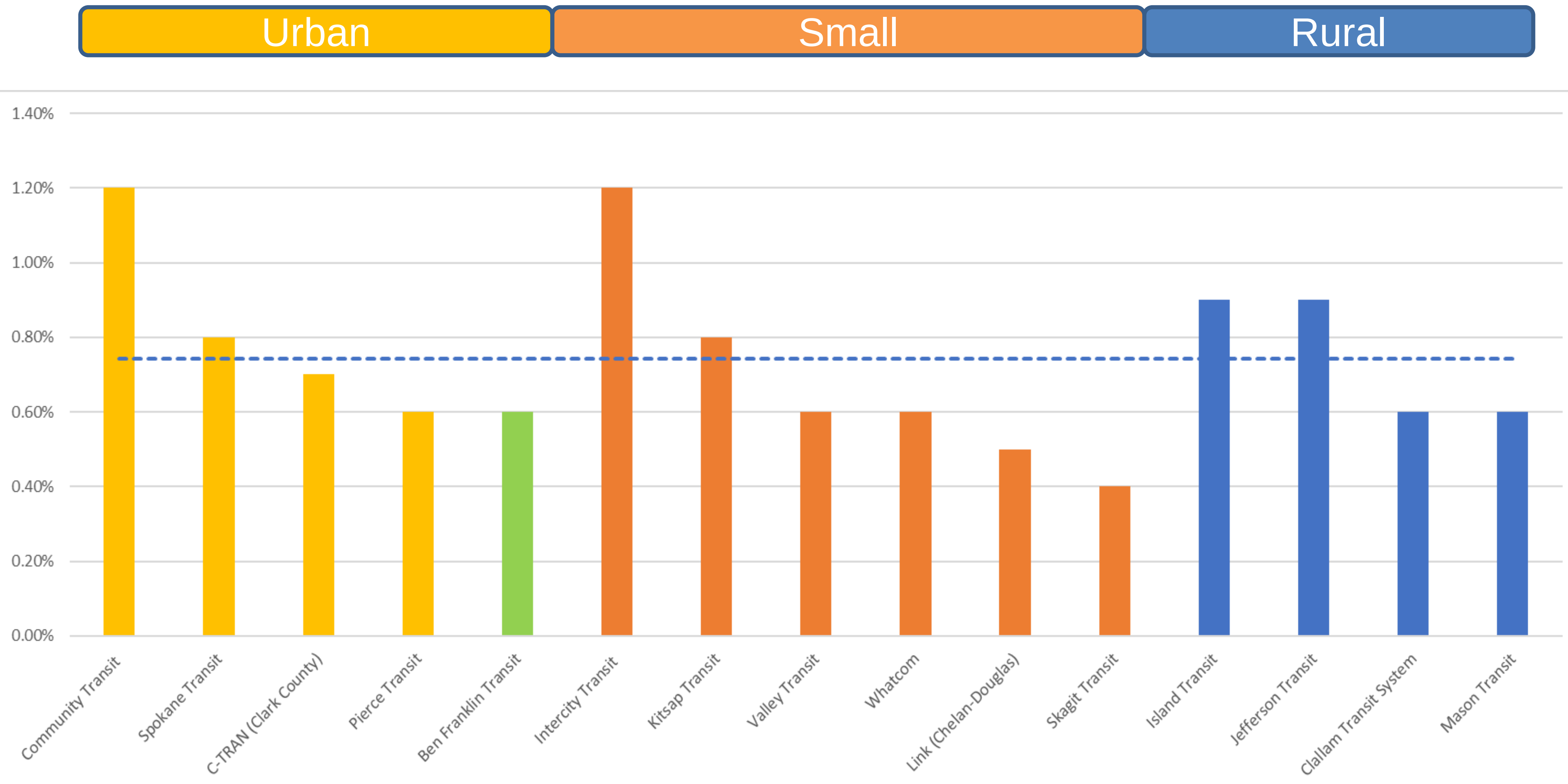
- 5307 – Formula Funding (Population x Population Density x Fixed Route Revenue Miles)
- 5310 – Enhanced Mobility of Seniors/Individuals with Disabilities
- 5339 – Bus and Bus Facilities

BFT Local Funding

FFY	Sales Tax Amount	Sales Tax inc / drc	Fares/Misc Amount	Fares/Misc inc / drc	Total Amount	Total inc / drc
2021*	40,200,000	1.84%	2,572,972	63.69%	42,772,972	4.2%
2020	39,473,663	0.41%	1,571,895	-63.72%	41,045,558	-6.0%
2019	39,311,911	7.41%	4,332,973	-5.61%	43,644,884	11.0%
2018	36,600,000	6.97%	4,590,269	-10.40%	41,190,269	4.7%
2017	34,214,086	3.00%	5,122,944	7.39%	39,337,030	9.1%
2016	33,218,130	8.32%	4,770,268	-11.33%	37,988,398	5.4%
2015	30,667,384	10.06%	5,379,984	13.53%	36,047,368	16.8%
2014	27,864,444	4.56%	4,738,648	12.57%	32,603,092	5.6%
2013	26,650,429	2.89%	4,209,657	-12.18%	30,860,086	2.3%
2012	25,902,472	0.66%	4,793,352	7.88%	30,695,824	1.7%
2011	25,732,901	7.68%	4,443,310	6.94%	30,176,211	7.3%
2010	23,897,059	4.93%	4,155,074	-22.37%	28,052,133	-0.3%

*2021 Budgeted Amount

Sales Tax Rates by Selected WA State Agencies



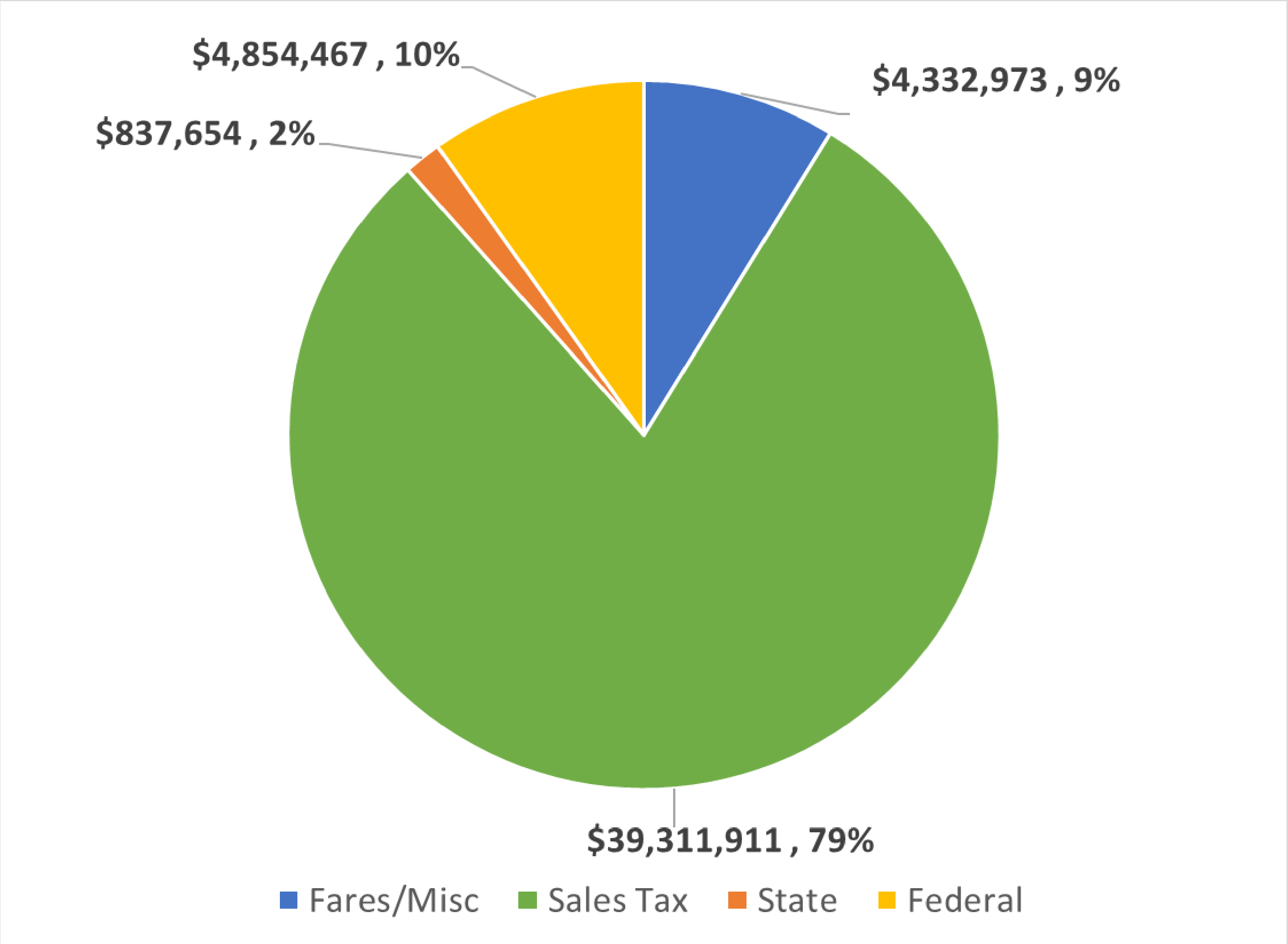
BFT State Funding

State Biennium	Special Needs	inc / drc	Vanpool Investment Program	inc / drc	Regional Mobility	inc / drc	Total Funding
2021/2023	-	-100.00%	-		5,495,000	71.24%	5,495,000
2019/2021	3,903,161	17.78%	-	-100.00%	3,209,000		7,112,161
2017/2019	3,313,812	29.04%	795,500	1.14%	-		4,109,312
2015/2017	2,568,030	78.39%	786,544	50.53%	-		3,354,574
2013/2015	1,439,566	-35.33%	522,500	141.70%	593,000		2,555,066
2011/2013	2,225,998	52.16%	216,176	-72.23%	-		2,442,174

BFT Federal Funding

FFY	5307 Amount	5307 inc / drc	5339 Amount	5339 inc / drc	5310 Amount	5310 inc / drc	Total Funding
2021	6,704,521	0.22%	811,954	-7.74%	203,019	5.35%	7,719,494
2020	6,689,922	3.37%	880,036	5.34%	192,711	5.00%	7,762,669
2019	6,471,622	-0.68%	835,405	-10.65%	183,530	3.73%	7,490,557
2018	6,515,735	-2.86%	934,952	29.33%	176,938	5.47%	7,627,625
2017	6,707,844	-0.07%	722,914	0.35%	167,765	2.39%	7,598,523
2016	6,712,779	-2.17%	720,399	-11.62%	163,844	4.06%	7,597,022
2015	6,861,792	-12.15%	815,141	-12.42%	157,452	-0.18%	7,834,385
2014	7,810,514	-9.56%	930,686	-9.83%	157,731	3.70%	8,898,931
2013	8,636,438	208.47%	1,032,162		152,110		9,820,710
2012	2,799,802	0.61%					2,799,802
2011	2,782,958	-4.54%					2,782,958
2010	2,915,306	2.37%					2,915,306

2019 Operating Funding



One-Time Funding – Received in 2020 & 2021

CARES Act	18,973,077
CRRSSA	8,460,568
ARPA	20,849,570
Total Grants Received	48,283,215
Grant Usage	
Capital Expense - COVID Related	1,255,000
2020 COVID Non-Labor Expense	3,979,257
2020 COVID Labor Expense	4,926,465
2020 Lost Fares	3,240,000
2021 Lost Fares	2,835,000
2022 Lost Fares	1,620,000
2023 Lost Fares	810,000
Total	18,665,722
Remaining Available	**29,617,493**

Financial Status

Financial Status

Capital Funding – Bringing it all Together

- BFT's Capital Improvement Plan is Funded on a
  Pay-As-You-Go Basis

- Federal & State Grants REQUIRE Local Funding Match

- Current Reserves and CARES Related Funding Enables a Funded Capital Improvement Plan for Existing Projects over the Next 3.5 Years

Audited Cash Balance

As of December 31

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Beginning Cash Balance	**41,493,331**	**35,954,326**	**39,583,419**	**36,308,771**	**24,806,500**	**19,996,729**	**23,960,631**	**15,873,724**	**7,864,833**	**4,290,327**	**2,920,986**
Cash Flow from Operations	774,206	5,911,175	3,697,045	5,861,406	7,205,711	7,538,701	1,402,389	8,564,994	6,304,575	3,898,018	2,995,502
Cash Flow from Capital Activity	(4,251,807)	(372,170)	(7,326,138)	(2,586,758)	4,296,560	(2,728,930)	(5,366,291)	(478,087)	1,704,316	(323,512)	(1,626,161)
Annual Net Cash Flow	(3,477,601)	5,539,005	(3,629,093)	3,274,648	11,502,271	4,809,771	(3,963,902)	8,086,907	8,008,891	3,574,506	1,369,341
Ending Cash Balance	**38,015,730**	**41,493,331**	**35,954,326**	**39,583,419**	**36,308,771**	**24,806,500**	**19,996,729**	**23,960,631**	**15,873,724**	**7,864,833**	**4,290,327**

May 2021 Treasurer Report

The Investment Position of Ben Franklin Transit as of the Close of Business on May 31, 2021 is as follows:

ITEM	DATE OF PURCHASE	RATE	MATURITY		COST	% OF TOTAL
WA State Government Investment Pool		0.0764%	Open		$ 28,230,985	72.8%
US Bank Commercial Paper Sweep Acct		0.0000%	Open		5,159,655	13.3%
Subtotal Investments					**33,390,640**	86.1%
Check Book Balance, Petty Cash, & Travel Account				*	5,392,848	13.9%
						100.0%
Total Cash and Equivalents on Hand					**$ 38,783,488**	
Less Reserve Funds						
Operating Reserves					(12,120,000)	
Fuel Reserves					(1,400,000)	
Fleet Replacement Reserves					(2,640,400)	
Non-Fleet Capital Reserves					(3,365,000)	
Total Reserves					**(19,525,400)**	
Local Funds for Current Capital Projects					**(16,975,861)**	
Fleet Vehicles				(2,904,768)		
Facilities - Transit Centers & Amenities				(6,358,974)		
Facilities - MOA Campus				(2,889,152)		
Technology				(3,419,918)		
Other				(1,403,049)		
Net Funds Available					**$ 2,282,227**	

Impact – Sales Tax Reduction

Impact – Sales Tax Reduction

Impact of Sales Tax Reduction

5 years Revenue Reduction of ~ $39 Million

- Service Levels:
  - Return to 2015 Service Levels
- Staffing Levels:
  - Significant Staff Reductions Commensurate with Service Level Reduction
- Capital Projects:
  - Impacts 5307 Formula Funding Levels
  - Fleet Replacement Schedule
  - May Impact Capital Projects Currently in Progress
  - Impacts all Future Capital Projects

Impact – Sales Tax Reduction

Scenario #1 – 100% Service Reduction

Scenario #2 – 100% Capital Improvement Plan Reduction

Scenario #3 – Blend of Service and Capital Improvement Plan Reduction

Impact – Sales Tax Reduction

Scenario #1 – 100% Service Reduction

- Federal 5307 Formula Funding
- Grant Amount Partially Based on Transit Statistics:
  - 50% of Formula is Based on Population and Population Density (No Impact)
  - 50% of Formula is Based on Bus Revenue Vehicle Miles Operated (Reduced Service Levels Will Result in Reduced Federal Grant Funding)
- ***Estimated Reduction in Federal Funding Over Next 5 Years ~$1.7 Million***

Impact – Sales Tax Reduction

Sales Tax and Federal 5307 Grant Reductions

	Annual Taxes at 0.600%	Annual Taxes at 0.500%	Sales Tax Reduction (16.7%)	5307 Reduction (5%)	Total Reduction	Total % Revenue Reduction
2026F	48,207,408	40,172,840	**(8,034,568)**	(339,437)	(8,374,005)	-15.0%
2025F	46,577,206	38,814,338	**(7,762,868)**	(338,591)	(8,101,459)	-13.6%
2024F	44,785,775	37,321,479	**(7,464,296)**	(337,747)	(7,802,042)	-13.7%
2023F	43,271,280	36,059,400	**(7,211,880)**	(336,904)	(7,548,784)	-14.4%
2022F	41,607,000	34,672,500	**(6,934,500)**	(336,064)	(7,270,564)	-14.1%
2021B	40,200,000	33,500,000	**(6,700,000)**	(335,226)	(7,035,226)	-14.5%
2020	39,473,663	32,894,719	**(6,578,944)**	(334,496)	(6,913,440)	-13.8%
2019	39,311,911	32,759,926	**(6,551,985)**	(323,581)	(6,875,566)	-14.2%
2018	36,442,238	30,368,531	**(6,073,706)**	(175,787)	(6,249,493)	-14.9%
2017	34,214,086	28,511,738	**(5,702,348)**	(335,392)	(6,037,740)	-16.5%
10 Year Totals			(69,015,094)	(3,193,225)	(72,208,320)	

Five Year Loss 2022 – 2026

-$39,096,855

Impact – Sales Tax Reduction

Scenario #1 – 100% Service Reduction

- Note: Dial-A-Ride Must Operate Concurrent With Fixed Route Operation
- Estimated 15% Reduction in Fixed Route and Dial-A-Ride Services
  - Revenue Hours: **-50,316**

- Decrease Effects Could Be a Reduction of:
  - Operating Hours and Days
  - Routes and/or Route Frequency
  - PTBA Wide Dial-A-Ride Service to Within ¾ Mile within Fixed Route
  - All of the Above

Impact – Sales Tax Reduction

Scenario #1 – 100% Service Reduction

- If Tax and Grant Revenues Decreased, Expenses Would Have to Decrease by 14%
- Would Require Reduction in Force of 62 Employees (14% of Budgeted Workforce)

		2021 Budget	Reduction	Adjusted Budget
Labor & Benefits	68%	32,773,000	(5,205,059)	27,567,941
Professional Services	8%	3,861,000	(613,210)	3,247,790
Fuel & Lubricants	5%	2,290,700	(363,813)	1,926,887
Tires & Tubes	1%	332,000	(52,729)	279,271
Materials & Supplies	6%	3,009,750	(478,013)	2,531,737
Utilities	1%	408,160	(64,825)	343,335
Insurance and Liability	3%	1,234,200	(196,018)	1,038,182
Purchased Transportation	7%	3,350,000	(532,052)	2,817,948
Rentals	1%	297,970	(47,324)	250,646
All Else	2%	925,302	(146,958)	778,344
Total Expenses		**48,482,082**	**(7,700,000)**	**40,782,082**

Impact – Sales Tax Reduction

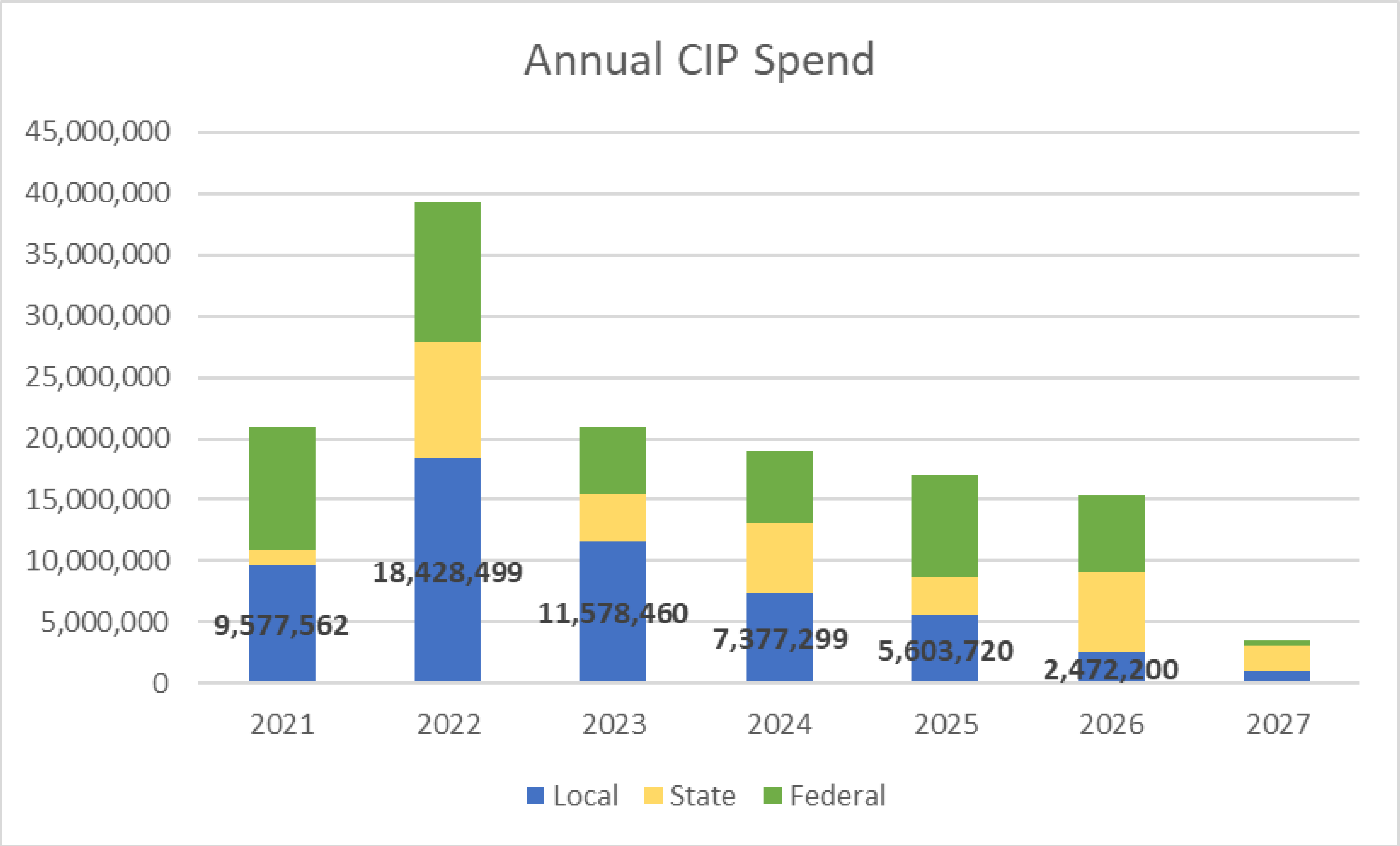
Scenario #2 – 100% Capital Improvement Plan Reduction

	2021	2022	2023	2024	2025	2026
Available Funds - Beg. Of Year	16,975,861	7,398,299	(11,030,200)	(22,608,660)	(29,985,959)	(35,589,679)
Local Need	9,577,562	18,428,499	11,578,460	7,377,299	5,603,720	2,472,200
Available Funds - End of Year	7,398,299	(11,030,200)	(22,608,660)	(29,985,959)	(35,589,679)	(38,061,879)

- Current Reserve Funds Available for Capital is $16,976,000
- Majority of Capital Programs Postponed Indefinitely
- Federal & State Grants Require Local Match, if Not Available, Grants Cannot be Matched
- Projected Lost Tax and Grant Revenue of $39M Exceeds the 5-Year Local Capital Need of $52M

Impact – Sales Tax Reduction

Current Capital Improvement Plan Expenditures Plan



Impact – Sales Tax Reduction

Scenario #3 – Blend of Service and Capital Reduction

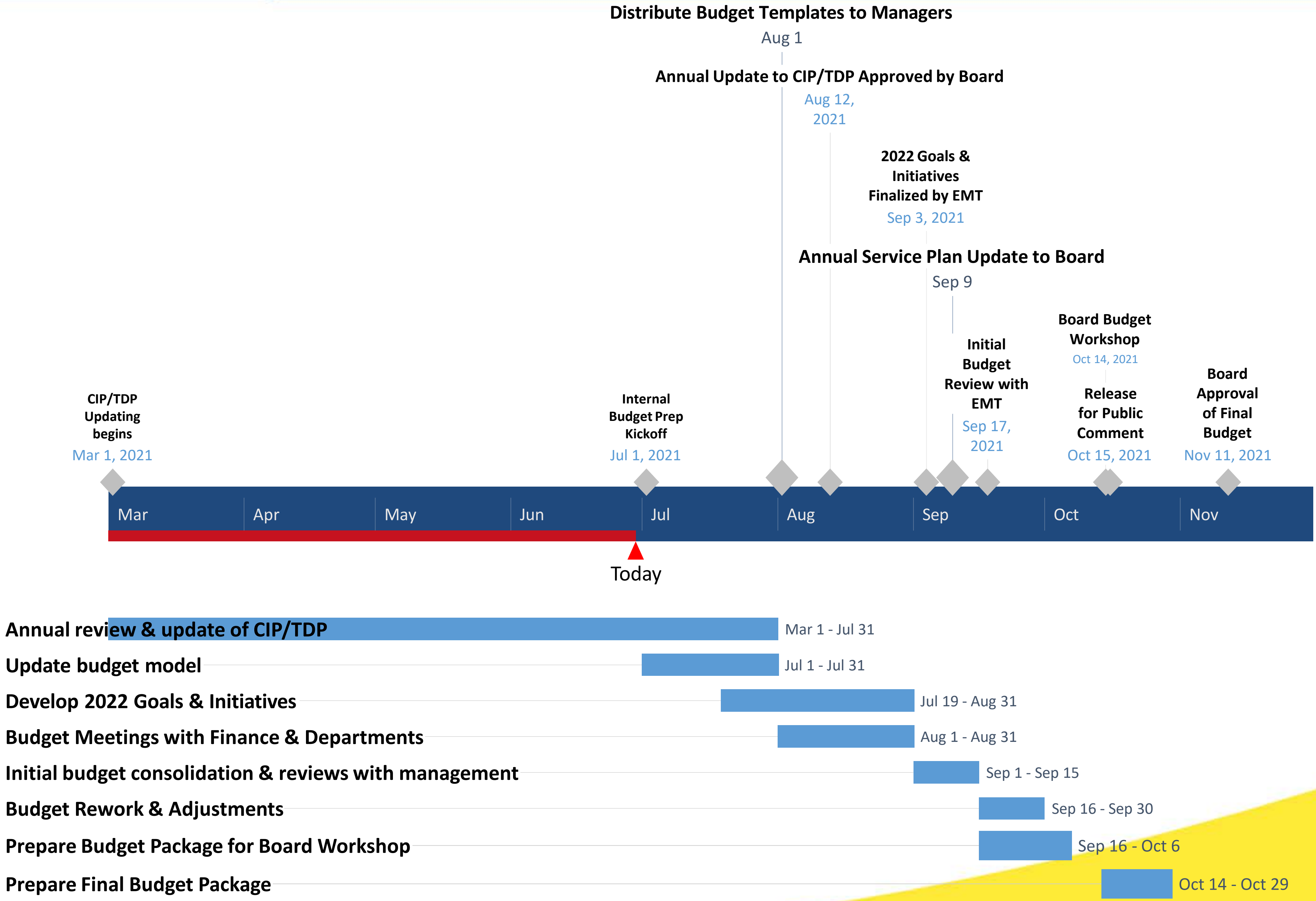
- Service Would Be Cut Back to 2015 – 2017 Levels
  - Revenue Hours: **-25,000**

- Service Expansions Launched in 2021 Would be Terminated
  - An Agency-Wide Reduction in Force (RIF) of Approximately 32 Employees (7% of 2021 APPROVED Headcount) Would be Necessary

- Approximately 50% of the Capital Projects Currently Planned Would be Placed on Indefinite Hold
  - Local Funds Would be Prioritized to Vehicle Purchases to Ensure State and Federal Grants Would Not Be Lost

2022 Budget Planning

Attachment 3



Attachment 1

FRANKLIN COUNTY

BOARD OF COMMISSIONERS

BRAD PECK
DISTRICT 1

ROCKY MULLEN
DISTRICT 2

CLINT DIDIER
DISTRICT 3

KEITH JOHNSON
COUNTY ADMINISTRATOR

June 11, 2021

Ben Franklin Transit
c/o Board of Directors
1000 Columbia Park Trail
Richland, WA 99352-4798

To the Ben Franklin Transit Board of Directors:

As you know, the Franklin and Benton County's Boards of Commissioners recently jointly voted to seek a path toward building and operating a new regional behavioral health facility in the Tri-Cities. In that discussion, the boards suggested one means of funding operations is by instituting a .01% mental health sales tax that is permitted under State law. However, the boards are also looking for a way to provide these needed services without increasing the burden on the area's taxpayers. It has been suggested, and hereby requested that the Benton Franklin Transit Board consider placing a referendum on the November 2, 2021 Primary ballot to reduce the amount of the local Transit sales tax from .06% to .05% as allowed under R.C.W. 36.57A.

The Franklin County Board of Commissioners is committed to finding a solution that works for all of the citizens in the 2 counties. We share a regional economy and often regional challenges that necessitate cooperation and coordination with the local jurisdictions and taxing authorities. Mental health and substance abuse have not historically generated sufficient public interest to commit to solutions. The Tri-Cities is the only area in the State of Washington with a population of our size that does not currently have a mental health crises facility where those affected can get help and treatment. We think the time has come to rectify that and provide these essential services.

Accordingly, we are asking for your help in bringing this effort about. If this reduction in the Transit sales tax rate were to be approved by the voters, our Board is committed to implement a new 0.01% sales tax to support chemical dependency and mental health services, as authorized under RCW 82.14.460.

We appreciate Ben Franklin Transit's employees, operations and facilities and recognize the financial commitment required to take care of and maintain these assets. It is our position that there are opportunities for BFT to participate in this effort, without jeopardizing public transportation needs. Our residents need and deserve <u>both</u> excellent public transportation services and excellent public behavioral health services, and we believe the community has the ability to provide both of these, along with our many other public services, without the addition of new financial burdens.

Benton-Franklin Transit has a successful 40-year run at providing needed services in our community. We see this request as an additional means of providing needed services but without a significant increase in the financial obligation of our local communities. As such, we request that you place this tax-lowering measure on the November 2, 2021 primary election ballot.

Sincerely,

Keith Johnson
Franklin County Administrator

Cc: Gloria Boyce, BFT General Manager
Clint Didier, Franklin County Commissioner
Rocky Mullen, Franklin County Commissioner
Brad Peck, Franklin County Commissioner
Jerome Delvin, Benton County Commissioner
Shon Small, Benton County Commissioner
Will McKay, Benton County Commissioner
Jerrod MacPherson, Benton County Administrator

Jerome Delvin, *District 1*
Shon Small, *District 2*
Will McKay, *District 3*

Jerrod MacPherson
County Administrator
Matt Rasmussen
Deputy County Administrator

Board of County Commissioners

June 11, 2021

Ben Franklin Transit
c/o Board of Directors
1000 Columbia Park Trail
Richland, WA 99352-4798

To the Ben Franklin Transit Board of Directors:

First and foremost, congratulations to everyone at Ben-Franklin Transit for the recent passing of a major milestone – 40 years since the creation of the Benton-Franklin Public Transportation Benefit Area. Since the voters enacted the original sales tax levy of three-tenths of one cent to "finance a municipal corporation which would provide public transportation services in Benton and Franklin Counties," you have built a modern, dependable, and diversified system. Today, we reach out to you as a partner in our collective effort – to bring another needed service to our community that is severely lacking today, just as transit was 40 years ago.

For far too long, mental and behavioral health have been low priorities in personal care and often sidelined by society. Fortunately, in recent years we have seen a shift around the country and in our community around mental and behavioral health. We are gaining a better understanding and appreciation for the importance of these issues and their rippling effects throughout our society. Access to dependable and reputable mental health care is a cornerstone of a healthy and vibrant home and workplace and has positive effects within the criminal justice system. Like with basic transportation, mental health challenges can be found within every rung of the socio-economic ladder. But for already underserved populations, these challenges compound individuals' and families' difficulties.

The Tri-Cities metropolitan area is the only community in Washington State of its size to not have a regional behavioral health recovery facility. We are behind the times on this, and we need to catch up.

Benton County is committed to working with Franklin County and other partners in the community to change this situation by constructing a new facility for the Tri-Cities, but we need help in developing a sustainable and fiscally responsible operating model. At a time when we are emerging from an unprecedented pandemic and with much economic uncertainty ahead, it is our desire to take on this new program *without* raising taxes on our residents.

At a joint public meeting held June 2, 2021 in Pasco, the Benton and Franklin County's Boards of Commissioners committed to building a new regional behavioral health facility and working toward finding the right team of mental health care professionals to operate it. This will require new money.

We want this funding to be tax-neutral for our taxpayers and, as such, we are requesting that the current transit sales and use tax be lowered by the same .01% (from its current .06% to .05%) and be put to the voters for decision by the Ben-Franklin Transit Board of Directors, as allowed under RCW 36.57A.

If this reduction in the Transit sales tax rate were to be approved by the voters, our Board is committed to implement a new 0.01% sales tax to support chemical dependency and mental health services, as authorized under RCW 82.14.460.

We do not seek to damage Ben Franklin Transit's operations, facilities, fleet, or prestige in any way. It is however our belief, with years of review including having various commissioners on the Transit Board, that there are opportunities for BFT to "tighten its belt." Our residents need and deserve both excellent public transportation services and excellent public behavioral health services, and we believe the community has the ability to provide both of these, along with our many other public services, without the addition of new financial burdens.

As such, we request that you place this tax-lowering measure on the November 2, 2021 primary election ballot for voter consideration.

Sincerely,

Jerrod MacPherson,
Benton County Administrator

Cc: Gloria Boyce, BFT General Manager
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