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

BOARD OF DIRECTORS

Draft Minutes of the November 2, 2011, Board Budget Workshop
Southside Conference Room, Spokane Transit
1229 West Boone Avenue, Spokane, Washington

MEMBERS PRESENT
Amber Waldref, City of Spokane, Chair
Richard Rush, City of Spokane
Nancy McLaughlin, City of Spokane
Chuck Hafner, City of Spokane Valley
Gary Schimmels, City of Spokane Valley
Al French, Spokane County
Mark Richard, Spokane County
Rhonda Bowers, Labor Representative

MEMBERS ABSENT
Josh Beckett, Small Cities Representative (Liberty Lake)
Brenda Redell, Small Cities Representative (Medical Lake)

STAFF PRESENT
E. Susan Meyer, Chief Executive Officer
Lynda Warren, Director of Finance
Steve Blaska, Director of Operations
Karl Otterstrom, Director of Planning
Lynn Holmes, Assistant Director of Finance
Tammy Johnston, Budget & Accounting Manager
Molly Myers, Communications Manager

PROVIDING LEGAL COUNSEL
Laura McAloon, K & L Gates LLP

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1. CALL TO ORDER
Chair Waldref called the meeting to order at 3:06 p.m. and conducted roll call.

2. EXECUTIVE SESSION
At 3:08 p.m. Ms. McAloon announced that the Board would adjourn for an Executive Session for the purpose of:
   a. Reviewing the performance of a public employee.

The STA Board of Directors will reconvene in open session at approximately 3:30 p.m. If it becomes necessary to extend the executive session, a member of the staff will return to announce the time at which the STA Board will reconvene. If any action is to be taken as a result of discussions in the executive session, that action will occur in open public session.

Mr. Richard joined the meeting at 3:09 p.m.

At 3:30 p.m., Ms. Warren returned to announce the Board would reconvene at 3:45 p.m.
At 3:45 p.m., Mr. Otterstrom returned to announce the Board would reconvene in 10 minutes.
At 3:55 p.m., Ms. Warren returned to announce the Board would reconvene at 4:10 p.m.

At 4:10 p.m., the Board of Directors reconvened.

Chair Waldref declared the meeting back in open public session and apologized for taking longer than anticipated.

3. <u>2012 DRAFT BUDGET PRESENTATION</u>

For ease of reference, the PowerPoint presentation and accompanying handout are attached to these minutes.

Ms. Meyer said this is the discussion opportunity before the November Board meeting when the public hearing will take place. Staff will request budget adoption at the December Board meeting. The first topic is budget guidance with the same four bullet points as last year. Preparation for phase 3 service reductions is an update and will be discussed further with the long term forecast. The discussion will include Capital Projects; Revenue Assumptions (Sales Tax, Ridership, and Investment Income); Expenditure Assumptions (in particular staffing; positions & benefits); and, Compensation which does not need to be resolved today. Ms. Meyer would like to invite the Board members to meet with the Executive Team for one-on-one discussions between this meeting and the November Board meeting.

The 2012 Capital Improvement Plan was approved by the Board at the October meeting and recently STA received $1.437M in new grants for 2012. The amount is actually higher, but the rest of the money comes in future years so this is just to show that there is an offset of almost $1.5M in 2012 in grants that were applied for and received.

At the June workshop there was conversation about the South Valley Corridor. As a result of that conversation, the Alternatives Analysis has been put back in the Capital Improvement Plan. Ms. Meyer believes 2013 is too early to do the analysis but it is important to keep it in the plan in order to continue to make that corridor a future priority. Then there is the question about Right of Way. Staff recommended that the $4.95M be put in a reserve and reflected as a reserve rather than an ongoing $1M expense per year. Staff also recommended that the funds are available for any right of way. Ms. Meyer commented that option received a negative reaction. Staff would like to know if the Board wishes to continue to show $1M per year in the budget for rights of way acquisition or that amount could be included in a reserve.

Ms. Waldref asked if there were any comments on the $1M, keeping it as an expense line item that doesn’t get spent each year or putting it as a reserve item which can only be used for this purpose.

Mr. French asked if we have a designated reserve. Ms. Meyer said that there are currently two Board designated reserves. Mr. French asked if there could be a designated reserve for right of way purchases. Ms. Meyer agreed and said it would create a third designated reserve. The first reserve is 15% of operating expenses and the second is for $5.5M as self-insurance for catastrophic loss, and the third would be $4.95M for right of way.

Mr. French said he could support that. Mr. Schimmels asked about the discussion at the last June workshop regarding right of way. Ms. Meyers clarified and said that there are 2 parts to this; 1) can we can put $4.95M in a designated reserve and 2) what are your thoughts on allowing that amount to be used for other rights of way. Mr. Schimmels said that was his question. Mr. Schimmels said he had no problem with that designation. Ms. Waldref noted that others were in agreement about that and asked if there were other concerns about the right of way.

Mr. Richard said the concern was more of shock of the movement of the topic in the format that it was presented more so than the request. In answer to question #1, Mr. Richard has no problem moving it to a dedicated reserve. Answer to #2 his reaction was shock and a bit of self-interest. The County currently owns a piece of that neither the City of the Spokane Valley or Spokane Transit will commit to buying. In the meantime, the County owns an asset that is not being well maintained or used. In his conversations with Spokane Valley recently with some, but not all, there isn't an urgent desire to purchase the real estate. As far as the first part; the alternatives analysis, it might be a corridor sometime in the future for high capacity transit but it is sometime in the future in terms of priorities in terms of moving people, congestion and development. Is it wise to spend money on the analysis when in reality it might be 10-20 years in the future? Mr. Richard said personally he has no problem using it for other right of ways. The County would have to come to its own conclusion whether they want to keep the real estate. Mr. Richard suspects the County probably will, because they still have a desire to see it used as a regional asset, although, it is uncomfortable keeping this regional asset for other entities that may or may not want to use it sometime in the future, when the County has its own financial pressures. Mr. Richard supports going forward.

Ms. Meyer asked if Mr. Richard agreed with both #1 and #2; putting the money in a designated reserve and making it available for other right of way purchases. Mr. Richard said yes and he is open for discussion about striking the Alternatives Analysis in 2013. Ms. Meyer said that it could be left in an out year that is not part of the 2012 budget but it will come back to the Board for consideration.

Mr. Richard mentioned that apparently some thought there was going to be this willingness on the part of the two rail companies to abandon a rail line, to share a rail line, or vacate a section of rail line, all of which would connect with this discussion. More recent conversations have proven that these concepts are improbable, so the concept of a valley corridor needs to be reassessed as to how it would best serve the public's interest.

Ms. Waldref asked if there were other comments and mentioned that she was supportive of #1 and #2. She mentioned that regarding #2, the Board would have to approve it. Ms. Meyer said the Board has to approve any real estate acquisition. Mr. Hafner asked if Ms. Meyer wanted a consensus of the Board or just the County. Ms. Meyer said she would like any relevant input and asked for a quick update on conversations between Spokane Valley and Spokane County regarding a path. Mr. Schimmels said he thought the Spokane Valley City Council was going to address that with the County but first a specific plan needs to be created. At this point they don't feel they can do anything. Mr. Hafner said it doesn't make sense to have the property sit there and look ugly. He said they are working with the County and staff to see the possibilities in the future of having an alternative such as a walking path or a bicycle path.

Ms. Meyer mentioned that Mr. Richard, Mr. Mike Jackson, City Manager, and she met, and had a preliminary conversation about this, so that all parties could be on the same page regarding the long term nature of the investment. Mr. Richard mentioned that Mr. Jackson and he had not yet met to talk about guiding principles and generalities and the concept of proposing an easement preserving it for a regional transportation corridor in the future. He added that there may be a way to do a beautification project since it goes through the heart of the Spokane Valley. Mr. French mentioned he thought they were leaning more towards a license instead of an easement. Ms. Meyers thanked the Board for their input.

Ms. Meyer spoke about the central city transit project. Some months ago, the Board approved staff pursuing funding to do the preliminary engineering and design of $1.5M but earmarks were discontinued. The $375K was the local match to the assumed grant. Absent a grant, there are no plans to do preliminary engineering and design. The $200K in the 2012 budget for the FTA Small Starts application is important. A consultant would be hired to assist with the application; it will be submitted to FTA and, hopefully it will be included in the President's next budget. Staff recommends the Board agrees to continue with this project; a lot of time has been invested in it.

Mr. Rush said there is a lot of energy in the community around the project. There have been open houses and a lot of positive feedback has been received. The project has been gaining momentum in community consensus, so to delay it and let it drop would be a mistake. Ms. Meyer said that part of the application would be obtaining letters of support from all the organizations that support the project.

Ms. Waldref asked what STA might lose moving forward. Ms. Meyer said time spent on the project is an investment and it's one worth making. To be clear, STA didn't spend any of its own funding but contributed a lot of staff time. She added that staff now proposes STA pay $200K to get this application prepared and submitted; the project is in the Capital Improvement Program and the Budget. She hopes that it will not appear that STA has gone back on its word by first saying STA was not contributing any funding and now proposing to spend $200K.

Ms. McLaughlin asked how much money STA could get from a Small Starts grant. Would it be $18M? Ms. Meyer said yes. Ms. McLaughlin mentioned that we don't know how much money will be available, if any but should position ourselves to be ready when grants become available.

Mr. French said there are two opportunities. One is through the regular Small Starts application process and the other is to have someone close to the transportation committee, for example Senator Murray, add this to the transportation bill and the comment made that this is a rounding error. Other projects get funded this way and side-step the whole application process. Mr. French agrees with Ms. McLaughlin; it is worth the investment.

Ms. Meyer mentioned that there is risk in bypassing FTA and that the best route is getting it in the Small Starts pipeline and ask Senator Murray to help advance it. Mr. French suggests pursuing both. Ms. Waldref asked if there are any other comments. Mr. Otterstrom said that Small Starts is a funding piece; the avenue that you are approved into project development. However, if you are not ready to implement the project from a local match standpoint, by pursuing the Small Starts application you would be entering into project development so that when federal funding does come, you can go back and see how much money you have spent and get reimbursed for it be a match. Mr. French said it is equivalent to a "shovel ready" project. Ms. Waldref said it allows us time to work on our match as well as federal dollars when available and it puts us in the queue. Ms. Meyer said that when you apply you suggest where the local match may come from and you will be admitted into project development, but no grant funding will be given money until you have the local money in hand. Ms. Waldref supports moving forward with it. Mr. Richard asks if it potentially puts us in an awkward scenario when the local match is not available but and if support is received from the federal government and the lack of a local match that is built into it, then he is comfortable with it. We need to be true to our word. Mr. Richard said that the plan considers alternatives within the City of Spokane core so this is the identified preferred alternative and he is not certain it is consistent with STA's messaging. However, it could certainly be an update to the message that we have an opportunity to seek federal funding; that we have gone through an extensive public process; and have developed alternatives in the master plan in the city core and this came out as a preferred alternative. Mr. Richard understands STA's concern about maintaining integrity with the public and this needs to be considered carefully. He added that it is important to invest in this kind of project because it encourages excitement and energy around the community and brings technology here that isn't being done anywhere else in the country. That is a really positive message to deliver to prospective businesses, entrepreneurs and others looking for somewhere to live. Mr. Richards supports the project, but is cautious that STA shares a consistent message.

Ms. Meyer said no local funding will be spent until future revenues have been identified; that is, no funding will be taken from providing current service levels. Mr. French said it would be future federal revenue coming to STA and if it is not applied for, it will not be received.

Mr. Blaska suggested that the inconsistency that may need to be resolved formally is the wording in the resolution. The resolution actually says the alternative is adopted but this does not indicate approval of funding or the timing. Mr. Otterstrom said that the Strategic Plan for 2012 addresses that, and that the action of the locally preferred alternative did not say STA would fund it.

Ms. McLaughlin said this process is necessary to obtain larger amounts of funding. Ms. Waldref said this is not going to be built without voter approval and voter approval will not be obtained without the federal match. Ms. Myers concurs and added that there has been an assumption that the federal match is a given which it is not.

Mr. French suggested leaving it with staff at present and the Board will be available for guidance. Mr. Richard said the optimum would be to get a dual purpose out of these expenditures in by preparing for the documentation to take to the voters. Then it would not only be an investment in the preparation for the application, but potentially lays the groundwork for a public vote. Mr. Otterstrom said that a Small Starts application involves refining travel demand modeling, ridership projections, and defining the benefits to the public. The other part of the package is to show how this project fits in with other regional investments STA may make in high performance transit and other transit projects. There needs to be a parallel effort to define those corridors whether they include Division, West Plains, the Spokane Valley or Liberty Lake. Mr. Rush asked how SRTC is involved in this process. Ms. Waldref said they are working with STA. Ms. Meyer said that the SRTC Board already approved the locally preferred alternative. They are going to be doing the modeling and STA is currently involved in a joint project to fix the model so that it can produce ridership projections. Mr. Richard said it was also included in the Transportation Improvement Program (TIP) which required the project to be included in the Small Starts application process. Ms. Meyer said it also has to be in the Metropolitan Transportation Plan.

Ms. Meyer discussed the economic outlook. She read excerpts from The Washington Economic and Revenue Forecast Council's Economic & Revenue Update on October 11, 2011 and Governor Gregoire's Budget Reduction Announcement on October 27, 2011. She said we are considering these inputs when assuming sales tax. Ms. Meyer said the city's building permits are down in 2011 over 2010 through September almost 8% in number of permits and 6.9% in valuation and the County's building permits are up 1.6% in permits and 28.5% in valuation. Ms. Meyer asked the Board members what they think about this component of sales tax which is construction.

Mr. French said that from the County standpoint there are a number of companies looking at investing in Spokane County, such as the Caterpillar project which is a $40M project currently under construction. There are four other national companies looking to locate in the County. If we are successful with two of them the revenue could be $50-$60M. We have a lot of interest and working hard to land them. Mr. Richard said the reality is that a portion will likely be inside the corporate boundaries of the City of Spokane with the annexation. There is positive activity at the local level. Local companies are expanding their outreach globally. More and more of their business is done on the export level.

Ms. Meyer said that sales tax revenue is up 3.4% over last year, and we are suggesting that we are going to end the year at 3.4%. That is a big change and that we will be flat next year. We are planning to be flat in 2012 after budgeting a -2.0% drop in sales tax. So, the assumption is 3.4% for the end of the year and flat for 2012. For fare revenue we are assuming a 5% decline in ridership, we had originally said about 7.2%. It is too soon to say if ridership increases will be sustainable through 2012. So, to be conservative we are going to plan for a 5% decline in ridership which represents a decline in fare revenue. Paratransit fares go up to $1.50 in 2012 and we are assuming a 25% increase in fare revenue and flat ridership. We don't think it is going to grow, but we also don't think we are going to lose. We are down 6.6% ridership this year in Paratransit.

Mr. French asked if we had an increase in ridership in the winter of 2008 at the time of the huge snow fall. All indications are that there will be a similar type of winter this year. Our ridership typically increases when we have snow on the ground. These numbers are probably very conservative. Ms. Meyer agreed. Mr. Blaska mentioned that it depends on the nature of the snow. If it doesn't make people housebound, then ridership goes up. If the weather is too severe, then ridership takes a hit because of the lack of mobility.

Ms. Meyer said we are anticipating a 13% increase in vanpool by deploying more vans. We are assuming the formula grant FTA 5307, which we use for preventative maintenance, is not going to increase or decrease. That is at risk as the reauthorization is considered. The House transportation committee came up with a 30% cut in revenue and that would likely impact this. As far as the state grant is concerned, the state has suggested that we take all of our $1.4M in 2011 instead of half in 2012 and half in 2013. Interest income we are assuming a rate of 0.75%.

For sales tax we are now assuming 3.4% end of the year increase and then flat for 2012, then 2% for 2013, 3% in years beyond. The cumulative decrease in forecasted sales tax revenue has dropped a little bit, it is under $100M. We show you other jurisdictions numbers that they had given us for 2012; City of Spokane initially said 0%, but we heard last night that the projection was up 0.5%. Ms. Meyer asked the members about any other assumptions.

Mr. French said he thought we were being too aggressive on interest income. He asked what we are earning now. STA is earning 0.9% currently.

Ms. Meyer shared the sales tax revenue gap. It now shows 9 years instead of 10 years. It will be that long before we return to the 2007 level of sales tax revenue.

Ms. Meyer said that originally we told you that fare revenue would decline 7.2% and now we are suggesting 5% and it makes about $500K in additional revenue that we would get if ridership were only down 5%. Mr. Rush asked if we are assuming a fare increase because of rider decrease. Ms. Meyer said that we are assuming rider decrease due to service reductions. We haven't had any reductions in ridership. We had projected when we cut service that we would lose riders. Mr. Rush asked for clarification on the $500K, and Ms. Meyer said that we will get an additional $500K in fare revenue because ridership is not going to fall as far as we originally thought, so we are going to get more riders and more revenue. Mr. Otterstrom said it is still below today's ridership levels.

Ms. Meyer said that we have been over forecasting interest income since 2008. The interest factor of 5% was buried in the model that was used. This has a significant impact going forward, $8M until 2020. Mr. Richard asked staff to explain the graph. Ms. Warren said that 5% had been built into the model. Mr. Richard asked what interest rate will be used going forward. Ms. Meyer said 0.75% in 2012, 1% in 2013, and then maybe 2% in later years.

Ms. Meyer discussed the comparison of operating revenues; sales tax should be primarily the same as this year, operating revenue which is primarily fares from all service is a little lower, Federal Preventative Maintenance is about the same, Federal Grants a little bit more, State Grants significantly lower but remember we are drawing it all and should have been drawing half. We have proposed operating revenue of $61,034,884 for 2012. We are projecting to end 2011 at $62,642,150.

Ms. Meyer asked for the Board if they agreed on the following guidance:
1. To assume 3.4% sales tax revenue to end the year in 2011.
2. To assume 0% sales tax revenue in 2012.
3. To assume Fixed Route fare revenue projection of 5% decline in ridership.

The Board was in consensus.

Ms. Meyer discussed 2012 Operating Expense Assumptions. Assumptions are:
1. Wages - We do not budget increases inside new budgets. We assume a 3% increase in operating expenses, which will accommodate any increases that are bargained with the labor unions or are granted by Board approval for the non-represented positions.
2. Benefits –
    a. Medical & Dental premiums assuming an increase of 10%. We are working to get that number down to 10% or below.
    b. L & I, even though we are self-funded, we are assuming an increase of 8%.
    c. We bargained an addition holiday for ATU 1015.
3. Materials – Fuel is up. We are going to be over budget at the end of 2011; diesel fuel increase is assumed to be approx. 20% higher and gasoline at 23%. Clearly we are mostly a diesel operation.
4. Miscellaneous – up 10% for electric, water and sewer, 5.5% for garbage and 5% for gas, telephone and cable.

Ms. McLaughlin said that fuel is up, we are reducing service, but running some buses more frequently, and we are still saying we are going to spend 23.2% more for fuel? Ms. Meyer said that the fuel price per gallon will be 23.5% higher, not the total cost.

Ms. Johnston mentioned there is a summary of fuel consumption in the handouts. This shows how it impacts the budgets.

Mr. French asked about the break-out in utilities between water, sewer and electric. Ms. Johnston mentioned that all three are 10%. Mr. French asked about how much is spent on each. Ms. Meyer mentioned that a 10% assumption for water increase is reasonable for industrial users.
Mr. Richard asked about the increase in water. Ms. Meyer clarified that she thought the water rates would be higher than 10%. Mr. Richard asked about the specific financials for utilities. Ms. Meyer said that the cost of water was $45,000.

Ms. Meyer said that the comparison of Operating Expenses by Object for 2012; Labor-flat, Benefits-increase and we will talk about what we have saved in that, Services includes First Transit contracts & fuel for First Transit, Fuel is responsible for increase in Materials cost and Miscellaneous is flat.

Ms. Meyer shared the Operating Expenses by Division summary; Fixed Route will increase, Paratransit will increase about 6% (which is the amount Fixed Route would increase if we hadn't reduced service), Vanpool will increase little bit, and Administrative will increase because we have proposed 2 new positions, one in HR and one in IS.

Ms. Meyer said that we have saved $1.1M in 2011 due to the change in medical benefits. In 2012 we project $1.3M in savings. We will only make this comparison one time because time goes on and things change. This is a good example of us saving what we said we would.

Ms. Meyer said we have saved $560K in PERS retirement contributions and $110K in 2012. We have assumed the employer rate will go up from 7.25% to 9%. It has not been announced by the State. If employer rate does not go up, the savings will be $348K.

Ms. Meyer said there are three filled positions for 2012; IT Application Specialist, HR Specialist and 2nd Class Mechanic (which is a shift of position from Fixed Route to Paratransit).
Ms. Meyer said there are 6 deferred positions for 2013 and 2014; 3 transportation supervisors required for Smart Bus, one customer service position and in 2014 – two positions.

Ms. Meyer asked for concurrence of Board Guidance regarding 2012 Proposed Expenditure Budget;

1. To fill 3 deferred positions in 2012 (one is moving from Fixed Route to Paratransit)
2. Defer 3 Transportation Supervisors and 1 Customer Service Representative in 2013
3. Defer Paratransit Reservationist and Communications Specialist to 2014

Ms. Meyer asked if Board members concurred.

Mr. Richard said that the Customer Service position seems vital to the organization. What is the price tag on that position? Ms. Meyer said it is $38,000 base plus $30,000 in benefits for a total of $68,000. Mr. Richard asked how far off we are on our quality standards at the call center. Mr. Blaska said the objective was 4-5% drop call rate and we are at 12-13%. We did not add the position this year due to the retail sales outlets and the shifting and accommodation in shift schedules and the 31 day pass which would spread out the demand at the first and end of the month and at the front counter and so we were seeing if these things affected it. Ms. Meyer said that the position has been considered for a few years and we hope the demand would spread out, but we may need to add it next year. Mr. Richard suggested an asterisk by the position to reconsider in the first quarter of 2012, to see if it needed to be brought back half way through the year. Ms. Meyer agreed.

Ms. Waldref asked about when data would be available to see the impact that the changes have made. Ms. Waldref asked Mr. Blaska how many months of data are needed regarding the 31 day pass and change in location of the pass outlets. Mr. Blaska mentioned that 1st quarter next year would be a good benchmark because we are starting the pass outlet sales in November at Rosauers, Huckleberry's and Super One. Mr. Richard supported the request.

Ms. Holmes said the total utilities are listed in the handout. The projection is $957,000 in 2011 and 2012 proposed is $1,071,000. Not a significant change.

Ms. Meyer said the next slide shows cumulative changes when we showed the 2012 Draft Budget to you last month. The changes now have to do with Operating Revenue of almost $500K due to higher ridership, Sales tax increase of $293K and we are pulling forward $710,000 of the State grant from 2012 into 2011. Total revenue change of $1.5M decrease in cash balance of $1.4M and $100K difference. Not related to the $100K for revenue, the $100K for expenditures is the timing of the Indiana & Sullivan projects. The total Capital and Operating budget proposed for 2012 is $76,781,726.

Ms. Meyer said that the 2010 increase for the 4 employee groups was 1.5%, 1.0%, 1.0% and 0%. For 2011 they were 0%, 1.0%, 1.0% and 1.0%. In 2012 we have a contract that expires in January with the supervisors, in June with Paratransit and we have committed to a wage reopener only in April with ATU 1015 if conditions have improved enough to justify a discussion about wages. Non-represented staff delivers service at a 22% lower unit cost than the average in the State. Our staffing is much lower than others; in Administration (not including security) STA - 50, Pierce Transit – 158 and Community Transit – 116. This is after both of those agencies cut staff. We have saved $2M in two years in medical costs, non-represented wages are 4-5% under budget and they are 4% under the private sector, we have narrow wage bands (wage bands can be as much as 50% low to high and STA is at 27%). We would like to go to 34% and that brings up the midpoint, potentially adding another step. This is for information only. In the last couple of years the organization has been very frugal. Year to date CPI-U is 3.6% and has been running that way the last 6 months or so. We want to be responsive to the climate, but we will want to talk to all of you in one-on-one meetings about what we might do going forward.

Mr. French said the drivers for CPI-U increase are predominately fuel and food.

Ms. Meyer said there is a History of Wage Increases for the 4 employee groups along with CPI-U history on slide 29. Over the years STA has been very modest and just at or below 2.5% for each wage group since 1992.

Ms. Meyer said the forecast 2012 proposed budget model shows updated sales tax assumptions for 2011 and beyond, Paratransit fare increase in 2012, two possible Fixed Route and Paratransit fare increases in 2015 & 2018, 7% Service reduction in 2013. With a service reduction in 2013, we are sustainable until fourth quarter 2018. Next forecast model shows Service Reduction of 0% in 2013, we now go through our reserve line in second quarter 2015, but we have gained a couple years due to increase in sales tax. So, if we chose to defer service reduction and were able to contemplate a ballot measure we would be able to wait until 2014 or 2015 to make the decision. We are not asking for a decision now on the 2013 service reduction because there are so many variables. This is a good news picture. Last model shows what it would take in sales tax growth to avoid the reduction altogether and stay sustainable until 2018 and that is that Sales Tax would grow 3% in 2012, 4% in 2013 and 3% in 2014 and beyond. Everything depends on the economy, cost of fuel and federal funding.

Ms. Meyer concluded saying that we are having a Public Outreach process; a Public Hearing on November 16th, an All Employee Meeting next Tuesday, November 8th and two public workshops at the Plaza, hoping for adoption at the December Board meeting.

Ms. Waldref asked if the Board has any questions. There were none. Ms. Waldref said it was good news that the forecast gives us another year, at least.

Ms. Waldref thanked the staff for their hard work on this presentation.

4. ADJOURN

Chair Waldref adjourned the meeting at 5:15 p.m.

Respectfully submitted,

Merilee Robar
Executive Assistant to the Director of Finance