

RECORD OF THE PROCEEDINGS SKAGIT TRANSIT BOARD OF DIRECTORS

Board Workshop
November 9, 2020

The Skagit Transit Board of Directors met in a virtual Board Workshop on Monday, November 9, 2020. Executive Director Dale O'Brien called the meeting to order at 10:30 a.m. followed by roll call.

Members Present via Teleconference:

Lisa Janicki, Skagit County Commissioner
Ron Wesen, Skagit County Commissioner
Jill Boudreau, City of Mount Vernon, Mayor
Julia Johnson, City of Sedro Woolley, Mayor
Laurie Gere, City of Anacortes, Mayor
Rick DeGloria, City of Burlington, Councilmember
Sandy Perkins, Skagit County Auditor

Skagit Transit Representatives:

Dale O'Brien, Executive Director
Arden Flores, Manager of Finance & Administration
Chris Chidley, IT Manager
Whitney Davis, Clerk to the Board
Jo-Ann Wynne, Contracts & Procurement Coordinator
Marcy Smith, Grants Administrator

Public Present:

None

2021 Budget Presentation

Mr. Flores read the presentation as prepared. Mr. Flores stated staff is conservatively anticipating to receive \$16,646,118 in total revenues in 2021. Mr. Flores noted that sales tax revenues were not as severely impacted by the pandemic as anticipated and staff is estimating the 2021 budget at 90% of the collections received in 2020.

Staff is budgeting to receive \$4,915,023 in Operating grants in 2020. Skagit Transit received \$5.9 million in CARES 5307 grant funding in FY 2020 and will carryover \$1.1 million in 5307 CARES funds to use on Commuter Routes in 2021. Skagit Transit will also be able to carryover an additional \$1.75 million of the regular 5307 grant funds for use in 2021. Staff is expecting to receive \$545,000 in fare collections for 2021 based on the pattern for the last quarter of FY2020. Mr. Flores noted that Skagit Transit did not begin collecting Paratransit fares until August of 2020 and Vanpools dropped from 47 groups before the pandemic to 31 groups currently.

Mr. Flores stated staff budgeted \$15,990,859 for 2020 operating expenditures, however staff now expects to spend \$13,758,396 creating a difference of \$2,232,463. Mr. Flores stated the biggest savings is fuels listed in the supplies and materials category. Ms. Boudreau inquired if there were layoffs or if any employees were furloughed. Mr. O'Brien explained Skagit Transit had a reduction in service and employees were paid and had benefits through CARES act funding. Employees worked on projects and completed training while not driving.

Mr. Flores stated the highlights for the 2021 Operating Budget include a 2% COLA for employees, three additional FTE positions for janitorial staff and a Pandemic Safety Coordinator, and an increase in medical insurance premiums. Mr. O'Brien clarified that the Pandemic Safety Coordinator is a temporary, required position mandated by state officials.

Ms. Boudreau inquired about staff's decision to hire FTE's rather than increase janitorial contract services. Mr. O'Brien stated these positions are funded through the CARES Act and are temporary positions that will end after the pandemic is over.

Mr. Flores stated the proposed 2021 Capital Budget is \$8.8 million and will include five buses, two Paratransit coaches, phase 1 of construction on the MOA-2 project, the purchase of additional land adjacent to MOA-2, and mechanic tool sets. Mr. Flores stated capital grants fund approximately \$5.9 million of the capital budget.

Mr. Flores stated staff expects to receive \$22.5 million in revenues, \$25.2 million in expenditures leaving a deficit of 2.7 million. Mr. Flores explained staff has been extremely conservative in estimating revenues, and is projecting expenditures based on full operations in 2021, so the deficit staff is planning for is not likely. However if the deficit is accurate, staff plans to use funds from the reserve accounts.

Mr. Flores stated at the end of 2020, Skagit Transit will have approximately \$10.8 million in reserves largely due to CARES funds received. If Skagit Transit needs to cover a deficit with reserves, accounts will return to the levels from 2014-2018 at around \$8 million. Ms. Janicki inquired if staff was including reserves as revenue in the operations grant line item and stated she expected to see an unbalanced budget and spending reserves from the CARES act funds received. Mr. Flores explained Skagit Transit was awarded \$7 million in CARES act funds, staff has spent \$5.9 million and will carryover \$1.1 million into 2021. In addition, the 2020 regular 5307 grant that has not been used yet, will be rolled over as well. Staff is also expecting to receive \$2 million in regular 5307 grant funds for 2021. Ms. Janicki stated the funding that transit agencies received is different as there is no expiration and funds can be carried over into 2021.

Phase I Construction Plans for MOA-2

Mr. O'Brien stated the design for MOA-2 has been done for one year. Skagit Transit's lobbyist has stated there could be earmarks in 2021 for shovel-ready projects. Skagit Transit has the money available to complete phase 1 of the MOA-2 project in the amount of \$3.8 million. Staff would like to get the Board's direction and approval to go out for bid in January and move forward with phase 1. Mr. O'Brien reminded the Board that staff is currently using the building for the facilities department and a training site. In addition, Skagit Transit rents a portion of the facility to Legends for \$11,000 per month. Mr. O'Brien explained that phase 1 will not impact Legends or the rental income Skagit Transit receives from them. Mr. O'Brien stated Skagit Transit has been previously been unsuccessful in receiving two \$10 million grants to fund phase 2 construction. Mr. O'Brien stated if earmarks are available, and Skagit Transit has a shovel-ready project, there is a good possibility to receive additional funds to complete MOA-2.

Ms. Boudreau stated she thinks it is smart to move forward with phase 1 and show action in order to take advantage of potential opportunities available.

Purchase of Land Adjacent to MOA-2

Mr. O'Brien stated staff previously purchased 3 acres from Mr. Wallace for the bus yard. Westland distributors has put in applications to purchase 6 acres adjacent to Skagit Transit's property. Mr. O'Brien stated staff would like Board approval to send an intent to purchase letter for the additional 3 acres to

accommodate future growth and expansion. Mr. O'Brien stated Skagit Transit has been blessed with CARES act funds to cover operating costs which would allow use of local funds to purchase the property.

Mr. Wesen stated the plan looks reasonable and should be explored further. Mr. DeGloria echoed Mr. Wesen. Ms. Boudreau inquired what funding staff would plan to use for this. Mr. Flores stated staff is able to max out on federal grants with an 80/20 match so 80% of the purchase would be grant funded and 20% would come from local funds. Ms. Boudreau inquired if that same funds staff is planning to use to purchase the property could also be used to help fund phase 2. Mr. Flores explained there is flexibility in determining how to spend reserves.

Mr. O'Brien thanked the Board and stated he appreciated their time.

Mr. O'Brien adjourned the meeting at 11:15 a.m.

Mayor Jill Boudreau, Vice Chair
Skagit Transit Board of Directors

Attest:

Whitney Davis, Clerk of Skagit Transit