



Total Costs to Subsidize J.E.T.S.

Since Inception in 2006

Cost

Subsidy paid from General Fund	\$	520,000.00
Pension, Insurance & Worker's Comp Paid from General Fund	\$	220,859.36
Cost of Unqualified Draw Downs for 2007 Audit Year <i>(JETS had to forego reimbursement on \$228,201)</i>		
<i>Estimated Cost @ 50% Reimbursement Rate</i>	\$	456,402.00
<i>Estimated Cost @ 80% Reimbursement Rate</i>	\$	285,251.25
Cost of Unqualified Draw Downs of \$155,480.35 for 2008 Audit Year <i>(Assume reimbursement to FTA in 2009)</i>		
	\$	155,480.35
Assume Loans in 2009 Forgiven <i>(Becomes Subsidy to General Fund)</i>		
	\$	100,000.00
TOTAL @ Maximum Reimbursement 80%		\$ 1,281,590.96
<i>Average per Year</i>		\$ 320,397.74
TOTAL @ Minimum Reimbursement 50%		\$ 1,452,741.71
<i>Average per Year</i>		\$ 363,185.43

NOTE: Some operating expenditures are reimbursed at 50 cents on the dollar. However, some operating and capital expenditures are reimbursed at 80 cents on the dollar.

Mayor Perrin's Talking Points for December 1 City Council Meeting

Item #1 - Grants Audit Findings

GIVEN:

1. J.E.T.S. received reimbursements from FTA (Federal Transit Administration) of \$155,480.35 that were considered "unqualified" as either duplicate requests or simply unallowed.
2. The same problem occurred for the 2007 audit year. The estimated cost incurred in 2008 ranged from \$285K to \$456K. (see Attached)
3. The estimated actual cost incurred to the General Fund, ranges from a minimum of \$320K to \$363K per year. (see Attached)

RECOMMENDATION:

- 1) Repay FTA \$155,480.35 before 12-31-09. At the next Council Meeting, a 2009 Budget Amendment will be required to appropriate funds to make this payment!
- 2) Implement the new grants policies and procedures.
- 3) Review 2009 reimbursements to ensure no current year "unqualified draw downs" exist.

Item #2 - Repayment of JETS Loans

GIVEN:

1. In part due to the items mentioned above, JETS needed to borrow \$100K in 2009 from the General Fund to operate.
2. This loan must be repaid before the end of 2009.
3. The loan repayment is not included in the proposed \$300K J.E.T.S. Subsidy budgeted for 2010.

RECOMMENDATION:

- 1) Forgive the loan before 12-31-09. At the next Council Meeting, a 2009 Budget Amendment will be required to appropriate funds to cover this cost. If the loan is forgiven, the loan will have to be reclassified as an expense to the General Fund!