

Spokane Transit Authority
1230 West Boone Avenue
Spokane, Washington 99201-2686
(509) 325-6000

SPECIAL CITIZEN ADVISORY COMMITTEE

Minutes of the February 13, 2008, Meeting
Northside Conference Room

MEMBERS PRESENT

Fyrne Bemiller
Victor Frazier
Elaine Hoskin
Margaret Jones
Dean Lynch
Brenda Smits
David Swalling

STAFF PRESENT

Steve Blaska, Director of Operations
Naomi Dunning, Executive Assistant
E. Susan Meyer, CEO
Jim Plaster, Director of Finance and Administration

MEMBERS ABSENT

None

1. CALL TO ORDER AND INTRODUCTIONS (David Swalling, Chairman)

David Swalling was the acting Chairman for this meeting. Following Mr. Swalling's call to order, E. Susan Meyer, CEO, announced that Chairman Robert Faltermeyer has submitted his resignation, and previous to this meeting, asked David Swalling to lead the CAC through to the end of the Tariff Policy.

It was also noted by Ms. Meyer, that Fred Van Guilder, Barb Bumann, and Kathleen Stevens are not returning to the CAC. Greg Falk is Co-Chair of People for Transit, and will not be returning to the CAC due to the time commitment required campaigning for the sales tax reauthorization.

Mr. Lynch moved to appoint Mr. Swalling as the new Chairman, and Ms. Hoskin seconded the motion. The motion passed unanimously. A recommendation will be sent to the next Board meeting.

Chairman Swalling called the meeting to order at 5:20 p.m.

2. TRANSIT DEVELOPMENT PLAN (TDP) – Presentation by E. Susan Meyer

A TDP presentation was made to Committee members by Ms. Meyer. A copy of the presentation is attached.

Ms. Meyer shared that she hopes the TDP will be of great interest to the CAC next year. Ms. Meyer referenced the hard copy of the TDP of which all members should have a copy.

Mr. Blaska noted that the next initiatives are unknown, due to the potential reduced service plan.

Ms. Meyer noted that the TDP Open House is March 26th from 6:30 p.m. to 8:00 p.m.

Ms. Hoskin suggested having two separate meetings for TDP and Fare Policy.

Ms. Bemiller asked where the meetings will be held. Ms. Meyer informed the Committee that public meetings may be held anywhere and this specific meeting location is not yet designated.

Mr. Plaster submitted that a display ad ran for the 2008 Budget discussion and only one person attended.

Mr. Frazier inquired if this is feasible due to the Tariff Policy Project.

Mr. Plaster said that the staff will still need to do the public outreach.

Mr. Frazier offered that he would be willing to commit to attending the open house bringing comments from his NW neighborhood meetings.

Ms. Meyer asked Mr. Blaska if the Tariff Policy Project could go on hold. Mr. Blaska replied that the timelines are in the works and the TDP participation can be accommodated.

Mr. Blaska noted that the Committee was on a tight timeline considering a six month notice and first of year implementation. He also recommended that the CAC participate in the public outreach without taking a formal position, however, when the recommendation is presented to the Board, the Committee and individual members can make a recommendation; represent a minority position; and also accurately represent the CAC participation/statement.

Ms. Hoskin questioned why the Committee should make a statement if they are not going to properly research it. She felt as though the process could be beneficial information to the CAC in general and specific to the Tariff Policy. Ms. Hoskin reiterated that the process was not necessarily going to be easy, however, should be done thoroughly.

Mr. Lynch asked if this would consume the entire March 12th CAC meeting.

Mr. Blaska submitted that a truncated version could be presented in order to not take up the whole meeting still leaving time for Tariff Policy discussion.

Mr. Lynch asked Ms. Hoskin if she would be the lead person for the TDP review/discussion this would make it so that the committee could do both. He does not want to get behind on the Tariff Policy.

Ms. Hoskin replied that she would be willing to do this.

Ms. Jones inquired if the TDP would change dramatically if STA lost the vote. Mr. Blaska submitted that the dramatics will be more so on the TDP as opposed to a great effect on the Tariff Policy.

Mr. Blaska submitted that the benefit of reviewing the TDP this year would allow for more familiarity for next year's in-depth review.

Ms. Meyer stated that she thinks this is achievable within the standing meetings for the Tariff Policy.

Mr. Frazier wondered if the Committee would receive a draft of the summary TDP before March 12th. Ms. Meyer said that the highlights will be provided.

3. SALES TAX REAUTHORIZATION – Presentation by E. Susan Meyer

A Sales Tax Reauthorization presentation was made to Committee members by Ms. Meyer. A copy of the presentation is attached.

Ms. Meyer reiterated the key points of the impending sales tax reauthorization: .03%; date for ballot; whether there should be a sunset clause or not.

The Board created an Ad Hoc Committee, comprised of 4 members who met last week, and will be recommending to the Board on February 21st to not have a sunset clause.

The Greater Spokane Incorporated (GSI), Public Policy Committee recommends support of the reauthorization and that their Board discuss a sunset clause; they didn't recommend for or against.

The CEO of GSI advised Ms. Meyer that he told their committee and board what a transformation STA has been through in the last 3 years. STA did everything GSI asked for and there is no reason to impose another sunset clause. This is the same CEO who in 2004 suggested that if GSI were to support the sales tax reauthorization it would only be with a sunset clause imposed.

Ms. Meyer offered that having the business community support is symbolic as they are the ones to impose a sunset clause in the past.

Mr. Frazier asked if the election in May is a special election. Ms. Meyer confirmed that it is indeed a special election and the cost of an individual initiative on the ballot is approx. \$300,000 - \$400,000.

The other Spring 2008 elections are: City of Spokane Park and Recreations YMCA Bond; Spokane County Emergency Communications; Spokane County Library Dist.; Valley Library Bond; City of Airway Heights Municipal Building Bond; Cheney School District Capital Levy; East Valley School District Technology Bond.

This list was distributed at the Council of Governments (city leadership) meeting, one month ago.

Ms. Meyer submitted that any tax issue has the potential to impact the vote, however STA is the only continuation; all other issues are new.

The following presentation is about what STA has done since 2004 when the sales tax measure first passed with a sunset clause. Ms. Meyer reiterated that as a staff person, she is not able to make any recommendations to any individuals or organizations to support this vote. This presentation is about the organization and is the group's interest to support or not support it.

Mr. Plaster shared that this presentation is not to do with voting yes or no, rather, it is to do with sustaining STA's financial capacity.

Ms. Meyer asked if anyone had any questions about the cash reserve.

Mr. Swalling questioned the projected negative reserve even with the sales tax reauthorization.

Ms. Meyer shared that currently the state of Washington allows transits to levy up to .09%. The sales tax funding approved by the voters in 2004 is going to sustain STA for the foreseeable future. STA is not asking for anymore, it is still a total of .06% .

Ms. Meyer said that whether our reserves will carry STA for a while is not the issue, it is whether the reduced level of service will be necessary.

Mr. Blaska submitted that if the capital money were used it would sustain service, it would mean that no new buses would be purchased.

4. SALES TAX REAUTHORIZATION DISCUSSION

Mr. Swalling clarified with Ms. Meyer what the Board is asking from the CAC with regard to a recommendation.

Ms. Meyer stated that she thought the Board would be interested in the Committee's thoughts. Ms. Meyer continued by mentioning the Committee's concerns expressed in the last meeting as to whether there was sufficient time for the campaign committee to prepare in time for a May vote. Ms. Meyer spoke with the campaign chair, Mr. Greg Falk, whose response indicated that the campaign committee would be ready for a May vote.

Mrs. Jones submitted that many people she has spoken with like the idea of having a sunset clause.

Ms. Meyer responded that while a sunset clause has appeal, it is a constraining environment to be in, especially when considering the cost of dual planning, long term planning, and difficulty in recruitment.

Ms. Meyer submitted that Rich Hadley, GSI CEO, said that imposing a sunset clause now would be the same as saying "STA did everything they were asked to do, however, we still don't trust you."

Mr. Frazier reiterated that our sales tax percentage would be the lowest in Washington, similar to Yakima if not passed and we would be a metropolitan area without service.

Mr. Blaska recapped the 2004 reduced service plan, which the Board approved using as a baseline for this year's potential scenario. This plan was vetted and approved and is the plan that would have been implemented in 2004 had the vote not been approved in May 2004. Mr. Blaska reported that this plan is severely restricted and gave examples such as: no Sunday service, limited service on Saturday, no service before 6:00 a.m. or after 7:00 p.m. Service would be cut to Medical Lake, West Plains, with limited service to Cheney/EWU, and two routes would be sustained in Spokane Valley.

This is the plan that STA would start from if not reauthorized along with modifications based on what has happened over the last 4 years.

Mr. Swalling asked to explain this scenario to the community.

Ms. Meyer replied that it would take over one year, to July 2009, for reduction in service to be implemented, which is when the tax actually ceases to be collected. There would be over one year for the results of the vote to be seen by the community. It would not necessarily have to be reduced in July 2009 because the majority of the reserves could be released to continue operating at the current service level. Ms. Meyer stated that it is not about when the service is reduced, it is about STA's funding being significantly reduced.

Ms. Hoskin added to Ms. Meyer's comment by stating the reserves would only last just over two years in this suggested scenario.

Mr. Lynch mentioned that the Board will be meeting on February 21st and feels that the Committee is too late in the process to fully vet the information and make a recommendation. The Ad Hoc Committee of the Board has already studied this information and now are asking the CAC to consider

agreeing with it. Mr. Lynch suggested to break down the information to three components: the amount, the date, and the sunset. Mr. Lynch stated that based on the recommended date of May 20th, it seems like this is the best date to select.

Mr. Lynch moved for the Committee to support May 20th as the election date.

Mrs. Jones seconded the motion.

Mr. Lynch moved for the Committee to recommend the full .06/% be continued.

Mr. Frazier seconded the motion.

Chairman Swalling asked if there was any discussion for the motion. No discussion was brought forth. The Committee voted unanimously for the two motions brought forth by Mr. Lynch.

Mr. Lynch moved for the Committee to support putting the ballot forth without a sunset clause.

Mr. Frazier seconded the motion.

Mr. Lynch addressed Mrs. Jones' earlier comment regarding others supporting the sunset clause, and continued by suggesting that the community wean themselves off of the idea that they have to sunset everything. Mr. Lynch submitted that the naysayers speak the loudest and get the most press. He also said that the general feeling, along with the support of the business community, Greater Spokane Alliance, and the unions, along with the ability to demonstrate that STA has heard and responded to the issues and concerns, suggested to move the recommendation forward and pass as it is.

Ms. Hoskin agreed, and added that the bottom line is to cut service at some point and as a growing community is this a way to attract new employers, and support community members who depend on the service. Having a sunset clause keeps suggesting the option to face a catastrophic cut in service to a community that is reliant on it.

Chairman Swalling asked if there was any further discussion for the motion. No further discussion was brought forth. The Committee voted six in favor; one opposed by Mrs. Jones.

Mr. Lynch posed an additional recommendation and requested the Board of Directors individually take an active role supporting the ballot measure and deliver the message to their respective elected bodies and to all jurisdictions within the PTBA.

Mr. Lynch moved for the Committee to recommend the Board of Directors individually take an active role supporting the ballot measure and deliver the message to their respective elected bodies and to all jurisdictions within the PTBA.

Mr. Frazier seconded the motion.

Chairman Swalling asked if there was any discussion for the motion. No discussion was brought forth. The Committee voted unanimously for the motions brought forth by Mr. Lynch.

In summary, the following recommendations were made by the CAC to be presented to the Board of Directors at their February 21, 2008 meeting:

1. Place on ballot on May 20, 2008.
2. The full .06% sales tax be continued.
3. No sunset clause.
4. The Board of Directors individually take an active role supporting the ballot measure and deliver the message to their respective elected bodies and to all jurisdictions within the PTBA.

6. GENERAL BUSINESS

- a) Public Expressions – None.

7. SET AGENDA FOR NEXT MEETING

- a) The next meeting is set for February 25, 2008.

8. ADJOURN

With there being no further business to come before the Committee, the meeting was adjourned at 7:20 p.m.

Respectfully submitted,

Naomi Dunning
Executive Assistant



Transit Development Plan

Citizen Advisory
Committee
February 13, 2008

Transit Development Plan

7-year planning document updated annually

State Requirement of all Transit Agencies

Focus of the Plan:

- Outlines Capital Improvement Plan**
- Illustrates service levels**
- Serves as a reference guide**

TIMELINE 2008 – *Key Dates*

- February 13** Discussion about CAC involvement and timeline
- March 12** Presentation of Draft TDP to CAC
- March 26** “Open House” hosted by CAC
- April 9** CAC provides input to staff on draft TDP
- April 17** **Public Hearing @ Board of Directors Meeting**
- May 14** CAC recommendation to STA Board
- May 15** **Board Adoption**

Public Outreach – *Key Areas for Input and Discussion*

The “Open House” will invite public comment on:

- 1. Future park and ride locations**
- 2. Future service enhancements**
- 3. Future bus shelter locations and other amenities**
- 4. Other ideas and recommendations**

Discussion



Spokane Transit
How a great city moves.

Presentation Overview

- STA Basics
- 2004 Sales Tax Vote & the Message
- Results: 2004 – 2007
- Cash, financial strategy
- The Future:
 - Transit 2020
 - Sales Tax Reauthorization: 2008



STA Overview

- **Mission Statement**
- **Organizational Priorities**
- **General Facts**



Mission Statement

- We are dedicated to providing safe, accessible, convenient, and efficient public transportation services to Spokane neighborhoods, business and activity centers;
- We are leaders in transportation and a valued partner in the community's social fabric, economic infrastructure, and quality of life;
- We aspire to be a source of pride for the region.



Organizational Priorities

- Safety
- Earn and Retain the Community's Trust
- Provide Outstanding Customer Service
- Organizational Development



STA Basics

STA is a Washington State Municipal Corporation with taxing authority up to 0.9% sales tax with voter approval. Currently 0.6%

Governance:

Elected officials of the cities and county within the Public Transportation Benefit Area

Service Area:

Public Transportation Benefit Area = Two-thirds of Spokane County (143 sq. miles)

Three Product Lines (Modes of Service):

Fixed Route Bus Service, Paratransit and Vanpool

Bus Route Demographics:

33% students, 46% employed, 11% not employed and 10% retired or homemaker

Fleet Specifics:

152 buses, 67 paratransit vans and 94 vanpool vehicles

Route Specifics:

40 fixed routes (including new North Express)

Employee Information:

528 employees

2004: A Vote of Confidence

With Expectations

- Increase Ridership
- Promote Openness, Transparency and Engagement with Community
- Practice Fiscal Responsibility



Exceeded Expectations

Goal: Increase Ridership 5% by end of 2008
2004 – 2007 Actual: 25%+

- Opened South Hill Park & Ride
- Created Southside/Medical Shuttle
- Provided More Frequent Service
- Better Connectivity to Key Population & Employment Centers
- Created Specific Routes for Commuters



Promote Openness, Transparency and Engagement with Community

- Televised Board Meetings
- Established Citizen Advisory Committee
- Board & Financial Workshops for Public Input
- Established Blue Ribbon Panel to Review and Recommend Compensation and Benefit Policies
- Invited independent CPA to review, evaluate, and make recommendations on STA financial planning
- Invited a Peer Review; Presented results at board meeting; Implemented Action Plan to address recommendations



Accomplishments

- Installed Wi-Fi service on six-60' buses, seven, 40-foot buses;
- Installed Interactive Voice Response (IVR) on 328-RIDE
- Updated/installed automated fare collection machines (fare boxes) fleet-wide; now offer Smart Cards, 2-hour passes, & Day Passes. Ticket Vending Machines available soon;
- Online Trip Planning launched January 14, 2008 (www.spokanetransit.com)

Accomplishments

- Acquired three Hybrids (diesel/electric buses); cost savings, improved environment;
- Upgrading Security at all STA facilities with CCTV;
- Continue retrofitting of diesel emissions systems;
- Accelerating fleet replacement schedule to retire buses 18 years old with more than 800k miles;
- Initiated “Smart Bus” Technology Project; on board cameras, AVL, auto passenger counters, auto stop announcements, Wi-Fi (complete 2009-2010)

Foster Community Partnerships

- First Night
- Bloomsday
- Artfest
- Hoopfest
- Spokane River Cleanup
- Valleyfest
- Antiques Roadshow
- 2007 National Figure Skating Championships

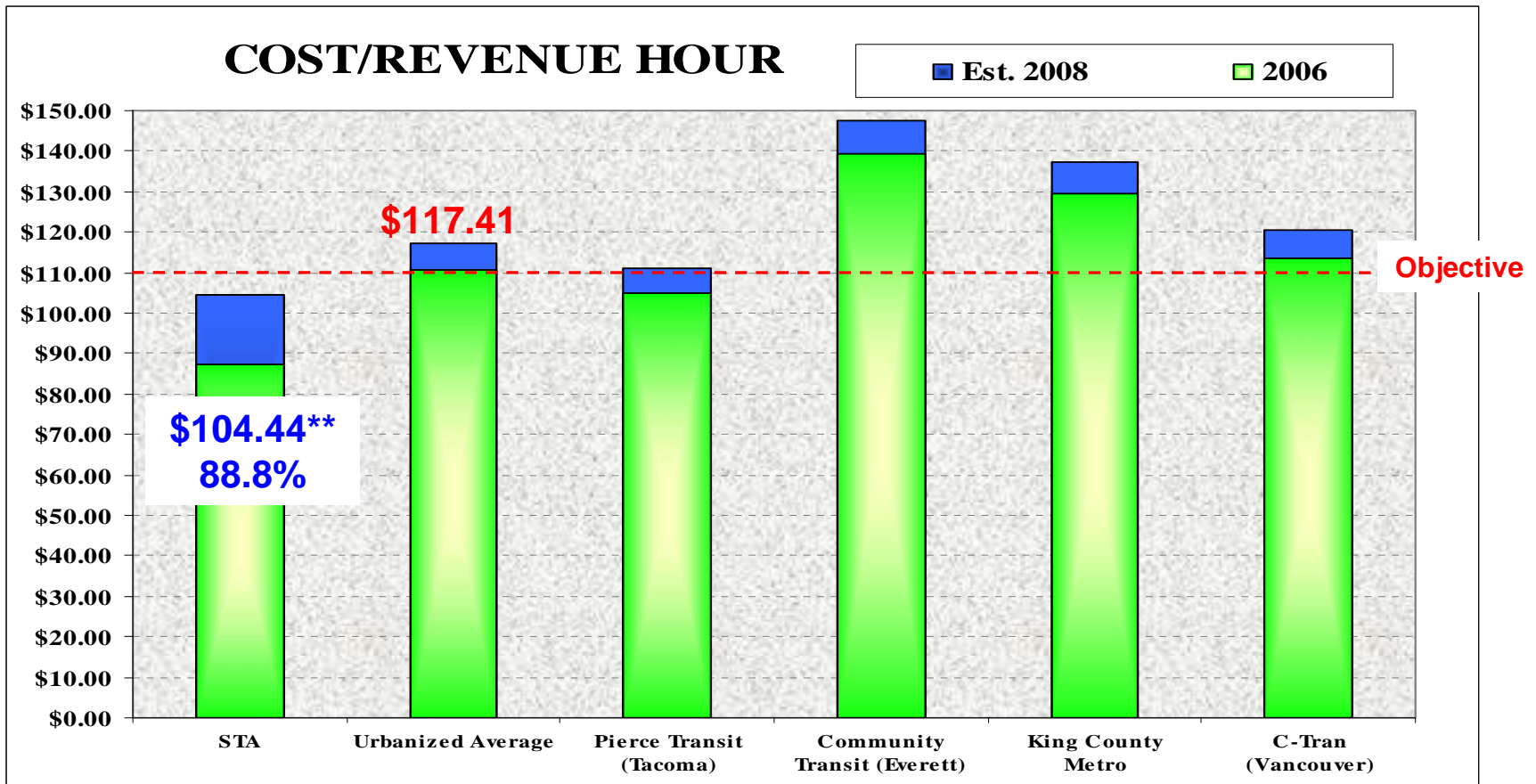


Practice Fiscal Responsibility

Spokane Transit operates the most cost effective and efficient urban Transit System in Washington State.

Source: The 2006 Washington State Summary of Public Transportation

Cost Efficiency Bus

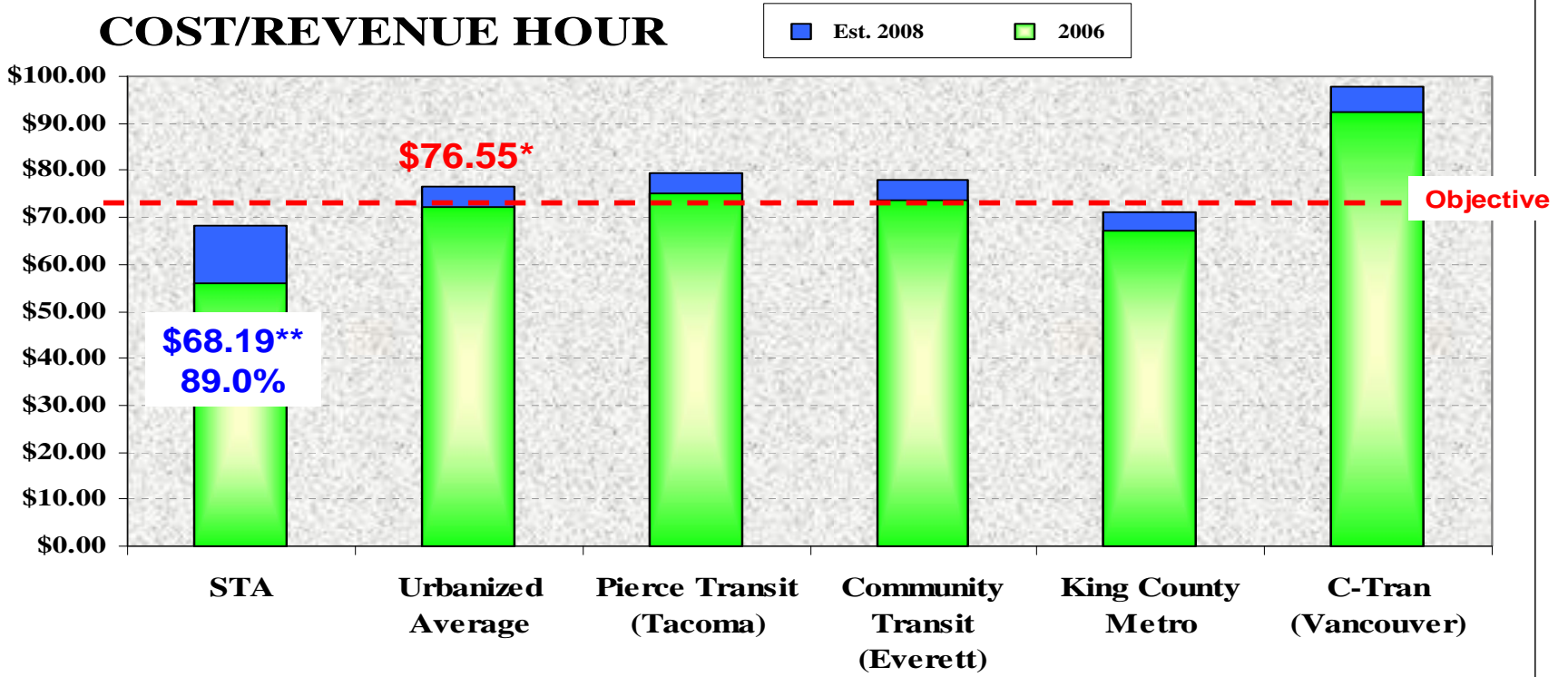


OBJECTIVE: Constrain operating costs per hour of service to 94% or less of Statewide Urbanized Average

* Other Systems and Urbanized Average adjusted 3% for 2007 & 2008

** STA data 2008 Proposed Budget

Cost Efficiency Paratransit



OBJECTIVE: Constrain operating costs per hour of service to 94% or less of statewide Urbanized Average

* Other Systems and Urbanized Average adjusted 3% each for 2007 & 2008

** STA data is 2008 Proposed Budget

Financial Transparency

- Invited Gordon Budke, CPA, to provide professional counsel on STA's financial strategy and its presentation
- He gave us the following recommendations and conclusions:
 - + Prudent and beneficial to taxpayers to continue using a cash-only, no-debt strategy for capital purchases
 - + Board should reserve 15% of annual operating expenses; continue reserving for self-insurance risk
 - + Distinguish between 'cash balance' and 'reserves'

Spokane Transit

Future Operating View

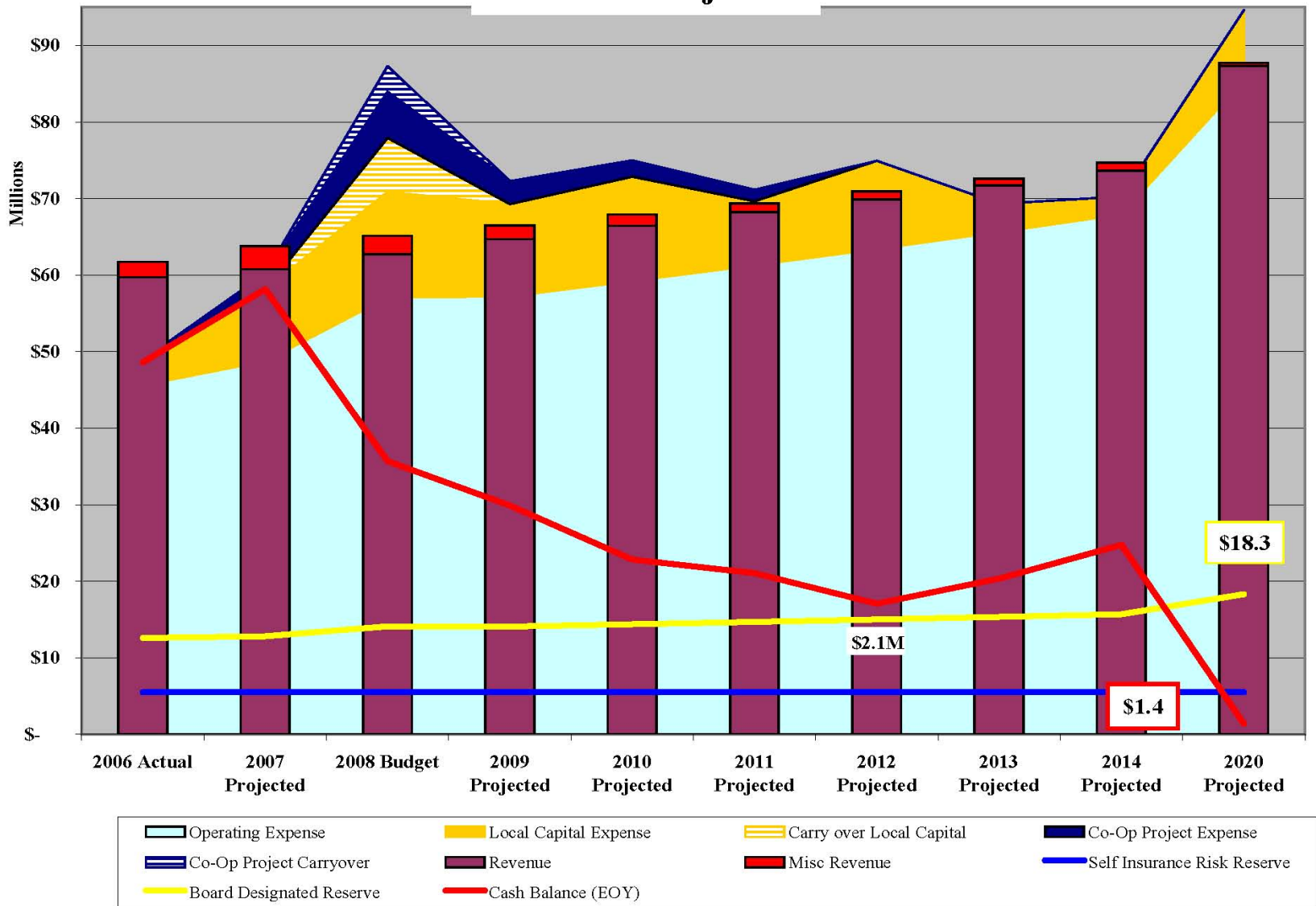
6.85% Sales Tax Growth in 2007

3.5% Sales Tax Growth in 2008

3.0% Sales Tax Growth in 2009 - 2020

	In Million \$									
	2006 Actual	2007 Projected	2008 Budget	2009 Projected	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected	2020 Projected
OPERATING ACTIVITIES										
Revenue (Including Sales Tax & Grants)	59.7	60.8	62.7	64.7	66.4	68.2	69.9	71.7	73.7	87.3
Interest Received	2.0	3.0	2.4	1.8	1.5	1.1	1.1	0.9	1.0	0.4
Operating Expense	(47.3)	(48.7)	(57.4)	(57.2)	(59.2)	(61.3)	(63.4)	(65.6)	(67.9)	(85.4)
Revenue Over (Under) Operating Expenses	14.4	15.0	7.8	9.2	8.7	8.1	7.5	7.0	6.7	2.3
CAPITAL ACTIVITIES (Local Funds)										
Purchase of Property, Plant, and Equipment	(3.0)	(9.3)	(20.8)	(12.0)	(13.6)	(8.3)	(11.5)	(3.7)	(2.3)	(9.2)
Cooperative Street and Road Projects	(0.3)	(2.1)	(9.4)	(3.0)	(2.1)	(1.5)	-	-	-	-
Total Local Cash Used for Capital Activities	(3.3)	(11.5)	(30.2)	(15.0)	(15.8)	(9.8)	(11.5)	(3.7)	(2.3)	(9.2)
NET INCREASE (DECREASE) IN CASH	11.1	3.6	(22.5)	(5.8)	(7.1)	(1.8)	(4.0)	3.3	4.4	(6.9)
CASH (Beginning of Year)	37.5	48.6	58.2	35.7	29.9	22.8	21.1	17.1	20.4	8.2
CASH (End of Year)	48.6	52.2	35.7	29.9	22.8	21.1	17.1	20.4	24.8	1.4
EOY Reconciling Cash Items		6.0								
Adjusted EOY Cash	48.6	58.2	35.7	29.9	22.8	21.1	17.1	20.4	24.8	1.4
RESERVES										
Self Insurance Reserve	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)
Board Designated Operating Reserve	(7.1)	(7.3)	(8.6)	(8.6)	(8.9)	(9.2)	(9.5)	(9.8)	(10.2)	(12.8)
Annual Cash Balance After Reserves	36.0	45.3	21.6	15.8	8.4	6.4	2.1	5.0	9.1	(16.9)

Spokane Transit Financial Projection



2008 Budget & Cash/Reserves Estimates

(In Million \$)

2008 Budget

OPERATING ACTIVITIES

Revenue (Including Sales Tax, Grants, & Other)	\$62.7
Interest Earned	2.4

Revenue Over Operating Expenses	\$7.8
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CAPITAL ACTIVITIES (Local Funds)

Purchase of Property, Plant, and Equipment	-\$20.8
Cooperative Street and Road Projects	-9.4
Total Local Cash Used for Capital Activities	-30.2

NET DECREASE IN CASH	-22.5
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CASH (Beginning of 2008)	58.2
CASH (End of 2008)	35.7

RESERVES

Self Insurance Reserve	-5.5
Board Designated Operating Reserve	-8.6

Annual Cash Balance After Reserves	\$21.6
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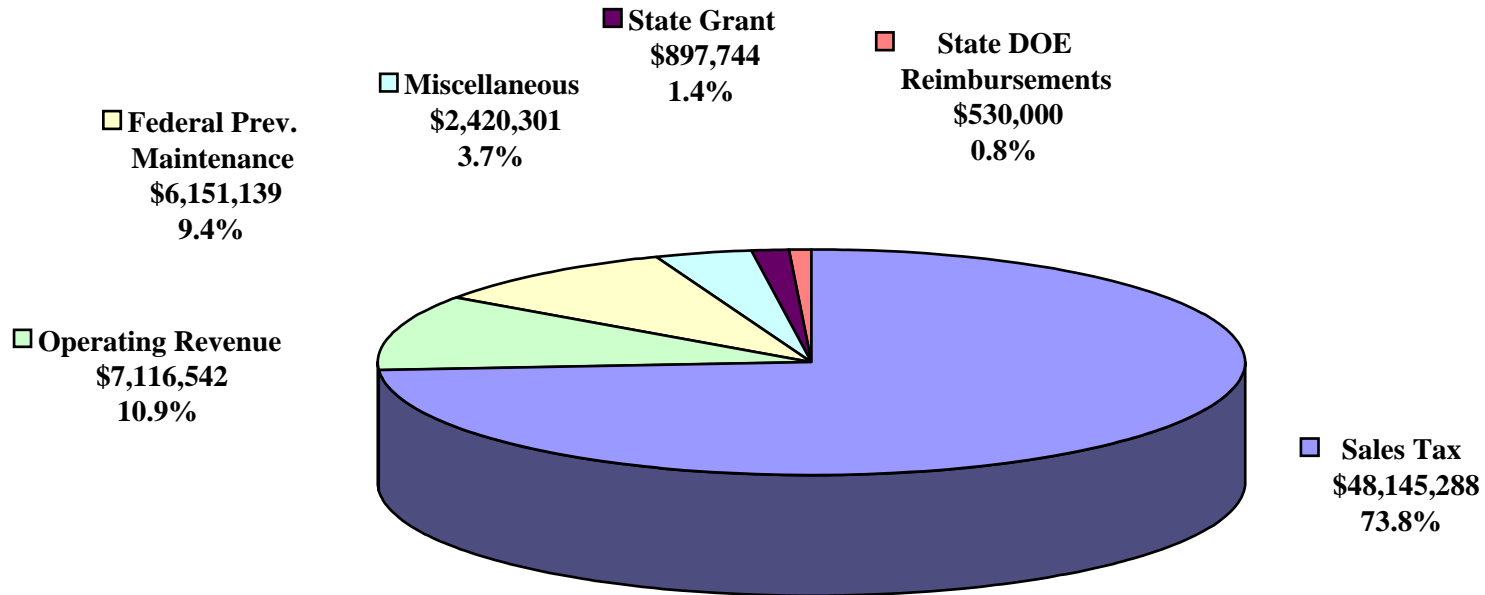
SPOKANE TRANSIT

2008 Budget

Revenue by Source

(Excluding Capital Assistance & JARC)

\$65,261,015



Percent of Revenue	2006	2007	2008
Sales Tax	73.0%	73.0%	73.8%
Operating Revenue	11.5%	11.5%	10.9%
Federal Prev. Maintenance	9.8%	9.8%	9.4%
Miscellaneous	4.2%	4.2%	3.7%
State Grant	1.4%	1.4%	1.4%
State DOE Reimbursements	0.0%	0.0%	0.8%

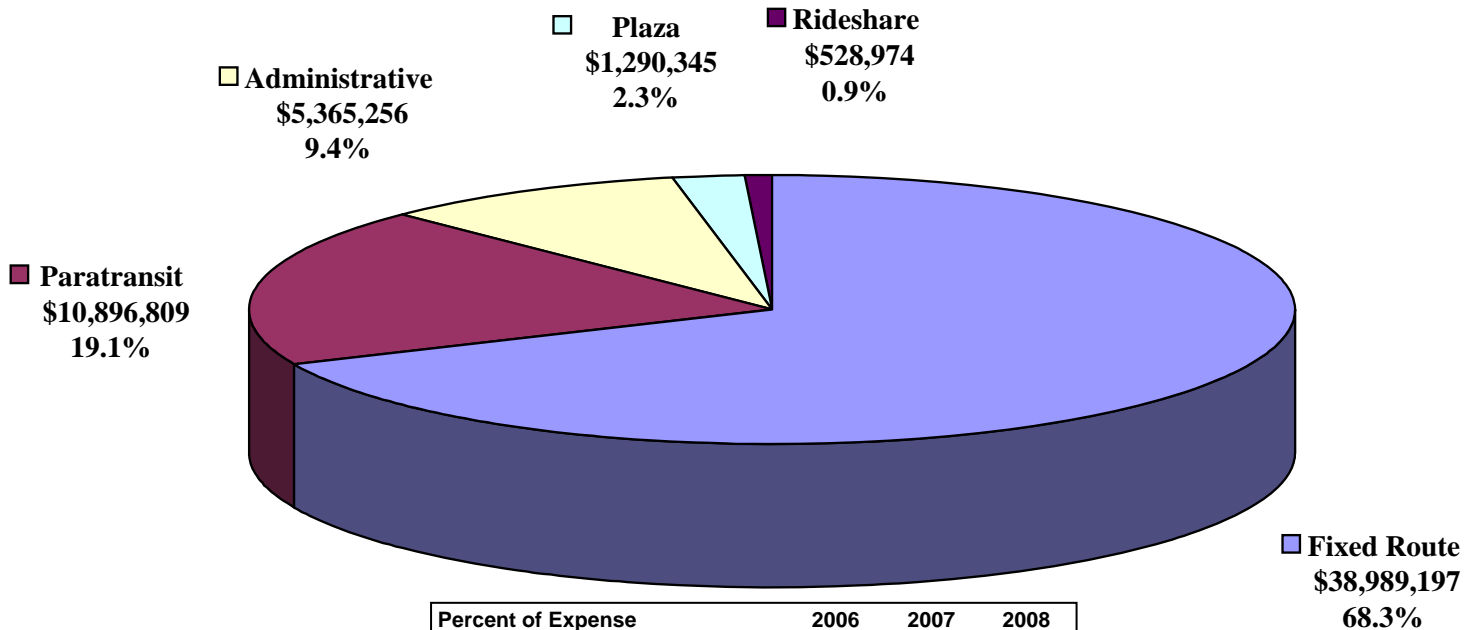
SPOKANE TRANSIT

2008 Budget

Expense by Division

(Excluding Capital Assistance, JARC, Cooperative Street/Road Projects & Election Costs)

\$57,070,582

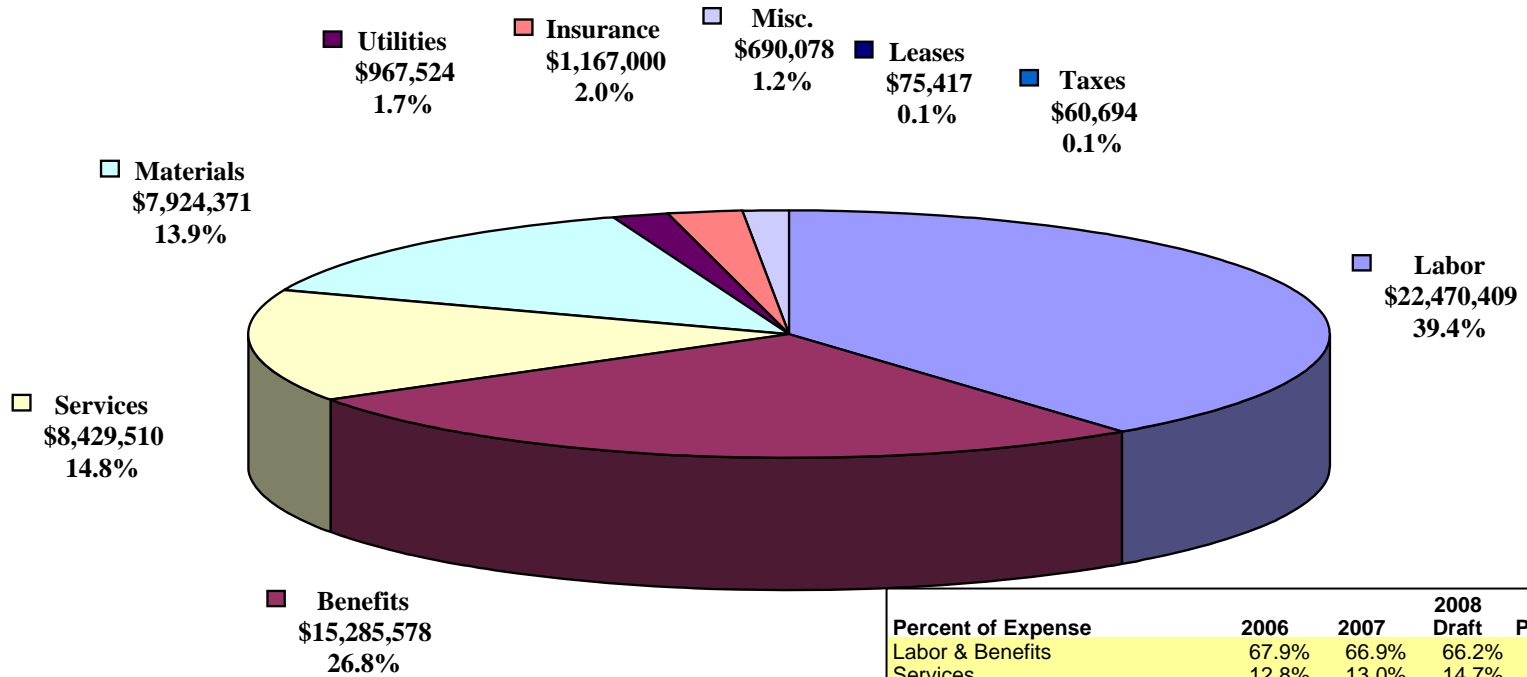


Percent of Expense	2006	2007	2008
Fixed Route	68.4%	68.0%	68.3%
Paratransit	19.3%	19.6%	19.1%
Administrative	8.7%	9.2%	9.4%
Plaza	2.6%	2.2%	2.3%
Rideshare	0.9%	0.9%	0.9%

SPOKANE TRANSIT 2008 Budget Expense By Object

(Excluding Capital Assistance, JARC, Cooperative Street/Road Projects & Election Costs)

\$57,070,582



Percent of Expense	2006	2007	2008 Draft	2008 Proposed
Labor & Benefits	67.9%	66.9%	66.2%	66.2%
Services	12.8%	13.0%	14.7%	14.8%
Materials	13.3%	14.9%	13.9%	13.9%
Utilities	1.9%	1.8%	1.7%	1.7%
Insurance	2.9%	2.0%	2.1%	2.0%
Other	1.2%	1.6%	1.5%	1.4%

NOTE: As required by federal accounting standards, Labor account includes wages for work time only. Benefits account includes wages for paid time off.

Staying True to the Mission

Transit 2020 Plan

- Plaza/No Plaza
- Opportunities: Downtown Circulator/ Streetcar, technology improvements (real-time arrival & departure info), more Hybrid buses, strategically located Park & Ride lots, new routes, Light Rail planning, more frequent service, etc.)



Reauthorization Considerations

- Amount: 0.3% (to sustain total at 0.6%)
- Timing of election: Special or General election
- Need for financial continuity
- February Board Meeting
- PDC Limitations



Spokane Transit
How a great city moves.