

## **Potential Allocation of 1/10 of a Cent Sales Tax Funds to Support Transit Activities**

The purpose of this analysis is to project the potential impact of an allocation of 1/10 of cent sales tax revenues to transit activities.

### **Background**

Wichita Transit has had funding challenges for the past several years. The current system is underdeveloped and underfunded. The system is experiencing service reductions, ridership decline and revenue losses. At the same time, the diversion of FTA 5307 funds to operations has led to an aging fleet with high maintenance costs.

The City is challenged to shore up the transit operating budget, accelerate the fleet modernization program and introduce service expansions requested by the public as part of the Transit Vision Plan.

### **Sales Tax Scenario**

Staff examined a scenario for allocation and use of sales tax dollars to fund transit for a period of 5 years.

The 1/10 of a cent sales tax generating \$7 million would:

- Shore up the operating budget and pay back loans from the City
- Maintain the fleet modernization program
- Allow for service improvements as shown on the attachment

The Transit budget would be in a deficit position again in 2021 if the sales tax did not continue.

The sales tax allocation scenario assumes the following:

1. Revenues will be first allocated to balance operating budget deficits.
2. Expenses will include payback of loans, establishment of a tort reserve and an operating reserve
3. Remaining sales tax revenues can be allocated to service improvements

## Service Improvements

Extensive public input created a Transit Vision Plan. The plan identifies service improvements to meet public demand. The improvements also develop the transit system to one that's comparable to other cities of similar size. The service improvements recommended in the Vision Plan would nearly double the annual hours of service provided by Wichita Transit.

The improvements fall into 4 categories:

1. Baseline sustainable system
2. Peak Hour frequency improvements
3. Evening bus service
4. Sunday bus service

In addition, the Vision Plan recommended expansion of Wichita Transit services to connect with other cities in the region. These costs would be borne by jurisdictions receiving service.

### Recommended Improvements

The sales tax revenues available for service improvements would provide adequate funding to implement Category 1 service improvements from the Vision Plan. These improvements include the realignment and extension of existing routes, introduction of new crosstown routes and improvements in service levels. The improvements are summarized below:

- **2016**
  - **W Maple - E 17<sup>th</sup>** – Pair the E. 17<sup>th</sup> route with West Maple to improve connectivity and extend the E. 17<sup>th</sup> route to serve Bradley Fair Mall and Rock Rd.
  - **Hillside** - Realign the South Broadway route to create a Hillside Crosstown route. The route would operate from S. 31<sup>st</sup> St. to as far north as N. 21st St. every 30 minutes.
  - **W Central / E Central Routes** – Pair the routes to improve connectivity.
- **2018**
  - **21st** – Implement a new crosstown route along N. 21<sup>st</sup> St. connecting the Bradley Fair/ Rock Rd area with Wichita State University, north side neighborhoods and New Market Square.
  - **Douglas** - Implement a new route connecting locations along Douglas including College Hill, East High School and Old Town with downtown and Delano.
- **2019**
  - **Meridian** – Improve routing to improve connectivity and improve service frequencies.
  - **Rock Rd** - Improve routing and service frequencies.

## Potential Service Improvements 2015-2024

Sales Tax Option:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Revenues</b>									
1/10 Cent Sales Tax			6.700	6.800	6.900	7.000	7.100	0.000	0.000
Sales Tax Carry-Over				2.833	6.370	9.254	11.131	10.783	2.342
				9.6332	13.27	16.254	18.231	10.783	2.342
<b>Expenditures</b>									
Operating Deficit			2.048	2.536	3.362	3.249	5.125	5.968	5.210
Other Capital Match			0.222	0.152	0.172	0.150	0.136	0.210	0.082
Tort Fund Payback			0.395						
Permanent Reserve Payback			0.800						
Tort Reserve			0.150	0.150	0.050	0.050	0.050	0.050	0.050
Transit Fund Reserve			0.252	0.252	0.252	0.252	0.252	0.252	0.252
Bond Payments									
Improvement Detail:									
Hillside (New)				0.000	0.000	0.216	0.225	0.234	0.243
21st (New)						0.607	0.631	0.657	0.683
Douglas (New)						0.412	0.428	0.446	0.463
Central (Couple)				-0.020	-0.021	-0.022	-0.023	-0.024	-0.025
W Maple - E 17 <sup>th</sup> (Couple)				0.193	0.201	0.209	0.217	0.226	0.235
Meridian (Peak)							0.203	0.211	0.220
Rock Rd (Peak)							0.203	0.211	0.220
				3.8669	3.2629	4.0162	5.123	7.448	8.441
									7.633
Sales Tax Carry-Over			<b>2.833</b>	<b>6.370</b>	<b>9.254</b>	<b>11.131</b>	<b>10.783</b>	<b>2.342</b>	<b>(5.291)</b>