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

BOARD OF DIRECTORS

Minutes of the February 16, 2011, Meeting
City Council Chambers
808 West Spokane Falls Blvd., Spokane, Washington

MEMBERS PRESENT
Amber Waldref, City of Spokane, Chair
Richard Rush, City of Spokane
Mark Richard, Spokane County
Al French, Spokane County, Chair Pro Tempore
Josh Beckett, Small Cities Representative (Liberty Lake)
Brenda Redell, Small Cities Representative (Medical 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

MEMBERS ABSENT
Nancy McLaughlin, City of Spokane
Gary Schimmels, City of Spokane Valley
Dean Grafos, City of Spokane Valley

PROVIDING LEGAL COUNSEL
Brian Werst, K & L Gates LLP

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1. CALL TO ORDER AND ROLL CALL
Chair Amber Waldref called the meeting to order at 5:33 p.m. and conducted roll call.

2. APPROVAL OF BOARD AGENDA
Mr. Rush moved to approve the agenda as presented. Mr. French seconded and the motion passed unanimously.

3. RECOGNITIONS AND PRESENTATIONS – None.

4. PUBLIC EXPRESSIONS – None.

5. PUBLIC HEARING
A. SEPTEMBER 2011 SERVICE CHANGES: DRAFT RECOMMENDATION
Mr. Otterstrom said the initial proposal presented to the Board in September 2010 has been revised based upon public input. Written comments will be received until close of business on Thursday, February 17, 2011. Public outreach has been extensive with over 260 comment cards received, emails, phone messages and letters. Over 400 surveys have been completed. Many public meetings have been held at business and neighborhood groups, councils and jurisdictions. An information center has been on display for several months at the Plaza and similar information has been provided on the website. Internally, staff has been holding weekly service committee meetings and testing schedules.

This is the second of a three phase service reduction plan and assumes a 7% reduction. It is anticipated to produce a 4-6% ridership loss; a reduction of between 8 and 11 buses; a reduction of between 30,000 and 34,000 annual fixed route service hours; a loss of paratransit service to 8 customers; elimination/consolidation of 8 routes, and will save between $3.0 and $3.4 million.

The decrease in sales tax revenue forecasted between 2007 and 2015 is estimated to be $97.3 million, hence the reason for the service reductions.

The draft recommendation will be presented to the Operations and Customer Service Committee on March 2 for their recommendation to the Board. The Board will take action on March 16, 2011. If adopted, the changes will go into effect September 18, 2011 and the paratransit boundary changes for 2010 and 2011 will go into effect the same day. The implementation will require extensive work and coordination with other jurisdictions.

Mr. Richard asked for clarification on the term "operator mark-up" in the implementation table since this is not obvious to the public. Mr. Otterstrom said it is the process of coach operators choosing their work schedule based on seniority.

Ms. Bowers asked Mr. Plaster about the unrestricted net assets and whether these assets could be used to mitigate the service reductions. She added that the unrestricted assets of the organization have been $62M in 2007, $54M in 2008 and $55M in 2009. She expressed her concern about service cuts with this cash available. She added that the public gave STA their trust in 2008 when the sunset clause on sales tax revenue was removed.

Mr. Plaster said that "unrestricted net assets" is a technical accounting term impacted by non-cash assets and for financial planning. Cash balance and projected cash flow is the proper way to plan for funding services and capital needs. STA's cash balance of $44.8M is already committed in the multi-year plan for service and capital needs.

Ms. Meyer said the cash balance of $44.8M includes a Board designation of $14.2M to provide for emergency operating costs and catastrophic self-insurance. STA has no debt and saves money for capital expenditures. The Board has designated every dollar to be used for capital and operating costs.

Mr. Rush said the cash balance is being used each year so that the agency can be sustainable until the end of 2016.
Mr. Plaster said another 7% service reduction is included in the forecast for 2012. He added that if the economy continues to show signs of recovery, this may be mitigated.
Mr. French asked how long STA could remain sustainable if the service reductions were not made.
Mr. Plaster said through 2013 approximately.
Mr. French said with this scenario, 2013 would be unsustainable. The phasing-in of the service reductions will allow time for economic recovery and future service reductions may be forestalled. He added that, unlike other government agencies, STA has no debt which is a better value for the taxpayer than paying interest on debt services.
Ms. Bowers said Mr. Plaster does an excellent job and he is the right person to do it. She said the assumptions are using actual 2007 data which was the highest level of sales tax revenue in decades.
Mr. Plaster agreed that assumptions using actual 2007 data showed STA's sustainability for many years. However there has been a debilitating economic recession since then.

Chair Waldref opened the public hearing at 6:03 p.m.

(Note: The following public testimony and the entire Board meeting may be viewed on Cable Channel 5 at the times listed below, STA's website www.spokanetransit.com, and on DVD at STA's offices 1230 West Boone Avenue, Spokane, WA 99201).

The following citizens testified: Ray McGathran, Diane Thors, Robin Felke, Jon Canwell, Philip Rudy, Barbara Flower, Sam Larson, Joe Ortiz, Tom Chandler, Lt. Joanne Lake, Gary Remington, Janet

Anderson, Nick Sather, Jo Ann Shill, Jennifer Boyson, Jason Barbour, Jerry Gollinger, Diane Eschenbacher, Joyce Cranford, Maureen Lyden, Peter La Plante, Dave Campbell, Angela Anderson, Charlie Butts, Bob Unbewust, Mary Paulus, Steve Einhaus, Mike Convery, Kyong Park, Vincent Brown, Bonnie Smyth, Darryl Douglas, Melanie Harrington, Kathleen Gray, Christie Laurie, Elizabeth Mallon, John Fairchild, Robert Harrington, Loretta Moon, and Reggie Oliver.
A petition pertaining to route #32 was also received.

Chair Waldref asked the audience three times if anyone else wanted to speak. In the absence of any further testimony, she closed the public hearing at 7:47 p.m.

6. BOARD ACTION: CONSENT AGENDA

Mr. French moved approval of the following consent agenda items 6.A – C. Mr. Rush seconded and the motion passed unanimously.

A. Minutes of the January, 19, 2011 Board Meeting.
B. January 2011 Vouchers.
C. Award of Contract for Nine Replacement Vanpool Vans.

7. BOARD ACTION: OTHER ITEMS

A. Appointment of Board Member to Executive Committee

Mr. French moved to appoint Brenda Redell, Medical Lake City Council Member and an STA small cities representative, to the Executive Committee. Mr. Rush seconded and the motion passed unanimously.

8. STAFF REPORTS

A. Draft 2011-2016 Transit Development Plan

Mr. Otterstrom said the Transit Development Plan (TDP) is required by statute and spans the current year plus five years. It is due April 1 of every year for submission to the Spokane Regional Transportation Council (SRTC) and the Washington State Department of Transportation (WSDOT). The TDP public hearing will take place at the March 16 Board meeting and action will be taken at that time. The Transit Development Plan is one of a series of plans built upon the goals and principles of STA's Comprehensive Plan. It includes the Washington State Transportation Plan's goals and accomplishments; Capital Improvement Program; Operating Data; and, annual revenue and expenditures.

Ms. Bowers asked about future fleet acquisition, since with the service reductions would there be a need for new buses.
Mr. Blaska said there are six replacements scheduled for 2012 and the next will be in 2018, following the 15 year replacement cycle.
Mr. Richard asked if there were any significant changes to the new TDP.
Mr. Otterstrom said there were no major changes, just projects approved by the Board and updated performance measures.

B. January 2011 Ridership Highlights and Year End 2010 System Ridership Assessment

Mr. Blaska said there was a slight decrease in fixed route ridership but it should be noted that there was one less weekday in January 2011 versus January 2010. He added that the system ridership assessment for 2010 shows a 4% decrease from the record ridership experienced in 2009. This has been both a regional and national trend brought about primarily from the unemployment that has been a result of the recession. Adult cash fares show the largest decrease. Student pass and day pass ridership has increased. Youth pass ridership has declined and reduced fare ridership has increased. There has been a good response to the 31-day rolling monthly pass. The City Ticket program decreased by 18% which

could be due to a large user, Interface Computer School, moving away from the Arena. Routes to the Community Colleges have increased ridership.
Route # 31 Garland has experienced higher ridership due to a summer-long detour on Wellesley for construction. This route was started in 2005 and was a new crosstown service. However ridership has grown over the years. Valley and Liberty Lake express ridership have decreased. These are gas price sensitive routes and since gas prices have been relatively stable, commuters are using their cars.
Ms. Waldref asked if there are measures other than boardings per revenue hour.
Mr. Blaska said staff also looks at the farebox return and energy efficiency as measures but they are all linked to the number of riders so this chart is a good basic reference.

C. December 2010 and Year End 2010 Financial Highlights

Mr. Plaster said the recession appears to be possibly bottoming out. Fuel prices are increasing. Total revenue for 2010 was $65.4M and total expenditures were $67.5M, with a combined favorable budget variance of $12.2M.
Mr. Richard asked if this favorable variance could be used towards mitigating the service reductions. Mr. Plaster said the combined variances have already been captured in the updated forecast model reviewed by the Board in December. STA received $129,000 less sales tax than budgeted in 2010, and $793,000 less than 2009. The January 2011 sales tax, reporting November 2010 sales, is 5.4% favorable to budget and 3.3% higher than January 2010. The 2010 end of year gross cash balance is $44.6M, including the Board designated reserve of $14.6M. Mr. Plaster showed a graph of cash balances from 1998 to 2010, showing the two highest years in 2000 and 2007 when the cash balances were just under $60M. This compares to the lowest in 2004 of $27.7M which resulted from the loss of Motor Vehicle Excise Tax (MVET) funding.

9. CEO REPORT

State Legislative Update

Ms. Meyer reported that it is Week 5 in the session; the last day will be April 24. Almost 100 bills are of interest to Spokane Transit and are being monitored. Kathleen Collins, STA's state lobbyist, provides a weekly report of these bills. The Washington State Transit Association (WSTA) is concerned about new transportation funding that does not include transit as an eligible use.
HB 1536 provides for a $30 vehicle fee for congestion relief in large Puget Sound systems which can be approved by PTBA Boards, and does not require voter approval.
SB5541 expands Regional Mobility Grants to Higher Education.
Draft Bill from Transportation Choices Coalition (TCC) would allow, with voter approval, a vehicle license fee based on vehicle miles traveled; a vehicle excise tax based on fuel efficiency; a Motor Vehicle Excise Tax; sales tax on fuel; and, that a Transportation Benefit District does not have to get permission from the state to impose tolls – even on a state highway. WSTA has voiced concerns about the draft bill to TCC.
HB 1171 and SB 5205 modify the present High Capacity Transportation statute so that the onerous planning/reporting requirements in the rule only apply if the HCT system includes a rail fixed guideway system.

Ms. Meyer said she has asked Representative Andy Billig to sponsor STA's request of $920,000 for the annunciator project as part of the Smart Bus initiative. If approved, STA would provide the other 50% with local funds.

Pierce Transit in Tacoma and Jefferson Transit in Port Townsend both asked voters for a 0.3% sales tax increase. Pierce was rejected (54% No) and Jefferson was approved (58% Yes).

SRTC Visioning Project

SRTC staff and Vision Process Team have decided to conduct a telephone survey to corroborate the results of the online game. This is not part of the original work plan or budget. There will be a meeting next week to review survey questions.

Mr. Richard said the visioning project is to assess the region's needs for future multimodal transportation. The results of the game may not be not completely accurate due primarily to the fact that people could do it from their home computers and the results may not be scientific. The survey is intended to corroborate the results. Ms. Waldref asked how the survey will be paid for.

Mr. Richard said it will come out of SRTC's budget, not the visioning project budget.

Ms. Meyer said SRTC staff is working with a polling company in Portland and the visioning project consultant, MIG, on the survey.

PEBB Update

Ms. Meyer said following the denial of STA's appeal, staff is waiting to schedule a hearing with the Office of Administrative Appeals and the Attorney General's office. Premera has matched the state healthcare plan. Premiums are lower for employees and STA, but out of pocket costs are higher.

Mr. Rush asked about the PEBB plan. Ms. Meyer said the cost of that plan was higher than initially anticipated and STA actually received a lower cost plan from Premera for 2011.

10. NEW BUSINESS – None.

11. BOARD MEMBERS' EXPRESSIONS

Mr. Rush thanked staff for the very thorough and pro-active public participation process in the service reductions recommendation. He added that he is enjoying the 31-day rolling monthly pass and said the quality of service provided by the coach operators is excellent.

Ms. Waldref thanked Ms. Meyer for the opportunity to visit with legislators and discuss transit issues in Olympia during the recent Greater Spokane Inc. legislative trip. She has invited Ms. Meyer and Mr. Otterstrom to speak about the High Performance Transit Network and the Central City Transit Alternatives Analysis at the Council Connections program live on City Cable 5 on March 2 between 6 and 7 p.m.

12. BOARD INFORMATION

A. Committee Minutes.
B. Miscellaneous Correspondence.
C. December 2010 Operating Indicators.
D. December 2010 Financial Results Summary.
E. Fourth Quarter 2010 and Year End Capital Budget Status Report.
F. Fourth Quarter 2010 and Year End Statement of Net Assets and Federal Grants.

13. EXECUTIVE SESSION – None.

14. CABLE 5 BROADCAST DATES AND TIMES OF THE FEBRUARY 16, 2011 BOARD MEETING:

Saturday, February 19, 2011	4:00 p.m.
Monday, February 21, 2011	10:00 a.m.
Tuesday, February 22, 2011	8:00 p.m.

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

Operations & Customer Service	March 2, 2011, 1:30 p.m.
Citizen Advisory Committee	March 9, 2011, 5:00 p.m.

16. NEXT BOARD MEETING: Wednesday, March 16, 2011, 5:30 p.m., City Hall Council Chambers, 808 West Spokane Falls Blvd, Spokane, Washington.

17. NEXT PUBLIC HEARING: Wednesday, March 16, 2011, 5:30 p.m., City Hall Council Chambers, 808 West Spokane Falls Blvd, Spokane, Washington, to discuss:

Draft 2011-2016 Transit Development Plan

18. ADJOURNED

With no further business to come before the Board, Chair Waldref adjourned the meeting at 8:37 p.m.

Respectfully submitted,

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