

Spokane Transit Authority
1230 West Boone Avenue
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BOARD OF DIRECTORS

Minutes of the April 20, 2011, Meeting
City Council Chambers
808 West Spokane Falls Blvd., Spokane, Washington

MEMBERS PRESENT

Amber Waldref, City of Spokane, Chair
Al French, Spokane County
Richard Rush, City of Spokane
Mark Richard, Spokane County
Nancy McLaughlin, City of Spokane
(via conference call)
Gary Schimmels, City of Spokane Valley
(via conference call)
Brenda Redell, Small Cities Representative
(Medical Lake)
Josh Beckett, Small Cities Representative
(Liberty Lake)
Rhonda Bowers, Labor Representative

STAFF PRESENT

E. Susan Meyer, Chief Executive Officer
Jim Plaster, Director of Finance & Administration
Steve Blaska, Director of Operations
Karl Otterstrom, Director of Planning
Steve Doolittle, Human Resources Manager
Molly Myers, Communications Manager
Susan Millbank, Ombudsman and Accessibility Officer
Lynn Holmes, Assistant Director of Finance

PROVIDING LEGAL COUNSEL

Laura McAloon, K & L Gates LLP

MEMBERS ABSENT

Dean Grafos, City of Spokane Valley

1. **CALL TO ORDER AND ROLL CALL**

Chair Waldref called the meeting to order at 5:35 p.m. and conducted roll call.

2. **APPROVAL OF BOARD AGENDA**

Mr. French moved to approve the Board agenda. Mr. Rush seconded and the motion passed unanimously.

3. **RECOGNITIONS AND PRESENTATIONS**

A. **Years of Service Awards**

Mr. Doolittle read the names of employees with 5, 10, 15, 20, 25 and 30 years of service. They were commended for their years of service to STA and the community. Ms. Meyer congratulated Mr. Doolittle on his five years of service. Ms. Waldref thanked the employees for their service. Ms. Meyer introduced Lynn Holmes, the new Assistant Director of Finance, to the Board. Ms. Holmes comes to STA from Spokane Community Colleges where she worked for 12 years.

B. **First Quarter 2011 Employee Recognition Winners**

Mr. Doolittle read the names of those employees who won the employee recognition awards for the first quarter of 2011. This program was approved by the Board to acknowledge employees who go the extra mile in the course of their work.

4. **PUBLIC EXPRESSIONS**

Marty Dickinson, President of the Downtown Spokane Partnership, said her organization appreciates STA's efforts in the public outreach process for the service reductions. She is a transit user and recognizes the agency for its fiscal conservatism.

Richard Carpenter, of the Kalispel tribe in Usk, supports the JARC/New Freedom item on the Board agenda. Julia Saylor, manager for the Kalispel Tribe transit service, KALTRAN, also thanked STA staff for their assistance in meeting transportation goals. They would have been forced to consider cutting the service due to a lack of federal funds if STA had not included this service in the JARC/New Freedom projects.

5. BOARD ACTION: CONSENT AGENDA

Ms. Bowers asked to make an amendment to the March 16, 2011 Board meeting minutes. Item 5.A was removed from the consent agenda.

Mr. Richard moved approval of the following consent agenda items 5.B-E. Mr. French seconded and the motion passed unanimously.

B. Approve Minutes of the March 23, 2011 Board Workshop.

C. Approve Revised Minutes of the February 16, 2011 and October 20, 2010 Board Meetings.

D. Approve Accounts Payable Voucher and Warrant nos. 566119 through 566595, and Worker's Compensation Warrant nos. 206505 through 206787 totaling \$3,608,715.12 for the period March 1 through March 31, 2011.

E. Approve Purchase of 15 Paratransit Vans.

5. A. Motion to approve minutes of the March 16, 2011 Board Meeting.

Ms. Bowers requested the minutes be amended to include the following wording (in bold italics) in item 7.A on page 6: "Ms. Bowers said STA has taken There has been an increase. . . . ***She suggested the Board defer the decision on cutbacks until the fall of 2011 with possible implementation in January 2012.***" **Mr. Rush moved approval as amended. Mr. Richard seconded. He added that this wording should be validated** (at the time of the transcription of the minutes it has been validated) **and the motion passed unanimously.**

6. BOARD ACTION: OTHER ITEMS

A. September 2011 Service Changes: Final Recommendation

Ms. Meyer gave a short overview of the history of the service changes explaining that budget guidance from the Board resulted in phased service reductions of 2%, 7% and 7% beginning in 2010. The phased approach allowed the opportunity to monitor the financial situation each year. The Board concurred with the criteria developed for these reductions and the fact that some areas would lose service that would not be returned once more funding was available. Ms. Meyer said it is unlikely that the funding levels of 2007 will be seen again before 2017, creating a decade of lost revenue and a shortage of \$97.3M which will not be recovered. Service reductions are proposed to enable STA to remain sustainable and debt-free. The process has been almost six months beginning with a preliminary proposal, draft recommendation and final recommendation with a public hearing and extensive public outreach. The estimated savings in the final recommendation are \$2.9M. The original proposal included the loss of service to over 100 paratransit customers; the final proposal includes four. Eight routes will be eliminated or consolidated and three new ones created.

Mr. Otterstrom said 270 written comments have been received from the public and over 400 people participated in an online survey. He advised Ms. Redell, who missed the March meeting, that the final recommendation includes reduced service to Medical Lake and Fairchild Air Force Base (the paratransit boundary will include the whole base and the clinic).

Mr. Rush commented that some of the routes being cut have higher performance standards than those which are not being cut. He asked that the Annual Performance Report item (7.A) be brought forward on the agenda since it would have a bearing on this discussion.

Mr. Otterstrom said two routes fail all three performance standards and they are being cut. However many routes fail two out of three standards; some are being reduced, others are not. It depends upon quality of service. It has been noted in the final recommendation and resolution that service to Medical

Lake does not meet performance standards and would be an exception to the Board's adopted principles and policies.

Mr. Richard said the Board collectively decided to continue service to Medical Lake even though it fails the Board's policy. Sometimes circumstances warrant a deviation from a policy which is meant to be a guideline only. He asked why route #124 North Express, which fails two out of three standards, has not been recommendation for change.

Mr. Otterstrom said the frequency and number of trips on that route will be reduced.

Ms. Bowers said there is a similar situation with Route #30.

Mr. Otterstrom said the performance standards are included in the Comprehensive Plan which is a tool, not to just eliminate routes, but to implement changes to improve the entire network.

Ms. Waldref said she has reviewed the Annual Performance Report for 2010 and does not see a reason to move it up on the agenda. She prefers to continue with the service reduction discussion.

Mr. Beckett said he appreciates that the performance standards are not set in stone and the fact that the Board's discretion may be used in certain circumstances. However he said the Medical Lake route is not productive and it made sense to cut it in the initial proposal. There were 7 or 8 people out of 50 at the public hearing who expressed concern about the elimination of the Medical Lake route. Why reinstate this route when it fails the performance standards? Is it political?

Ms. Meyer said it is not political. There were many comments from people in Medical Lake about continuing the service and this public input helped with the decision by the Board to keep reduced service to that area.

Mr. Beckett said there was a petition signed by 60 people to preserve service to Mirabeau Point in the Valley but the recommendation to cut service there was not changed.

Ms. Meyer said that section of service to Mirabeau Point has extremely low ridership and staff recommended against initiating that service in 2005 but the Board approved it.

Mr. Beckett said it is the same situation in Medical Lake - very low ridership.

Ms. Meyer said eliminating service to an entire community within the Public Transportation Benefit Area (PTBA) was considered too drastic and staff worked to find a way to preserve some level service. There were strong opinions from employers, officials and riders.

Mr. Blaska recapped the history of Medical lake service proposal and recommendations. He said the principles and policies in the Comprehensive Plan were the starting point for the proposed elimination of service to Medical Lake. Subsequent outreach to the community identified three populations are served in Medical Lake: 1) Citizens who have enjoyed bus service for years and their lives depend on it; 2) Paratransit riders (at approximately 50, they accounted for half of all the customers who would have lost that service in the preliminary proposal) and; 3) commuters traveling to the hospitals to work. The draft recommendation restored service to the first two populations due to the long history of STA providing service to this community; and it partially satisfied the needs of the employment center workers. The final recommendation made further accommodations for the employment center workers.

Ms. Redell said this is a unique situation where a community would be cut off.

Mr. French said he agreed and added that if a community is within the PTBA it is part of a network. He complimented staff on the creative ways they have found to keep some service. The policies in the Comprehensive Plan can be modified based on circumstances and it is important to keep the integrity of the network.

Mr. Rush said the public discussion has been outstanding. He said STA must be accountable to taxpayers and be fiscally conservative. STA has the lowest cost of transit service in the state and works against that when the principles are not adhered to.

Mr. Rush moved to have the service reduction plan be consistent with the principles and policies of the Comprehensive Plan and all routes that are amended will need to follow those principles and policies.

Mr. Otterstrom asked if the motion is a statement of guidance or if the staff recommendation for the service reductions should be changed.

Mr. Rush said he would leave it to staff.

Mr. French asked if this means every route in the system that does not meet all three performance standards should be eliminated.

Mr. Rush said staff should take the least performing routes and propose they be eliminated.

Mr. Richard noted the absence of a second for the motion.

Mr. Beckett asked if Mr. Rush is suggesting that the vote on the service reductions be delayed until staff can do a comparison.

Mr. Rush said he does not want to postpone the vote.

Mr. Beckett seconded Mr. Rush's motion.

Mr. Richard said he was strongly against the motion. He said he was not prepared to tell the people of Medical Lake that their service would be eliminated. He will stand by staff's recommendation.

Mr. French also opposed the motion. The public has been engaged, has provided extensive input and now at the eleventh hour the criteria should not be changed. He supports staff's recommendation.

Ms. Redell spoke against the motion. She commends staff for all the work they have done to mitigate the situation and keep some service in Medical Lake.

Ms. Waldref said she could not support the motion. She agreed that the Board is making an exception to the policies and principles of the Comprehensive Plan but that needs to be done.

Further discussion ensued.

The motion failed with 4 votes to 2. Ms. Waldref, Mr. French, Mr. Richard, Ms. Redell voted against the motion; Mr. Rush and Mr. Beckett voted for it.

Ms. Waldref asked about Route #31, Garland. She noted that a third of the service hours to be cut are on this route alone. Would it be possible to pick up the eliminated pieces in the future? The route began five years ago and it has taken time to build up ridership.

Mr. Otterstrom said staff has tried to make sure parts of the elimination have been mitigated by the use of other routes including #23, #26 and #33.

Mr. French moved to approve, by resolution, the September 2011 Service Reductions Final Recommendation as presented by staff and the Operations and Customer Service Committee. Mr. Richard seconded.

Ms. McLaughlin and Mr. Schimmels joined the meeting via conference call at 7:05 p.m.

Mr. Rush said in the future he would like to see staff address funding limitations with something other than more service reductions.

Mr. French said this has been a painful decision but the agency must move on. He added that in 2002 ridership was approximately 6M and rose to almost double over 6 years. Even after the service cuts ridership will remain high.

Ms. Redell and Mr. Richard thanked staff for their work.

Ms. Bowers said she would prefer to see how the economy recovers and revisit the issue when the outcome of the last fare increase is realized. March sales tax revenues are up.

Ms. Waldref said in her work in government and non-profit organizations over the past 10 years, she has not seen this degree of listening to the public and genuine commitment. She commended staff and the Board and hopes that the third phase of service reductions will not be needed.

The motion passed unanimously.

Ms. McLaughlin and Mr. Schimmels left the meeting at 7:17 p.m.

B. JARC/New Freedom Award of Projects

Mr. Otterstrom explained that the JARC (Job Access Reverse Commute) and New Freedom funding is formula based and STA is the designated recipient. The funding provides assistance for transportation service beyond ADA requirements and includes transportation and ADA accessibility improvements. SRTC issued a call for projects to be considered. Four projects were submitted including preservation of service to Medical Lake (\$379,902); KALTRAN (Kalispel Tribe) transportation (\$88,639); sidewalk and transit stop accessibility (City of Spokane Valley) (\$252,009); and, coordinated transportation across boundaries (Aging and Long Term Care of Eastern Washington). The SRTC Board recommended the first three projects to STA for funding.

Mr. French asked if the wording "2009-10" is correct for the funding fiscal year.

Ms. Meyer said that it is.

Mr. French moved to award the Fiscal Year 2009-2010 JARC and New Freedom funding as recommended by staff and the SRTC Board. Mr. Rush seconded.

Mr. Richard asked if the request from Aging and Long Term Care of Eastern Washington is to replace the Care Cars program.

Mr. Otterstrom said it is a new program and that agency has not spent all the funding from previous awards. They are experiencing a challenge with finding volunteer drivers and a local funding match.

The motion passed unanimously.

Ms. Waldref thanked the Kalispel Tribe for their cooperative work with STA staff.

7. STAFF REPORTS

A. Draft 2010 Route Performance Report

Mr. Otterstrom said this report is required by the Comprehensive Plan to help guide future planning. The report includes details of performance standards adopted by the Board: Ridership productivity; energy consumption; and, farebox recovery. Two routes fail all three - #41 Latah and #46 Altamont. Other routes fail two out of three and one out of three and some meet all three standards. The routes that fail on all the standards will be eliminated or modified in the September 2011 service reductions.

Ms. Waldref asked when staff would know the results of the 3% service reduction in September 2010.

Ms. Meyer said it would take a year to realize the savings.

B. March 2011 Ridership Highlights

Mr. Blaska said that fixed route ridership is flat for the month of March with a 0.4% increase year-to-date. Paratransit decreased by -3.7% in March for a total year-to-date decrease of -7.2%, probably due to fewer programs being offered to many paratransit riders and the fact that riders are more discriminating in their trips due to the fare increase. He added that the goal for paratransit ridership is to be flat and to retain 85% of 2009 fixed route ridership. Fuel prices are rising and it is anticipated that ridership will increase as a result.

C. February 2011 Financial Highlights

Mr. Plaster reported that operating revenue (derived from fares) year-to-date was \$1.9M representing a favorable budget variance of 7.2%. Total revenue year-to-date of \$10.7M shows a favorable budget variance of 1.2%. Operating expenses were \$9.2M with a favorable budget variance of 2.8%. Although fuel had an 8.4% favorable variance, it has increased by 23.7% from February, 2010. Staff will continue to monitor fuel prices carefully. Overall, year-to-date favorable budget variances (revenues and expenditures combined) were approximately \$387,000. Sales tax revenue for February was -0.8% unfavorable to budget. However sales tax revenue for March was 9.3% favorable to budget, which is very encouraging. The year-to-date is a favorable variance of 3.9%. Comparing actual results year-to-date of other jurisdictions in the region, STA has a 1.9% increase in sales tax cash receipts. The city of Airway Heights saw an increase of 37.3%.

Mr. French noted that the City of Airway Heights has a waste water project under construction that may explain this high percentage.

8. CEO REPORT

PEBB Update

STA applied to join the State Employees Health Plan and was denied. This decision was appealed and there is a hearing on July 29, 2011. Ms. McAloon will represent STA. STA contracted with Premera for a PEBB-like plan for 2011 and saved more money as a result.

State Legislative Update

Ms. Meyer reported that it is the last week of the session and a special session is inevitable.

Transportation Budget

Final budget has not been released. Both senate and house draft budgets preserve Regional Mobility grants at \$40M (this includes STA's Plaza Improvement project at \$1,352,000. Vanpool and Special Needs Grants are \$7M and \$19M respectively which is the same as the 2009-2011 biennium.

General Fund Budget

The projected shortfall is \$5.1B with no new taxes expected.

EHB 1171

Delivered to the Governor and states that the High Capacity Transportation planning process will only apply to a system plan that includes a rail fixed guideway system that is planned by a Regional Transit Authority (RTA). Sound Transit is the only RTA in Washington State.

ESHB 1967

Delivered to the Governor and modifies provisions for public transportation planning. The date of the delivery of the annual Transit Development Plan is moved from April to September and the bill requires that before new state facilities are located, the state must confer with the local transit agency to ensure that the location is accessible by transit service.

SSB 5801

Signed by the Governor and will be effective July 1, 2011. It establishes a health care provider network with incentive to follow L & I treatment guidelines. It also increases the number of Centers of Occupational Health and Education which have proven success in reducing long-term disability. It is expected to save \$218M over the next four years.

SSB 5566

Reforms Workers' Compensation. Eight moderate Democrats signed on to the bill bringing it back to consideration after a month of no House action. The bill asks if the state should allow injured workers to take voluntary lump-sum settlements instead of pensions. The estimated savings are \$1B.

HB 2021/SB 5920

Limits annual increases in the PERS 1 state pension plan. This would affect ten employees at STA.

HB 1742

Removes the subsidy for PERS plans 2 and 3 early retirements and affects employees hired after July, 2011.

HB 2053/SB 5925

Supported by Ormsby and Billig. The bill increases certain vehicle and driver license fees and the funding would be used for state patrol, ferries, local road maintenance, special needs transportation, and Regional Mobility funding for Sound Transit.

Federal Legislative Update

The federal budget reduces spending by \$38.5B. The budget for Transportation, Housing and Urban Development (THUD) is reduced by 18% from 2010 levels. The transit formula program (Section 5307 and 5309 funds) will remain at the 2010 level of \$8.34B. High speed rail funding is eliminated and funding is reduced for programs such as New Starts/Small Starts, TIGGER (energy grants), and TIGER (infrastructure grants).

9. NEW BUSINESS – None.

10. BOARD MEMBERS' EXPRESSIONS

Ms. Waldref thanked Mr. French for chairing the Board meeting last month. She said her baby daughter arrived three weeks early and is doing very well. Thanks to all for the good wishes.

11. BOARD INFORMATION

- A. Committee Minutes
- B. Miscellaneous Correspondence
- C. First Quarter 2011 Travel Report
- D. February 2011 Operating Indicators
- E. Summer Detour Plan
- F. February 2011 Financial Results Summary
- G. Quarterly Procurement Report as of March 31, 2011
- H. Bus Stop Consolidation Plan Phase II

12. EXECUTIVE SESSION

At 8:05 p.m., Ms. McAloon announced that the Board would adjourn to Executive Session for the purpose of:

- 1. Discussion with legal counsel representing STA in litigation or potential litigation to which STA, the STA Board of Directors, or STA employees are, or are likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to STA.
- 2. Discussing planning or adopting the strategy or position to be taken by the STA Board of Directors during the course of ongoing collective bargaining.
- 3. Reviewing the performance of an employee.

The STA Board of Directors will reconvene in open session at approximately 8:20 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.

At 8:20 p.m., Mr. Doolittle returned to announce the Board would reconvene at 8:25 p.m.

At 8:25 p.m., the Board of Directors reconvened and Chair Waldref declared the meeting back in open public session.

Mr. French moved to approve a labor contract with ATU # 1015 beginning April 1, 2011 through March 31, 2014. Mr. Rush seconded and the motion passed unanimously.

Ms. Meyer said the labor contract acknowledges the economy and the core values of the agency. It represents commitment to public transportation service. Negotiations were frank, honest and mutually respectful. She thanked the union leaders for their efforts.

13. CABLE 5 BROADCAST DATES AND TIMES OF THE APRIL 20, 2011 BOARD MEETING:

Saturday, April 23, 2011	4:00 p.m.
Monday, April 25, 2011	10:00 a.m.
Tuesday, April 26, 2011	8:00 p.m.

14. NEXT COMMITTEE MEETINGS (STA Southside Conference Room, 1229 West Boone Avenue, Spokane, Washington):

Operations & Customer Service	May 4, 2011, 1:30 p.m.
Citizen Advisory Committee	May 11, 2011, 5:00 p.m.

15. NEXT BOARD MEETING: Wednesday, May 18, 2011, 5:30 p.m., City Hall Council Chambers, 808 West Spokane Falls Blvd, Spokane, Washington.

16. ADJOURNED
With no further business to come before the Board, Chair Waldref adjourned the meeting at 8:30 p.m.

Respectfully submitted,

Jan Watson
Executive Assistant to the CEO
& Clerk of the Authority