

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

## **BOARD OF DIRECTORS**

Minutes of the November 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  
Nancy McLaughlin, City of Spokane  
Gary Schimmels, City of Spokane Valley  
Mark Richard, Spokane County  
Rhonda Bowers, Labor Representative

### **MEMBERS ABSENT**

Al French, Spokane County  
Chuck Hafner, City of Spokane Valley  
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  
Lynn Holmes, Assistant Director of Finance  
Steve Blaska, Director of Operations  
Karl Otterstrom, Director of Planning  
Steve Doolittle, Human Resources Manager  
Susan Millbank, Ombudsman & Accessibility Officer  
Molly Myers, Communications Manager

### **PROVIDING LEGAL COUNSEL**

Laura McAloon, K & L Gates LLP

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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**

This item was deferred since a quorum was not in place.

3. **RECOGNITIONS AND PRESENTATIONS**

A. **Citizen Advisory Committee (CAC) Sustainability Plan**

Mr. Blaska said the Sustainability Plan will be included in the Comprehensive Plan. He added that it has been a pleasure to work with the committee members over the past year. He introduced Dr. Larry Luton, CAC member.

Dr. Luton recognized members of the CAC in the audience. He said this is one of the finest committees he has been involved with. Work on the Sustainability Plan began in October, 2009 and in September, 2010 the Board approved the CAC recommendation that STA adopt a formal plan. Research has been extensive including: definitions of sustainability; how it applies to Spokane Transit; how other organizations such as the American Public Transportation Association (APTA), the Federal Transit Administration (FTA), and local governments have dealt with this issue. Spokane Transit's definition of sustainability is: "Sustainability at Spokane Transit is about providing services in ways that optimize our ability to meet the needs of present and future generations through actions that balance the region's economic, environmental, and social well-being." Through the work of the CAC, Spokane Transit adopted the "Triple Bottom Line" framework – economic, environmental, and social equity. Sustainability should be incorporated into the services, activities, and programs at STA. It should also be integrated into purchasing, facility design and construction. The committee discussed Leadership in Energy and Environmental Design (LEED) standards under Washington State Requirements. These standards can be used as a pointer to "greener" buildings, the committee decided recommend using the standards as a goal but not adopting the reporting requirements outlined as part

of the formal State program. It is important to strengthen the connectivity between people and communities, provide attractive transportation options, and mitigate the effect of rising fuel costs. The committee suggests a list of Connect Strategies including audits of energy, water and waste to assess the agency's carbon footprint; measurement of the fleet's carbon dioxide levels against the Governor's greenhouse gas reduction goals; assignment of a point of contact at STA; and, integration of supporting language in procurement and personnel policies.

A public hearing on the Sustainability Plan will be held at the December 15, 2011 Board meeting, with a request for Board approval in January.

Ms. Waldref thanked the committee members for their efforts.

Ms. McLaughlin asked if STA's service to Airway Heights could be considered urban sprawl. Dr. Luton said they were concerned about service to areas outside of Spokane but do not want to punish those who rely on the service.

Mr. Richard said counties rely on urban sprawl for economic development and it is important to protect people's ability to choose where they live. Dr. Luton said they did not want STA to use resources inefficiently.

Mr. Richard said this was a good discussion and people who live outside of urban boundaries need to decide what type of service they expect and receive. Some discussion followed on LEED reporting.

Richard Rush arrived at 5:50 pm.

4. PUBLIC EXPRESSIONS – None.

5. PUBLIC HEARING

A. Draft 2012 Operating and Capital Budgets

Ms. Waldref opened the public hearing at 6:05 pm.

Ms. Warren said the draft budgets were brought to the Board at the October 19 meeting. A Board Budget Workshop followed on November 2. She thanked E. Susan Meyer, Karl Otterstrom, Steve Blaska, Lynn Holmes, Tammy Johnston, Merilee Robar, and other staff from the Finance Department. She also commended Jim Plaster for laying the groundwork for this budget.

STA's mission, organizational priorities and budget guidance are similar to those used for the 2011 budget. The Washington State economy is likely to outperform the nation for 2011; exports were up 31% but construction remains weak. The Governor has already cut \$10 billion from the state budget over the past three years and another \$2 billion must be reduced. Consumer confidence has decreased due to actions on Wall Street, inaction by Congress, and the European debt crisis. Locally, the City of Spokane building permits have decreased while those in Spokane County have increased.

The STA budget for 2012 assumes flat sales tax revenue. Ridership has not declined as anticipated with the service reductions. The level of grants from the federal and state governments remains the same, but interest income is down to 0.75%. Sales tax revenues for 2011 now show a 3.4% projection year-to-date; the budget was for a rate of -2.0%. It is anticipated to take nine years to return to the 2007 sales tax levels. The estimated cumulative decrease in forecasted sales tax revenue between 2007 and 2016 is almost -\$100M. No wage increases are budgeted for 2012 but some may occur, and there will be an increase of 8.6% in medical benefits. Fuel costs have risen by approximately 20%. The cost of labor consumes 39% of the budget with 28% for benefits (note: benefits include wages for paid time off). Savings from benefit restructuring in 2011 will continue into 2012.

Ms. Meyer said STA appealed the Public Employees Benefits Board (PEBB) denial of the application to join the program and a judge ruled in STA's favor. However PEBB is appealing this decision. STA has in the meantime renewed health benefits contracts with Premera and Group Health for a PEBB look-alike plan in 2012.

Staff proposes to fill three positions in 2012: Information Systems Specialist; Human Resources Specialist; and, 2<sup>nd</sup> class mechanic (the latter is the shift of a position from fixed route to vanpool). Six positions will continue to be deferred to 2013 and 2014. A customer service representative position may be filled in 2012 based on Board discussion. Funding received from the federal government in 2011 for capital projects meant that local funds were freed up for other needs. The list of Capital Projects for 2012, approved in the Capital Improvement Plan, includes \$200K for the Central City Line (High Performance Transit). The 2012 budget assumes a 1.6% increase over 2011. Operating expenses are lower than revenues and there is a draw on cash of \$9.1M to invest in capital projects of \$11.2M. In 2011, the expected decrease in cash was -\$11M. However, due to favorable revenues and expenses, a shift in timing of capital projects and cooperative projects, the estimated end-of-year decrease in cash is -\$565K. According to the financial forecast projections, STA will go below the reserve line by the fourth quarter of 2018. If the proposed 2013 service reduction is eliminated, that would occur in the second quarter of 2015.

Following the public hearing, the budget will be updated and brought before the Board for adoption on December 15, 2011. The public outreach process included four employee meetings and two public meetings at the Plaza.

Ms. Bowers said at the Board workshop the calculation of income investment was assumed to be \$8M. Ms. Warren said the projection charts showed the investment income rate would be 5% which is higher than the actual projected rate of 0.75% so the correct interest income for 2012 is estimated to be \$567K.

Ms. McLaughlin asked if the federal grants associated with the transportation authorization bill will continue.

Ms. Meyer said this funding is from the Section 5307 grant and it would have to be specifically cut; this is not likely but any funding could be impacted. Staff will not know until the transportation bill is reauthorized.

Ms. Bowers thanked staff for noting the possibility of a wage increase even though it is not budgeted. She expressed concern about including \$200K for the Central City Line project since STA cut service and promised not to spend money on this project. However, she certainly agrees with the necessity to plan for the future.

Ms. Meyer said STA agreed not to spend money on the project until there is a ballot measure. However this is an expenditure that is intended to generate funding of \$18M with an investment of \$200K. The Board will decide whether to take the project to the voters. It is pre-emptive to apply for the grant now.

Ms. Waldref said it is important for STA to get into a list of applicants for Small Starts grants.

Ms. Meyer added that the Board authorized staff to seek federal funding to do preliminary engineering and design and this will take a 20% local match. STA is focusing on financial sustainability but does not want to lose sight of the future.

Mr. Richard said the nature of grants is competitive and STA does not want to lose out on funding, but since the Spokane region does not have the congestion to bring the project up to the standards required for a federal grant, it would be better have a conversation about the South Valley Corridor. He is more concerned about that issue.

Ms. Waldref opened the hearing to the public for comment.

Mike Rogers said he was the only participant at the public meeting at the Plaza. He said people should be aware that sales tax will not increase and service may have to be reduced as a result.

(Note: Public testimony and the entire Board meeting may be viewed on Cable Channel 5 at the times listed below #14, STA's website [www.spokanetransit.com](http://www.spokanetransit.com), and on DVD at STA's offices 1230 West Boone Avenue, Spokane, WA 99201).

Ms. Waldref asked three times if anyone in the audience wanted to speak. In the absence of any further testimony, she closed the public hearing at 6:47 p.m.

APPROVAL OF BOARD AGENDA

**Ms. Waldref announced a quorum of the Board was now present and asked for a motion to approve the Board agenda. Ms. McLaughlin moved to approve the agenda, Mr. Rush seconded and the motion passed unanimously.**

6. BOARD ACTION: CONSENT AGENDA

**Ms. McLaughlin moved approval of consent agenda items 6.A through D. Mr. Schimmels seconded and the motion passed unanimously.**

- A. Approve Minutes of the October 19, 2011 Board Meeting.
- B. Approve Minutes of the November 2, 2011 Board Workshop.
- C. Approve Accounts Payable Voucher and Warrant nos. 568912 through 569302, and Worker's Compensation Warrant nos. 207919 through 208085 totaling \$2,581,830.60 for the period October 1 through October 31, 2011.
- D. Adopt a resolution approving the amendment to the Tariff Policy as proposed.

7. BOARD ACTION: OTHER ITEMS

A. Wall Street Modifications – Interlocal Agreement

Mr. Otterstrom said operational changes to the Plaza were approved by the Board in December, 2008. Staff has worked with City of Spokane staff on modifications to Wall Street traffic. Spokane Transit applied for and received a grant of \$1.352M from the Washington State Department of Transportation (WSDOT) to fund the operational changes at the Plaza as well as the modifications to Wall Street. It is proposed that Spokane Transit will provide cooperative funding to the City of Spokane through an Interlocal Agreement since the execution of the project will be carried out by the owner and operator of the subject right-of-way.

Ms. McLaughlin how much the City of Spokane would contribute.

Mr. Otterstrom said they would contribute nothing since the grant accounts for 80% of the project cost and STA will pay the remaining 20%. The target for completion is late summer, 2012.

**Mr. Richard moved to authorize the CEO to execute an Interlocal Agreement with the City of Spokane to have Spokane Transit financially contribute to the Wall Street Modification Project that is substantially in form of the attached draft agreement. Ms. McLaughlin seconded and the motion passed unanimously.**

B. Award of Contract for Business Systems Replacement Consultant Services

Ms. Warren said the Business Systems Replacement project is included in the Capital Improvement Plan. The current system is very old and results in inefficient, labor-intensive processing, reporting and analysis. The replacement of the system requires highly specialized knowledge and experience which STA staff does not have. A Request for Proposals (RFP) was developed for these services and nine responsive proposals were received. Upon evaluation and review, the top four-ranked forms were invited for interview. The Government Finance Officers' Association (GFOA) were ranked highest and provided the lowest cost at \$180K.

Mr. Rush said the GFOA had also helped the City of Spokane and they were pleased with their work.

Ms. Meyer referred Board members to a revised agenda item showing an additional recommendation that \$36K be approved for post go-live services (estimated at 20% of the project cost).

**Mr. Rush moved to approve an award of contract for business systems replacement consultant services with GFOA for \$180,000 to include services up to implementation of the selected system, and, allow the CEO to approve a negotiated contract for the implementation and post go-live**

**services for up to an additional \$36,000. Mr. Richard seconded and the motion passed unanimously.**

8. STAFF REPORTS

A. Service Change Adjustments Summary

Mr. Otterstrom reported that a 7% service reduction took place on September 18, 2011. System ridership has actually increased with Cheney ridership up by 33% and the revised Mission route (#39) increasing by 125% over 2010 levels. As a result of the service changes more people are on the bus; a situation which will be closely monitored. Minor adjustments to service were made on November 13, 2011 (within the CEO's authority) and focus mostly on connections and time points.

B. October 2011 Ridership Highlights

Mr. Blaska reported that October fixed route ridership showed an increase of 2.5% over last year for a year-to-date increase of 1.6%. Paratransit showed a decrease of -8.0% with a -6.6% decrease year-to-date.

9. CEO REPORT – None.

10. NEW BUSINESS – None.

11. BOARD MEMBERS' EXPRESSIONS

Ms. Waldref thanked Ms. Watson for her efforts in changing the Board packet format from paper to electronic and noted that three Board members brought their laptops to the meeting.

12. BOARD INFORMATION

- A. Committee Minutes
- B. Miscellaneous Correspondence
- C. STA Holiday Service and Office Hours
- D. September 2011 Financial Results Summary
- E. Third Quarter 2011 Capital Budget Status Report
- F. Third Quarter 2011 Statement of Net Assets and Federal Grants
- G. September 2011 Financial Highlights
- H. September 2011 Operating Indicators
- I. Third Quarter 2011 Operating Indicators
- J. Third Quarter 2011 Performance Measures
- K. Mobility Orientation (Travel Training) Program – Fifth Year Review

13. EXECUTIVE SESSION

At 7:17 p.m., Ms. McAloon announced that the Board would adjourn for an Executive Session for the purpose of:

1. Reviewing the performance of a public employee.

The STA Board of Directors will reconvene in open session at approximately 7:47 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 7:47 p.m., the Board of Directors reconvened and Chair Waldref declared the meeting back in open public session.

**Mr. Schimmels moved to authorize the Chair to execute a contract to retain the Chief Executive Officer, E. Susan Meyer, for a period of five years beginning January 1, 2012 with compensation terms as recommended by the Chair. Mr. Richard seconded and the motion passed unanimously.**

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

Saturday, November 19, 2011	4:00 p.m.
Monday, November 21, 2011	10:00 a.m.
Tuesday, November 22, 2011	8:00 p.m.
  
15. NEXT COMMITTEE MEETINGS (STA Southside Conference Room, 1229 West Boone Avenue, Spokane, Washington):

Operations & Customer Service	December 4, 2011, 1:30 p.m.
Citizen Advisory Committee	December 14, 2011, 5:00 p.m.
  
16. NEXT BOARD MEETING: **THURSDAY, DECEMBER 15**, 2011, 5:30 p.m., City Hall Council Chambers, 808 West Spokane Falls Blvd, Spokane, Washington.
  
17. NEXT PUBLIC HEARING: **THURSDAY, DECEMBER 15**, 2011, 5:30 p.m., City Hall Council Chambers, 808 West Spokane Falls Blvd, Spokane, Washington, to discuss:  
Amendments to STA's Comprehensive Plan
  
18. ADJOURNED  
With no further business to come before the Board, Chair Waldref adjourned the meeting at 7:49 p.m.

Respectfully submitted,

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