

**CITIZEN ADVISORY COMMITTEE**

Meeting Minutes for May14, 2008  
Northside Conference Room

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

Elaine Hoskin

**STAFF PRESENT**

E. Susan Meyer, Chief Executive Officer  
Steve Blaska, Director of Operations  
Naomi Dunning, Executive Assistant  
Jim Plaster, Director of Finance &  
Administration  
Ryan Stewart, Planner

**GUESTS**

Dennis Antonellis, ATU 1015 President

**1. Call to Order and Introductions (David Swalling, Committee Member)**

Chairman Swalling called the meeting to order at 5:15.

**2. Minutes of the Citizen Advisory Committee – Corrections or Approval**

Chairman Swalling asked the Committee to address the meeting minutes of April 9, 2008 and February 13, 2008.

**The Committee reviewed and approved the minutes by consensus.**

**3. Tariff Policy Project Calendar/Timeline Discussion – E. Susan Meyer – Chief Executive Officer**

Ms. Meyer thanked the Committee for their work on the Tariff Policy Project and noted that Mr. Blaska has kept her informed of the progress made.

Ms. Meyer said that she would like to talk with the Committee about the timing of bringing recommendations to the Board. She expressed a concern that discussion regarding fare changes could be viewed, especially by passengers, as a pre-conceived action prior to the vote.

Ms. Meyer continued by stating she has heard of some passengers asking about an increase in fares following the sales tax reauthorization vote.

If the Committee went to the Board at the end of 2008 or in the first quarter of 2009 with a fare increase proposal, it could appear to be planned for this to take place just following the sales tax reauthorization. Ms. Meyer stated that she knows this is not the situation, as the Committee has been working on this project over the last year, and also added that it is not an inappropriate time to be looking at fare increases as the last increase was in 2002.

Ms. Meyer asked the Committee for their input.

Mr. Frazier stated the public perception may be very hostile and expressed he is personally concerned about the timing.

Mr. Lynch submitted that the timing issue has been discussed several times by the Committee from the onset of the Tariff Policy Project and shared that it would be erroneous to believe that the Committee would arrive at a straight-across-the-board increase. Mr. Lynch continued by stating there are a number of people in the public who think there should be a fare increase, and added that the Committee should continue on with the process of the fare evaluation and thought it would not be completed much sooner than February 2009.

Mr. Lynch thought it to be a disservice if the Committee were to stop the process because of public perception.

Ms. Meyer replied that she does not want the Committee to stop the process.

Mr. Lynch added the Committee does not necessarily need to rush the process either.

Ms. Meyer asked for other thoughts.

Mrs. Jones said she envisioned an acceptance by the public as the fuel prices increase, however, felt it would be good to wait to approach the public.

Ms. Smits offered it is good to be transparent in all that the Committee does. There are people who may be more willing to vote yes if they knew that the CAC is looking at having riders pay a higher fare and there is never really a good time to raise fares. Ms. Smits stated the CAC is evaluating the fare structure to see if changes are warranted and continued by saying this is how the concept should be marketed in addition to educating the public that this review was last done in 2002 and needs to be done routinely. This process is not intended to be a price gouge by STA, rather, to be linked to the cost of service.

Mr. Swalling stated the perception of the public may be conspiratory, however the process needs to continue. Mr. Swalling reiterated that the CAC meetings are open to the public.

Ms. Meyer reiterated that timeline planning is a decision of the Committee. She offered that she spoke with Mark Richard about this project's timing. Mr. Richard shared her concern, and was in support of waiting until after December to present to the Board, not indicating that he wished for the Committee to slow down or discontinue altogether.

Mr. Lynch mentioned if the Committee devises a farebox return ratio, it may be decided to implement the increase one year from now as opposed to six months. There can still be a presentation to the Board, however implementation can be delayed. Mr. Lynch felt the timeline to be wide open.

Ms. Meyer shared that she and Mr. Blaska were recently in Austin, Texas, where the fares are \$.60. They have a large operation consisting of 1500 employees. Ms. Meyer continued by stating the CAC is well aware of how fare philosophies vary. As Ms. Smits mentioned earlier, some people may give a "yes" vote if they knew fares were to be raised. Others would say, especially in a time of recession and rising fuel prices, a fare increase would hurt the people who are least able to afford the increase, and advocates for this group of people would speak out. Ms. Meyer said that she thought the Committee to be wise not to have done this prior to the vote.

Ms. Meyer added that the Committee's Tariff Policy Project has certainly been no secret; agendas are published to inform the public of these meetings should they wish to attend, however, human behavior is that no one will attend until the public sees a fare increase on the agenda.

Mr. Swalling assured Ms. Meyer of the flexibility for time and that the Committee would be reviewing the Tariff Policy Project timeline again based on her thoughts shared at this meeting.

Ms. Meyer also suggested that the CAC make the "Public Expressions" agenda item separate from "General Business" on their meeting agendas.

Ms. Smits thanked Ms. Meyer for taking the time to share her thoughts and concerns regarding the Tariff Policy Project.

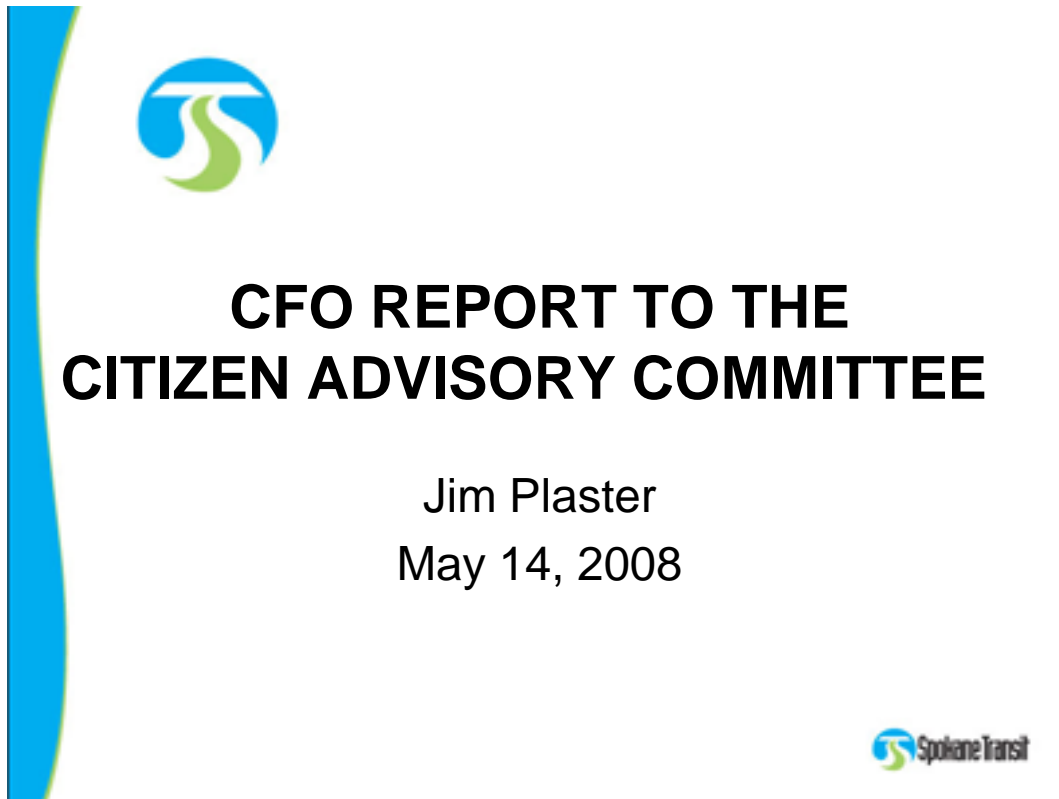
**4. 1<sup>st</sup> Quarter Financial Results – Jim Plaster, Director of Finance and Administration**

Mr. Plaster reported a combined year-to-date, as of March 2008, favorable total revenue and total expenditures budget variance of \$368,333. The financial update for March 2008 shows a favorable budget variance for total operating revenues of \$20 million which is a variance of 9.4% with a growth over 2007 of 6.7%. The total revenue of \$16.3 million shows a budget variance of -0.8 and 2.7% growth over 2007. Operating expenses of \$13.7 million show a favorable variance of 3.3% and a growth of 16.8% over 2007. Budget vs. Actual sales tax receipts for April 2008 are 1.7% lower than budgeted and 4.3% lower than April 2007. Year to Year comparison of sales tax receipts for April 2008 is 1.8% over 2007 and 0.9% lower than April 2007.

Mr. Plaster stated that there is concern about the negative sales tax growth. This is monitored monthly, along with updates to forecasts as information is received.

Also presented by Mr. Plaster was the Financial Projection model, which was presented to the Board in December, 2007 and has since been used as a public education tool. He noted this forecast will be updated based on lower than expected sales tax revenues.

Below is the presentation made by Mr. Plaster.





# Financial Update March 2008 YTD

## COMBINED YTD

Favorable Total Revenue &  
 Total Expenditures Budget Variances  
**\$368,333**

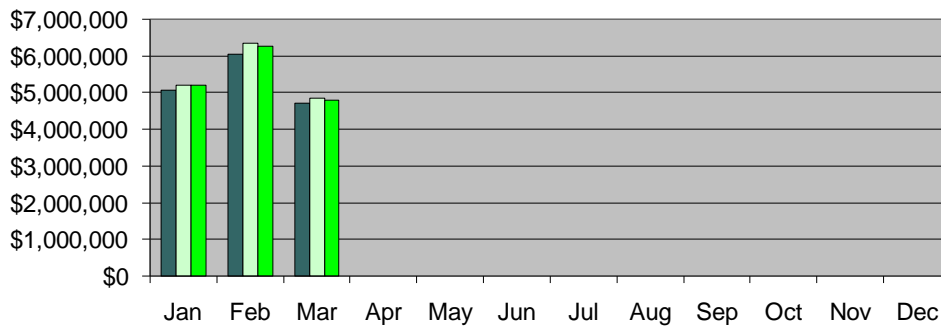


### Key Indicators - Revenues

All Sources (thousands)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd	%
2007-Actuals	\$ 5,079	\$ 6,040	\$ 4,719										\$ 15,838	
2008-Budget	\$ 5,215	\$ 6,348	\$ 4,838										\$ 16,400	
2008-Actuals	\$ 5,216	\$ 6,256	\$ 4,795										\$ 16,266	
Actual / Budget	0.0%	-1.4%	-0.9%										-\$ 134	-0.8%
Actual / Prior Year	2.7%	3.6%	1.6%										\$ 428	2.7%

Revenue - All Sources



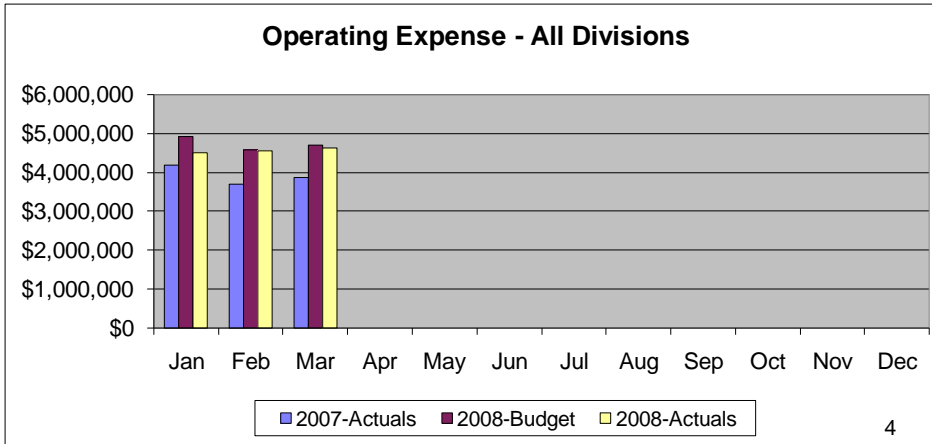
■ 2007-Actuals    □ 2008-Budget    ■ 2008-Actuals



**Key Indicators - Operating Expense**

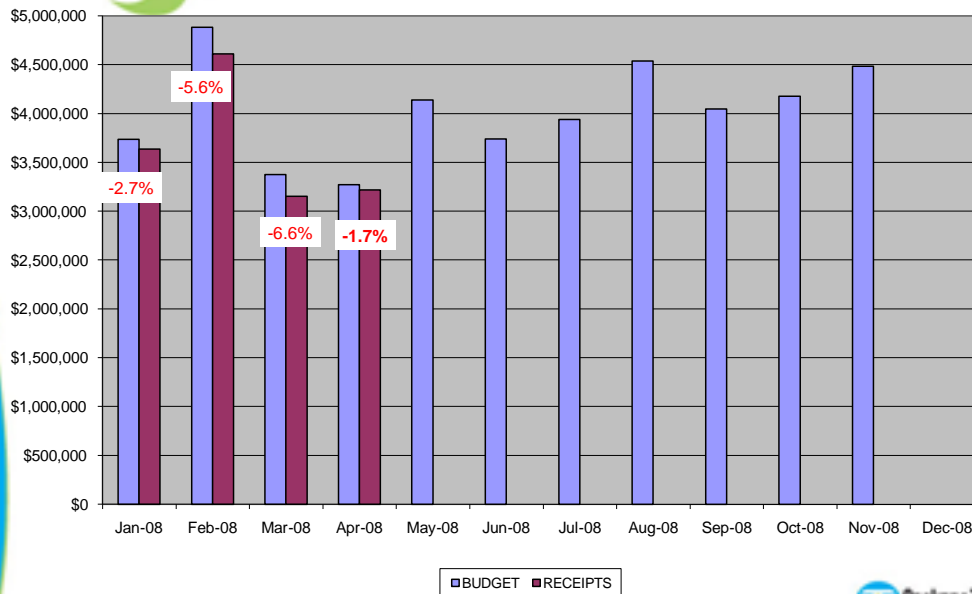
All Divisions (thousands)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd	%
2007-Actuals	\$ 4,183	\$ 3,698	\$ 3,860										\$ 11,741	
2008-Budget	\$ 4,916	\$ 4,570	\$ 4,696										\$ 14,182	
2008-Actuals	\$ 4,506	\$ 4,565	\$ 4,640										\$ 13,711	
Actual / Budget	-8.3%	-0.1%	-1.2%										\$ -472	-3.3%
Actual / Prior Year	7.7%	23.4%	20.2%										\$ 1,969	16.8%



**SPOKANE TRANSIT**  
 SALES TAX BUDGET VS. RECEIPTS - 2008  
 Cash Basis

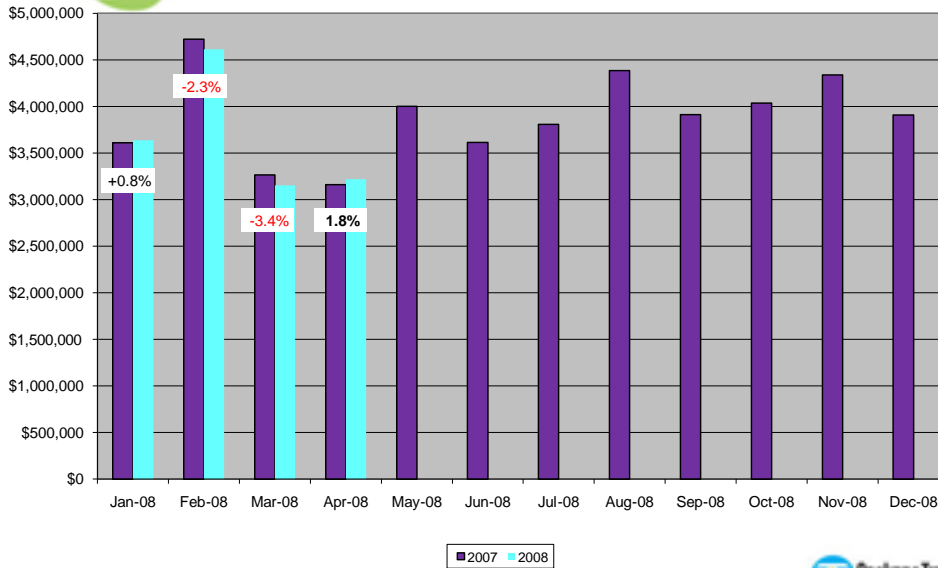
YTD ACTUAL \$ 14,622,934  
 YTD BUDGET \$ 15,273,291  
 VARIANCE -\$650,357  
 -4.3%





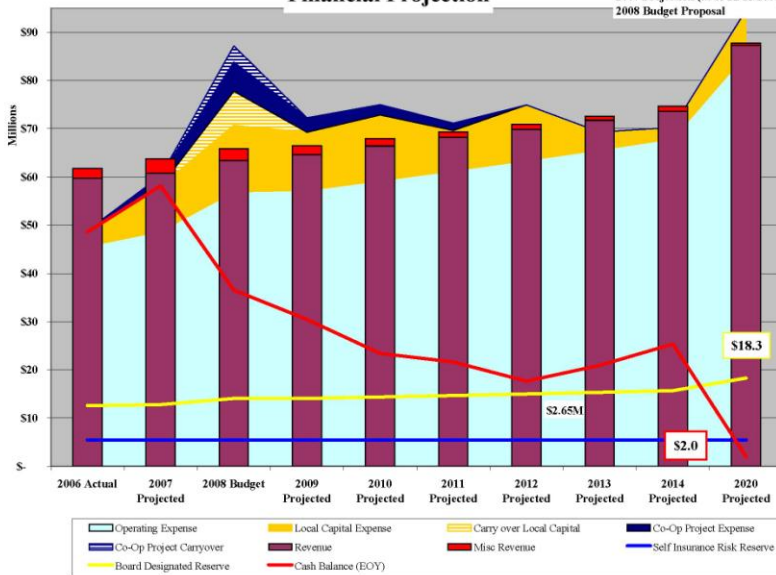
**SPOKANE TRANSIT**  
 2007 vs. 2008 SALES TAX RECEIPTS COMPARISONS  
 Cash Basis

YTD 2007 \$14,759,803  
 YTD 2008 \$14,622,934  
 CHANGE -\$ 133,869  
 -0.9%



**Spokane Transit  
 Financial Projection**

Assumptions  
 6.85% Sales Tax Growth in 2007  
 3.5% Sales Tax Growth in 2008  
 3.0% Sales Tax Growth in 2009-202  
 2007 Projection (as of 11/15/2007)  
 2008 Budget Proposal



**Spokane Transit Authority**  
**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

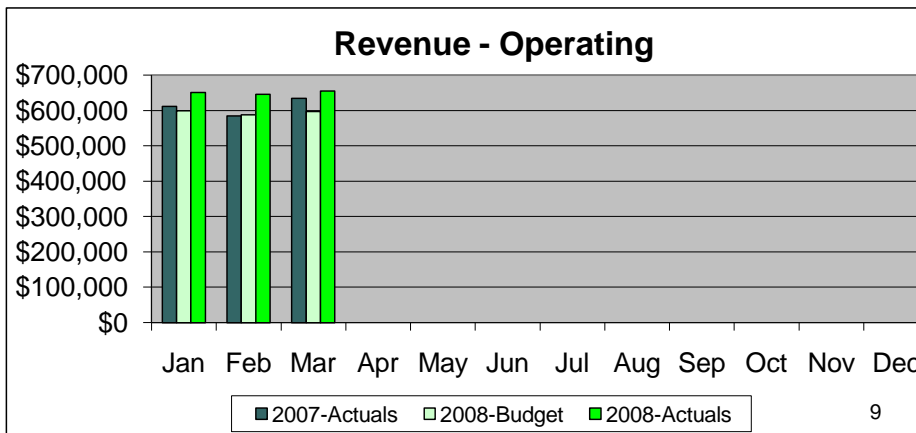
	2006 Actual	2007 Projected	2008 Budget	2009 Projected	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected	2020 Projected
In Million \$										
<b>OPERATING ACTIVITIES</b>										
Revenue (Including Sales Tax & Grants)	59.72	60.77	63.14	64.66	66.42	68.20	69.87	71.72	73.63	87.30
Interest Received	2.01	3.00	2.42	1.81	1.52	1.17	1.08	0.88	1.05	0.44
Operating Expense	(47.30)	(48.75)	(57.22)	(57.23)	(59.23)	(61.29)	(63.43)	(65.64)	(67.93)	(85.45)
<b>Revenue Over (Under) Operating Expenses</b>	<b>14.43</b>	<b>15.02</b>	<b>8.34</b>	<b>9.25</b>	<b>8.71</b>	<b>8.08</b>	<b>7.52</b>	<b>6.97</b>	<b>6.75</b>	<b>2.30</b>
<b>CAPITAL ACTIVITIES (Local Funds)</b>										
Purchase of Property, Plant, and Equipment	(2.97)	(9.33)	(20.84)	(12.04)	(13.62)	(8.34)	(11.50)	(3.68)	(2.34)	(9.15)
Cooperative Street and Road Projects	(0.33)	(2.14)	(9.41)	(3.00)	(2.13)	(1.51)	-	-	-	-
<b>Total Local Cash Used for Capital Activities</b>	<b>(3.29)</b>	<b>(11.46)</b>	<b>(30.24)</b>	<b>(15.04)</b>	<b>(15.75)</b>	<b>(9.85)</b>	<b>(11.50)</b>	<b>(3.68)</b>	<b>(2.34)</b>	<b>(9.15)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>11.13</b>	<b>3.56</b>	<b>(21.91)</b>	<b>(5.79)</b>	<b>(7.05)</b>	<b>(1.77)</b>	<b>(3.98)</b>	<b>3.28</b>	<b>4.41</b>	<b>(6.86)</b>
CASH (Beginning of Year)	37.48	48.61	58.16	36.25	30.46	23.41	21.64	17.66	20.95	8.88
CASH (End of Year)	48.61	52.17	36.25	30.46	23.41	21.64	17.66	20.95	25.36	2.02
EOY Reconciling Cash Items		5.99								
Adjusted EOY Cash	48.61	58.16	36.25	30.46	23.41	21.64	17.66	20.95	25.36	2.02
<b>RESERVES</b>										
Self Insurance Reserve	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)	(5.50)
Board Designated Operating Reserve	(7.09)	(7.31)	(8.58)	(8.58)	(8.89)	(9.19)	(9.51)	(9.85)	(10.19)	(12.82)
<b>Annual Cash Balance After Reserves</b>	<b>36.01</b>	<b>45.35</b>	<b>22.17</b>	<b>16.38</b>	<b>9.03</b>	<b>6.95</b>	<b>2.65</b>	<b>5.60</b>	<b>9.67</b>	<b>(16.30)</b>



**Key Indicators - Revenues**

**Operating (thousands)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd	%
<b>2007-Actuals</b>	\$ 612	\$ 585	\$ 635										\$ 1,832	
<b>2008-Budget</b>	\$ 600	\$ 589	\$ 597										\$ 1,785	
<b>2008-Actuals</b>	\$ 651	\$ 647	\$ 656										\$ 1,954	
<b>Actual / Budget</b>	8.6%	9.8%	9.8%										\$ 168	9.4%
<b>Actual / Prior Year</b>	6.5%	10.5%	3.3%										\$ 122	6.7%



**5. Tariff Policy - Fare Elasticity Model Review – Ryan Stewart, Planner**

Mr. Plaster introduced Mr. Stewart and shared that he has taken the Committee’s input from the previous month, some of which was necessary to estimate due to having new fare instruments (Weekend Pass and 3 Month Pass) in addition to reallocating some historical data to calibrate the model for low and high elasticity ranges.

Mr. Stewart presented a revised model of “What If” Fare Elasticity ranges. Mr. Stewart reminded the Committee that staff recommended a range of elasticities representing results of certain fare changes falling within the low range of -.20 (meaning a 10% increase in fares results in a 2% decrease in ridership) and the high range of -.50 (meaning a 10% increase in fares results in a 5% decrease in ridership). The fare elasticity numbers below is based on the preliminary figures provided by the Committee following the last meeting. Mr. Stewart reported an overall, an unweighted average fare increase based on preliminary numbers from last month’s meeting is 14%. The revised range of annualized numbers is as follows:

**May 2008 CAC "What If" Fare Elasticity Range**  
 (14% unweighted average fare increase)

	<b>low (-0.20)</b>	<b>high (-0.50)</b>
<b>Change in Ridership</b>	(219,484)	(438,968)
<b>% Change in Ridership</b>	-2.3%	-4.7%
<b>Change in Revenue</b>	\$ 169,010	\$ (73,417)
<b>% Change in Revenue</b>	2.8%	-1.2%
<b>Base Farebox Recovery Ratio</b>	16.2	16.2
<b>New Farebox Recovery Ratio</b>	16.7	16.0
<b>Base Average Fare</b>	\$ 0.64	\$ 0.64
<b>New Average Fare</b>	\$ 0.68	\$ 0.67

- Note: a fare elasticity of -0.20 means that a 10% increase in fares would result in a 2% decrease in ridership

**Below is another look at the fare results based on the suggested fare categories and price increases:**

**CAC Option (May 2008)**

**Low Elasticity (-0.20)**

<u>Category</u>	<u>Current Price</u>	<u>Amount Increase</u>	<u>% Increase</u>	<u>New Price</u>
Adult Cash	\$ 1.00	\$ 0.25	25%	\$ 1.25
Adult 2 HR Pass	\$ 1.00	\$ 0.25	25%	\$ 1.25
Adult Day Pass	\$ 2.50	\$ 0.50	20%	\$ 3.00
Adult Monthly Pass	\$ 33.00	\$ 5.00	15%	\$ 38.00
City Ticket	\$ 19.00	\$ 1.00	5%	\$ 20.00
Adult Weekend Pass	\$ 5.82	\$ (0.82)	-14%	\$ 5.00
Adult 3 Month Pass	\$ 99.00	\$ 11.00	11%	\$ 110.00

Student/College Pass	\$ 26.00	\$ -	0%	\$ 26.00
Eagle Pass	\$ 25.94	\$ -	0%	\$ 25.94
County Pass	\$ 22.50	\$ -	0%	\$ 22.50
Youth Cash	\$ 1.00	\$ -	0%	\$ 1.00
Youth 2 HR Pass	\$ 1.00	\$ -	0%	\$ 1.00
Youth Day Pass	\$ 2.50	\$ -	0%	\$ 2.50
Youth Monthly Pass	\$ 26.00	\$ (6.00)	-23%	\$ 20.00
Youth Summer Pass	\$ 39.95	\$ 0.05	0%	\$ 40.00
Youth Weekend Pass	\$ 5.82	\$ (0.82)	-14%	\$ 5.00
Youth 3 Month Pass	\$ 78.00	\$ (23.00)	-29%	\$ 55.00
VIP Cash	\$ 0.50	\$ 0.10	20%	\$ 0.60
VIP 2 HR Pass	\$ 0.50	\$ 0.10	20%	\$ 0.60
VIP Day Pass	\$ 2.50	\$ -	0%	\$ 2.50
VIP Pass	\$ 16.50	\$ 2.50	15%	\$ 19.00
VIP Weekend Pass	\$ 5.82	\$ (0.82)	-14%	\$ 5.00
VIP 3 Month Pass	\$ 49.50	\$ 5.50	11%	\$ 55.00
Express Cash	\$ 1.00	\$ 1.00	100%	\$ 2.00
Express 2 HR Pass	\$ 1.00	\$ 1.00	100%	\$ 2.00
Express Day Pass	\$ 2.50	\$ 1.50	60%	\$ 4.00
Express Monthly Pass	\$ 33.00	\$ 12.00	36%	\$ 45.00
Express 3 Month Pass	\$ 99.00	\$ 31.00	31%	\$ 130.00

Average of selected "what if" prices (unweighted)

14%

	<u>Amount</u>	<u>%</u>
Change in ridership =	<b>-219,484</b>	<b>-2%</b>
Change in revenue =	<b>\$ 169,010</b>	<b>3%</b>
Base Farebox Recovery Ratio =	<b>16.20</b>	
New Farebox Recovery Ratio =	<b>16.65</b>	<b>3%</b>
Base Average Fare =	<b>\$ 0.64</b>	
New Average Fare =	<b>\$ 0.68</b>	<b>5%</b>

Notes:

= based on 12,566 eligible Eagle Pass participants (EWU students, faculty and staff)

= based on 2,000 eligible County employees

= Summer Youth Pass included in total Youth Pass data, \$.05 increase has negligible impact.

= based on an assumption of an average of 6 uses per weekend pass multiplied by the average fare for weekends (\$0.97).

= based on assumption that 3% of existing monthly pass users will migrate to 3 month pass.

= based on data that 3% of system wide ridership is express (routes 72, 73, 74, 124)

Overall at the low end of the range (-.20), this particular scenario showed a very low increase in revenue (3.0%), and a very small decrease in ridership (2.0%) resulting in a loss of adult ridership and a gain in student ridership.

Mr. Blaska asked if it would be helpful to show compared to a 0.0% relationship to reduction in ridership and see what the change in revenue would be. He continued by stating that it seems to be the trend of what has been reported in other transit areas; a slower growth as opposed to a decrease in ridership.

Mr. Stewart changed his model per this request to reflect an elasticity of 0, essentially reflecting no adverse impact to ridership from a fare change. This was for illustrative purposes only and does not accurately reflect expected results of a fare change.

Mr. Frazier asked if the Youth Monthly Pass and the Youth Day Pass is decreased, does this necessarily mean that ridership will increase.

Mr. Blaska replied that a lower rate does mean for an increase in ridership and proof of the concept is based on the 2007 prices and ridership where the Youth Pass is \$26, however, due to a state grant, the pass is sold for \$20. Fare revenue is still received for the balance, but the customer is paying \$20. A growth in youth ridership has been seen since lowering the price.

Ms. Bemiller reported that in three years of her ridership of the same route there is a significant difference in the amount of people on the bus.

Mr. Swalling questioned if the prices were lowered, where is the break-even point of increasing fares and seeing decreased ridership and vice versa. He added that raising fares for certain high use routes may help to balance the scenario.

Mrs. Jones said to be careful with targeted increases as the public may not anticipate varying fares.

Based on the results of the original fare elasticity, the Committee elected to look at a 7% increase at the next meeting.

The Committee also requested Mr. Stewart to send out a blank fare elasticity grid for their individual use.

Mr. Stewart stated that this could be emailed to the Committee.

Mr. Plaster offered that the last fare increase was 33 percent, along with an increase in service prior to, and changes in transfers and there was not as much of a decrease in ridership as the model projected.

## **6. Known Community Requests – Steve Blaska, Director of Operations**

Mr. Blaska stated in 2005, the service increase and service improvements made in the last eighteen months were confined to the footprint of current level of service in 2004 based on not knowing if it could be sustained past the sunset clause.

The following items are service requests by the public which are entered by planning into a database and are reviewed annually. The North Express is a recent example of implemented service requests. If STA is able to move forward after the vote, these requests will be rank ordered based on ridership expectations, equity concerns, demographic and geographic factors. Note that the list below is not rank ordered.

1. Upriver Drive / SNAP
2. Mirabeau Pkwy & N. Pines just North of Trent
3. Downtown Shuttle Service
4. #32 - Later Service Saturday/Sunday - Ties Valley Mall to North Spokane
5. Increased Frequency – Medical Lake
6. #66 – Direct Service to/from Valley Transit Center
7. #22 – 15 Minute Service
8. #45 – 15-Minute Service
9. #61 – Service Changes Needed Due to Growth in Airway Heights
10. Break up Route 90 – More Frequent
11. Express Service – Sprague Corridor
12. Service North of Trent via E. Valley H.S.
13. Shelter Requests
14. #1 to Plaza - Later Evening Service
15. #73 – All Day Service
16. Service to Post Falls/CDA
17. EWU – Direct trips from Satellite Lots
18. Liberty Lake Service – Nights/Weekends
19. Jefferson Lot – Increase Parking
20. Create Nine Mile Park & Ride Lot
21. #41 – More Trips Daily Plus Evening & Weekend Service
22. Routing on Appleway After Couplet Change
23. Plaza/Intermodal Center
24. Bus Stop Enhancements

Mrs. Jones suggested creating a loop for Cheney, Medical Lake and Airway Heights, possibly including Fairchild.

Mr. Frazier asked where a Park and Ride would be placed in Nine Mile.

Mr. Stewart replied that Northwest Terrace is a potential area for a cooperative Park and Ride.

Mr. Blaska shared that the people developing Joe Albi have approached STA for a cooperative Park and Ride.

Mr. Blaska said when applying the Service Request Project to the Tariff Policy Project, it is helpful to be able to say that service requests such as these can be addressed with fare increase.

## 7. **General Business**

### a. **Public Expressions**

Mrs. Jones asked Mr. Blaska to look at east bound Route 61 at Zip's restaurant in Airway Heights. She stated there is a need to add a turnout for the bus. The second is the stop across from Wal-Mart and Taco Bell at Hayford Road. Ms. Jones states it is so close to the light that it backs up traffic through the light. The last area is east bound on Flint road where there have been multiple accidents at this intersection. These three bus stops are of safety concern to Mrs. Jones.

**b. Statewide Citizen Advisory Committee Meeting**

A Statewide Joint Citizen Advisory Committee Meeting is scheduled to take place on September 19, 2008. The meeting is hosted by Intercity Transit in Olympia, WA and will encompass reporting from each transit present, The CAC has elected to participate by sending Chairman Swalling and one Committee member, pending approval by the Board of Directors at their July meeting.

Ms. Smits went last year and thought it was interesting to see each focus, some are heavily led by staff others are independent. Each has different challenges and tactics vary between all.

Mrs. Jones said that it would be good for two people to attend.

Mr. Lynch motioned for two Committee members to attend the Statewide Citizen Advisory Committee Meeting in Olympia, WA on September 19, 2008.

Mrs. Jones seconded the motion.

**The Committee approved the motion by consensus.**

**7. Adjourn**

With there being no further business to come before the Committee, the meeting was adjourned at 6:51p.m.

Respectfully submitted,

Naomi Dunning  
Executive Assistant