

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

BOARD OF DIRECTORS

Minutes of the November 17, 2010, Meeting
City Council Chambers
808 West Spokane Falls Blvd., Spokane, Washington

MEMBERS PRESENT

Wendy Van Orman, City of Liberty Lake, Chair
Amber Waldref, City of Spokane
Richard Rush, City of Spokane
Jon Snyder, City of Spokane
Mark Richard, Spokane County
Bonnie Mager, Spokane County
Gary Schimmels, City of Spokane Valley
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
Tammy Johnston, Budget & Accounting Manager
Steve Doolittle, Human Resources Manager
Susan Millbank, Ombudsman & Accessibility Officer
Molly Myers, Communications Manager

MEMBERS ABSENT

Dean Grafos, City of Spokane Valley
Patrick Rushing, City of Airway Heights

PROVIDING LEGAL COUNSEL

Laura McAloon, K & L Gates LLP

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1. **CALL TO ORDER AND ROLL CALL**
Chair Wendy Van Orman called the meeting to order at 5:46 p.m. and conducted roll call.
 2. **APPROVAL OF BOARD AGENDA**
Ms. Van Orman called Board members' attention to a revised agenda with deleted item 5.F. **Mr. Snyder moved to approve the revised agenda, Ms. Waldref seconded and the motion passed unanimously.**
 3. **RECOGNITIONS AND PRESENTATIONS** – None.
 5. **PUBLIC HEARING:**
 - A. **Draft 2011 Operating and Capital Budgets**
Ms. Van Orman opened the public hearing at 5:48 p.m. and called upon Mr. Plaster to make a presentation. Mr. Plaster began by reiterating STA's Mission and Priorities. He advised that the Board gave staff guidance on the 2011 budget at the October Board Workshop and Board meeting. This guidance is similar to last year's and includes the following:
 - Sustain quality regardless of service level
 - Maintain flexibility
 - Continue with sustainable plan
 - Implement phase 2 of service reduction plan
 - Preserve essential capital projects

The draft 2011 strategic plan includes reducing fixed route service by 7%, retaining 85% of 2009 ridership levels, modifying paratransit service with fixed route changes, adding five vans to the special use vanpool program and deploying ten new vans for the vanpool program. Major projects include:

- Central City Transit Alternatives Analysis
- Smart Bus Program
- Business System Upgrade Project
- Plaza Improvement Program
- FCC Required Radio System Project
- Complete Facility Master Plan
- Implement Trapeze Operations and Customer Service Software Modules
- Award Contract for Vanpool Software
- Extend Vehicle Replacement Schedule

There will be no new positions in 2011. The scope of phase two of the facility camera project will be reduced. Travel not associated with training will be reduced 20% from 2009 levels and training will be constrained to 2009 levels. There is a projected favorable operating variance of between \$4 and 4.5M for 2010, \$1M savings from a two-year contract extension with First Transit, \$22.3M reduction of capital projects (due to need for fewer vehicles and no building expansion), and fifty positions will be reduced by 2013 in process of the service reductions. It is anticipated that the latter will be reached through attrition. Mr. Plaster cautioned against deferring capital projects too long since the funding will be used elsewhere and will be unavailable. Other cost containments include salary adjustments in 2010 of 0.0% for management and administrative staff, 1.0% for paratransit (AFSCME 3939), 1.0% for supervisors (ATU 1598), and 1.5% for coach operators, mechanics and some clerical (ATU 1015). Staff has negotiated medical and retirement plans to achieve significant long-term savings. Nine essential positions have been deferred. Canceled capital projects include:

- Facility Expansion
- 26 Fixed Route Buses
- Park and Ride Expansion
- Ticket Vending Machines
- 3 Non-Revenue Vehicle Replacements
- 6 Non-Revenue Vehicle Replacements with Retired Rideshare Vans

The capital reduction savings from this plan totals \$23.4M.

The estimated decrease in sales tax revenue 2007-2015 is estimated to be \$98.6M. The actual decrease for 2009 was -8.4%, the projected decrease for 2010 is -2.7%, the projection for 2011 is -2.0%, 0.0% for 2012, 2.0% for 2013 and 3.0% for 2014 and beyond.

The projected revenue for the 2011 budget is \$60M. The majority (65.5%) is derived from sales tax, operating revenue (fares) is 17.8%, the federal preventive maintenance grant is 13.4%, miscellaneous investment income is 2.7% and a state grant accounts for 0.6%.

The projected operating expense for 2011 is \$57.9M with fixed route at 67.5%, paratransit 19.2%, administration 10.0%, Plaza 2.2% and Vanpool 1.1%. The operating expense by object includes labor at 40.6%, benefits (including wages for paid time off) at 27.7%, services (contracted transportation and legal) at 13.3%, materials at 13.3% (fuel), and the remainder in miscellaneous costs such as utilities, taxes etc.

Capital expenditures for 2011 include customer service and technology projects at 42.0%, maintenance, facilities and equipment at 28.2%, planning projects at 15.0%, revenue vehicle purchase at 12.2% and non-revenue vehicle purchase at 2.6% for a total of \$13.3M. There is a decrease of \$8.5M to balance the budget and the projected cash at the end of 2011 is \$21.9M (after self insurance reserve and Board designated operating reserve). STA is projected to be sustainable until the third quarter of 2016 based on sales tax assumptions, fare increases and service reductions.

Mr. Plaster said the budget has been the subject of considerable discussion during a Board Workshop on October 7, the October 20 Board meeting, four employee briefings and a public hearing today. The budget adoption will be on the December 15 Board agenda.

Ms. Van Orman asked three times for public comment and hearing none closed the public hearing at 6:20 p.m. She asked if the Board had any questions.

Mr. Snyder asked if the Board had set aside \$5M for right-of-way acquisition, why wasn't it spent. Ms. Meyer said an offer was made to an owner in the Valley but that owner is in protracted litigation with the City of Spokane Valley. No other opportunities have arisen.

Ms. Waldref asked how the favorable operating variance for 2010 would help the 2011 budget.

Mr. Plaster said it would not reduce the current service reduction plan but would help to mitigate the proposed service reductions for 2012. Ms. Waldref thanked staff for detailing the cancelled capital projects.

Mr. Plaster said the presentation does not include grants that have been applied for but not awarded.

Mr. Richard asked about right-of-way acquisition in the South Valley Corridor.

Ms. Meyer said staff is completing the High Capacity Transit analysis to identify vacated right-of-way. This project has been deferred until late in 2011.

Mr. Richard added that the County owns the right-of-way and will be in discussions with the City of the Spokane Valley about it. He added that he appreciated the modest salary increases in 2010 and thanked employees for recognizing the difficult times being experienced.

Mr. Plaster said the 2011 budget does not include any new labor contracts. ATU 1015's contract will expire at the end of March, 2011 and ATU 1598 have asked for a wage re-opener in January. The budget includes a 1% adjustment for management and administrative employees.

Ms. Meyer said the latter is based on savings of \$105,000 from healthcare and retirement plan changes. The cost of a 1% increase for this group is \$42,000. Increased costs borne by the 56 employees in this group are \$106,000.

Ms. Van Orman asked how many employees in this group have step increases. Ms. Meyer said less than half. Ms. Van Orman referred back to the Mission and Priorities statement and suggested that the word "regions" be added to Spokane neighborhoods.

Mr. Plaster said if additional sales tax revenue were available in 2012, the following could be achieved:
Additional 0.1% - cancel 2012 service reductions, restore \$11M in canceled capital projects and a sustainable plan through 2016.

Additional 0.2% - cancel 2012 service reduction, restore \$11M in canceled capital projects, 10+ service increase in September 2013 (could include part of 2011 service reduction), additional \$20M in capital restoration and a sustainable plan through 2016.

Additional 0.3% would result in the same as 0.2% with an increase of \$30M for additional capital and operating enhancements.

Ms. Waldref asked why the facility expansion would be needed if service levels were to return to those currently in force. Mr. Plaster said the facility is too small now and an expansion plan has been in place since 2007.

Mr. Snyder asked if other major transit agencies have the maximum 0.9% sales tax now.

Ms. Meyer said King County Metro, Community Transit and others have 0.9%. Pierce Transit had a ballot measure to take their sales tax revenue to 0.9% in February. Kitsap and Whatcom did the same thing but failed and remain at 0.6%. Discussion followed about ballot initiatives.

6. BOARD ACTION: CONSENT AGENDA

Mr. Richard requested the removal of item 5. D from the consent agenda since it involved the sale of County property. **Mr. Richard moved to approve consent agenda items 6 A-C and E. Ms. Mager seconded and the motion passed unanimously.**

- A. Motion to approve minutes of the October 20, 2010 Board Meeting.
- B. Motion to approve minutes of the October 7, 2010 Board Workshop.
- C. Motion to approve Accounts Payable Voucher and Warrant nos. 564124 through 564457, and Worker's Compensation Warrant nos. 205611 through 205759 totaling \$1,385,649.27 for the period October 1 through October 31, 2010.
- E. Motion to approve purchase of "Wilber Vault" property from Fred and Sharon Phillips for the agreed upon price of \$105,000, subject to existing easements, etc., of record, and authorize the CEO to sign all closing documents.

Mr. Rush moved to approve item 6.D as outlined below, Ms. Waldref seconded and the motion passed with Commissioners Mager and Richard abstaining.

- 6. D. Motion to approve the purchase of the "Wilber Vault" property from Spokane County for the appraised and agreed upon price of \$286,001.49, subject to existing easements, vacations, etc., of record, and authorize the CEO to sign all closing documents.

7. BOARD ACTION: OTHER ITEMS

A. 2011 State Legislative Priorities

Ms. Millbank reported that the financial position of the State is still bleak and Governor Gregoire says only the most essential functions of government will continue in 2011. The legislative session begins on January 10. Spokane Transit staff will continue to monitor any legislation of interest to transit. Spokane Transit currently receives a Special Transportation grant from the State of almost \$1.4M per biennium. Over the past year the Washington State Joint Transportation Committee (JTC) has worked to develop a statewide plan to guide the state's future investment in public transportation. The final report is due mid-December but it is not anticipated that there will be any increased funding.

Ms. Meyer added that Board members will have input throughout the session and she will present a legislative update at each Board meeting. It will be important to maintain the funding STA already has and ensure that public transportation is part of the State's budget.

Ms. Millbank outlined STA's funding priorities from State grants:

- Special Needs (which can include paratransit) at \$1.4M per biennium
- Funding for 20 vans for STA's Vanpool Program
- Regional Mobility for exterior Plaza improvements at \$1,352,000
- Onboard passenger communication system (annunciators) at \$920,000 (total project cost is \$1.8M)
- Future funding for High Performance Transit (HPT) projects such as Central City Line and South Valley Corridor.

Funding is not anticipated for some of these projects but it's important to let the State know of essential projects STA is planning. STA's policy priorities are to support transportation revenue planning that includes public transit, requiring that state facilities locate next to existing transit services, and requesting a date change for information submission, such as the Transit development Plan. STA staff and lobbyist will continue to monitor legislation that positively or negatively impacts STA's governance, oversight, financing and operations.

Ms. Millbank said staff recommends the Board approve the 2011 State Legislative Priorities as presented and grant authority to the CEO to determine STA's interest in specific pieces of legislation and convey those interests to legislators and others, and report back to the Board during each Board meeting during the legislative session.

Mr. Snyder said it was a good idea to put transit projects on the Greater Spokane Incorporated (GSI) legislative agenda and suggested keeping the HPT profile high.

Ms. Meyer said the reaction to the Central City Analysis brochure has been well received and an appropriations request on this project has been prepared to submit to Senator Murray in the amount of \$1.5M. There needs to be time allowed for the Federal Transit Administration (FTA) to consider the project for Small Starts funding.

Mr. Richard moved to approve the 2011 State Legislative Priorities as presented and grant authority to the CEO to determine STA's interest on specific pieces of legislation and convey those interests to legislators and others, and report back to the Board during each Board meeting during the legislative session. Ms. Van Orman seconded and the motion passed unanimously.

8. STAFF REPORTS:

A. October 2010 Ridership Highlights

Mr. Blaska said there was one less weekday this October than October of last year. Ridership in fixed route decreased by 6.6% with a year-to-date decrease of 4.6%. Paratransit experienced a 4.4% decrease in October and a 0.4% decrease year-to-date. Mr. Blaska said these are preliminary and unaudited figures. He added that every six months staff prepares a general assessment of ridership and takes into account such factors as the recession. The national decline in ridership is greater than the Spokane area. There was no noticeable decline in ridership due to the fare increase at the beginning of 2010.

B. September 2010 Financial Highlights

Mr. Plaster reported that operating revenue (derived from fares) year-to-date was \$7.4M representing an increase of 19% over the same period in 2009. Total revenue year-to-date of \$45.6M shows an increase of 1.9% above last year. Overall, year-to-date favorable budget variances (revenues and expenditures combined) were \$3,458,103 including the receipt of an early Washington State Department of Transportation grant. Sales tax revenue was -0.2% below budget in October, reporting August sales, and 1.6% below budget year-to-date as of October. Compared with other jurisdictions in the region, STA is in the middle at a 2.7% decrease in sales tax cash receipts.

9. CEO REPORT

Central City Transit Alternatives Analysis

Ms. Meyer reported that an Open House was held in October with an attendance of about 140 people. The proposed modes and alignment were discussed. Modes include railed streetcar, electric trolleybus, and enhanced bus. There are four proposed alignments connecting major destinations in the downtown area. Ms. Meyer met with the Federal Transit Administration staff in Seattle who advised that they are preparing to administer more competitive grants through funds that would have been used for

earmarks. STA has applied for a \$1.5M appropriation through Senator Patty Murray for the next phase of planning for this project. The analysis is targeted for completion in March, 2011.

Mr. Snyder asked why other organizations are not going to apply for earmarks.

Ms. Meyer said public perception of earmarks has been negative and there has been a strong Republican rejection of them. STA's projects have always been solid.

Regional Travel Demand Model

STA obtained the scope of work and cost estimate from David Evans and Associates to correct the Spokane Regional Transportation Council's model to enable it to be usable for transit. STA offered to split the \$150,000 cost with SRTC but they declined and said they would use their own consultant.

Service Reductions Public Input Update

There has been intense public outreach since last month's report. Almost 300 surveys have been completed, presentations made to City Councils and County Commissioners, and to approximately 20 neighborhood groups. Ms. Waldref asked when the meeting with Gonzaga University would take place. Ms. Myers said it is December 8.

Congestion Mitigation and Air Quality (CMAQ)

STA's Smart Bus project request for \$1.5M has been ranked number two in priority with Spokane County's Commute Trip Reduction Program as number one. This will be discussed further at the December SRTC meeting.

Washington Policy Center

Ms. Meyer said this group is a conservative "Think Tank." She has been invited to join their Transportation Advisory Board and made a presentation to the group on November 15. It was well received and they were complimentary of STA's business-like approach. One transit agency has experienced an increase of 60% of wages for coach operators in the past ten years. STA's increase is 28% which covers the cost of inflation.

Joint Transportation Committee

Chairs and ranking minority members of the State Senate and House Transportation Committees, their staff and Washington State Department of Transportation Eastern Region staff met in Spokane as part of the Association of Washington Counties' meeting. STA provided a hybrid bus to tour the North Spokane Corridor.

Jaye Nordling

Jaye will soon be retiring from City Cable Channel 5. He has been invaluable to STA for the past 6 years of televising Board meetings and will be greatly missed. Staff wishes him all the best in his future endeavors and thanks him for his efforts.

Ms. Meyer presented a framed poster depicting the 2010 U.S. Figure Skating Championships held in Spokane. She noted that skaters from the Olympic Team signed it.

10. NEW BUSINESS – None.

11. BOARD MEMBERS' EXPRESSIONS

Mr. Rush asked if STA has partnered with any local jurisdictions to meet the concurrency requirements. Ms. Meyer said no. Mr. Rush said an ordinance to raise transportation impact fees is currently on the Spokane City Council agenda. It is important to partner with the City to enhance the transit environment due to street congestion from areas with new development such as Kendall Yards.

Mr. Otterstrom said the City of Seattle has an impact fee and is supportive of enhancing transit in areas of new growth and development.

Ms. Waldref advised Board members to review item 12. I in the Board information section. The service reduction proposals have generated a lot of public input. She confirmed that STA Board meetings will be broadcast live beginning in January 2011.

Mr. Richard thanked Karl Otterstrom and Molly Myers for their efforts on the service reductions outreach. He added that this is not an easy discussion. Mr. Otterstrom thanked the coach operators who are the face of the organization and do a great job disseminating information.

Mr. Richard advised the Board of a meeting of the Public Transportation Improvement Council (PTIC) immediately prior to this meeting. Every four years the PTIC must consider the composition of the STA Board. At this meeting the Small Cities' representatives expressed their desire for more representation on the STA Board. Ms. McAloon said the Small Cities representatives will take the issue back to their Councils to vote on whether there should be greater representation on the STA Board and bring back the results to a follow-up meeting of the PTIC to be set by mid-February, 2011. There would be a public process before any decision is made and STA's Bylaws would need to be changed to incorporate any change. Mr. Snyder asked if the STA Board is bound by the PTIC's decision. Ms. McAloon agreed.

12. BOARD INFORMATION

- A. Committee Minutes
- B. Miscellaneous Correspondence
- C. STA Holiday Service and Office Hours
- D. September 2010 Financial Results Summary
- E. Third Quarter 2010 Capital Budget Status Report
- F. Third Quarter 2010 Statement of Net Assets and Federal Grants
- G. September 2010 Operating Indicators
- H. Third Quarter 2010 Operating Indicators
- I. 2011 Service Reduction Preliminary Proposal: Public Input Summary
- J. Public Transportation Consolidated Grant Application and Human Services Transportation Public Transit Coordination Plan

13. EXECUTIVE SESSION

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

1. Reviewing the performance of an employee.
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. 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.

The STA Board of Directors will reconvene in open session at approximately 8:25 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 8:25 p.m., Ms. McAloon returned to announce the Board would reconvene at 8:40 p.m.
At 8:40 p.m., Ms. McAloon returned to announce the Board would reconvene at 8:50 p.m.
At 8:50 p.m., the Board of Directors reconvened and Chair Van Orman declared the meeting back in open public session.

14. CABLE 5 BROADCAST DATES AND TIMES OF THE NOVEMBER 17, 2010 BOARD MEETING:

Saturday, November 20, 2010	4:00 p.m.
Monday, November 22, 2010	10:00 a.m.
Tuesday, November 23, 2010	8:00 p.m.

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

Operations & Customer Service	December 1, 2010, 1:30 p.m.
Citizen Advisory Committee	December 8, 5:00 p.m.

16. NEXT BOARD MEETING: Wednesday, December 15, 2010, 5:30 p.m., City Hall Council Chambers, 808 West Spokane Falls Blvd, Spokane, Washington.

17. ADJOURNED

With no further business to come before the Board, Chair Van Orman adjourned the meeting at 8:55 p.m.

Respectfully submitted,

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