

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

BOARD OF DIRECTORS

Minutes of the September 21, 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
Chuck Hafner, City of Spokane Valley
Al French, Spokane County
Josh Beckett, Small Cities Representative
(Liberty Lake) (via conference call)
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
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

MEMBERS ABSENT

Gary Schimmels, City of Spokane Valley
Mark Richard, Spokane County

PROVIDING LEGAL COUNSEL

Brian Werst, K & L Gates LLP

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. Rush moved to approve the Board agenda as presented. Ms. Redell seconded and the motion passed unanimously.

3. **RECOGNITIONS AND PRESENTATIONS**

A. **2010 State Audit Report**

Mr. Plaster introduced Debbie Pennick, Program Manager at the Washington State Auditor's Office.

Ms. Pennick said the audit for the year ending December 31, 2010 focused on four audit services:

- Compliance with National Transit Database (NTD) and funding allocation. She said there were no issues; STA met federal requirements and had supporting documentation.
- Accountability to the State of Washington including cash, payroll, open public meetings. The results showed STA to be in compliance with state laws.
- Opinion on financial statements. The end of December, 2010 showed a strong balance sheet and an accurate statement of financial stability.
- Federal funding audit. Control systems are in compliance in the use of federal formula grants totaling \$13M.

Ms. Waldref said this is an excellent audit.

Ms. Pennick said she appreciates working with Mr. Plaster.

Mr. Plaster commended the following staff for their quality work: Lynn Holmes, Tammy Johnston, Jacque Tjards, Gordon Howell, and others.

Mr. Beckett joined the meeting by telephone at 5:40 pm.

B. Pam Stockton – Retirement

Mr. Blaska said Ms. Stockton would be missed at STA following her 21 years of service in the paratransit department where she served as a van operator. She was known by her colleagues as “Mom.” Pam received numerous compliments from clients over the years and gave of her time and talents by making quilts to be raffled off to benefit deployed military personnel who are friends and family of STA employees.

C. Jim Plaster - Retirement

Ms. Meyer said Mr. Plaster will retire on September 30, 2011 after 30 years as Director of Finance and Administration for STA. He was the third employee of the agency in 1981 and his knowledge and experience will be greatly missed. He worked at Old National Bank as an examiner, and the Washington State Auditor’s Office prior to his career at STA. He has overseen all departments with the exception of Operations, has had perfect attendance and was given the Professional Finance Officer’s award every year for 28 years. He set the bar high for excellence at STA and no one escaped his “red pen”! He has been a good steward of the taxpayers’ money and contributed to STA’s financial stability. Mr. Plaster is a man of faith and family; married to Debby for 37 years, they have five children and 13 grandchildren with twins on the way. Prior to the beginning of his career, he went on a mission in Central and South America. Ms. Meyer presented him with a plaque to commemorate his dedication and service to STA and the community. There was a standing ovation.

Board members spoke of their admiration for Mr. Plaster’s exceptional skills and their gratitude for his service.

Mr. Plaster said he was grateful to Ms. Meyer and the four former CEO’s he has worked for over the years. He is thankful for his staff and for Lynda Warren. He is not worried about STA with the financial stability of the agency in their hands. He is mindful of the community and their support of public transportation; he truly cares for those we serve. He looks forward to spending time with his family and values the commitment he made many years earlier to STA and to the public.

Board members made complimentary remarks about Mr. Plaster’s excellent career and dedication.

Mr. French joined the meeting at 5:55 pm. He said he has worked with Mr. Plaster since he joined the Board in 2001. He thanked him for his dedication and said he will miss him very much.

4. PUBLIC EXPRESSIONS

Kevin Wallace, Executive Director, Spokane Regional Transportation Council (SRTC) said he is looking forward to partnering with Spokane Transit. He advised the Board of a \$2.5M HUD sustainability grant that SRTC is applying for. The grant application is due October 6 and he will use STA’s High Performance Transit Network in it.

Ms. Meyer said she is excited to work with Mr. Wallace, who comes from a planning background in Phoenix, Arizona. He provides a fresh vision and solid skill set.

Rodney Humphrey, Spokane Valley, addressed the Board on the recent service reductions. His daughter relied on route #97 to take her to school but since the reductions she will have to walk one and a half miles to catch the bus. He said STA should reach out to the community before taking drastic action.

Ms. Waldref said the Board went through a lengthy process and reviewed all the routes in terms of ridership and cost efficiency. All public comments were taken into consideration. The Board ultimately made a decision to reduce service based on decreased sales tax revenues.

Ms. Meyer said STA planned for the reductions over a period of 18 months and there were six months of public outreach. Most of the reductions involved non-productive routes but some better used routes were also affected.

5. PUBLIC HEARING

A. Draft 2012-2017 Capital Improvement Plan

Ms. Waldref opened the public hearing at 6:12 pm.

Mr. Otterstrom explained that the current draft plan contains revisions from the plan presented to the Board in July. The Capital Improvement Plan is contained in STA's hierarchy of plans which includes the Comprehensive Plan, Transit Development Plan, Service Implementation Plan and the Annual Strategic Plan and Budget. There are five groups of projects and programs:

Revenue Vehicles; Non-Revenue Vehicles; Maintenance and Facilities; Technology and Customer Service; and, Planning. All programs combined amount to approximately \$44.4M (an increase of approximately \$500K from the previous draft due to project timing). State and federal grants of \$7.5M are included. Major programs and projects include:

Vehicle Replacement; Plaza Renovation; Smart Bus Implementation; Boone Facility Master Plan; Business Systems Replacement; and, Central City High Performance Transit Preliminary Engineering (the latter is based on the availability of grant assistance).

Mr. Otterstrom noted that there have been no opportunities for property acquisition in the South Valley Corridor right-of-way.

It is estimated that \$3.9M will be rolled over to 2012. The adoption of the plan will be on the October 19, 2011 Board agenda.

(Note: The following public testimony and the entire Board meeting may be viewed on Cable Channel 5 at the times listed below #15, STA's website www.spokanetransit.com, and on DVD at STA's offices 1230 West Boone Avenue, Spokane, WA 99201).

Ms. Waldref asked the audience three times if anyone in the audience wanted to speak. In the absence of any further testimony, she closed the public hearing at 6:25 p.m.

6. BOARD DISCUSSION: Draft 2012-2017 Capital Improvement Plan

Mr. Rush acknowledged the work done by Mr. Otterstrom and his staff and commented that Spokane transit plans to provide excellent service in as many areas as possible, given the constraints of available funding.

7. BOARD ACTION: CONSENT AGENDA

Mr. French moved approval of consent agenda items 7.A through C. Ms. McLaughlin seconded and the motion passed unanimously.

A. Approve Minutes of the July 20, 2011 Board Meeting.

B. Approve Accounts Payable Voucher and Warrant nos. 567801 through 568143, and Worker's Compensation Warrant nos. 207332 through 207506 totaling \$2,471,564.58 for the period July 1 through July 31, 2011 and Accounts Payable Voucher and Warrant nos. 568144 through 568563, and Worker's Compensation Warrant nos. 207507 through 207745 totaling \$2,490,570.19 for the period August 1 through August 31, 2011.

C. Approval for one Board member, Al French, to attend the 2011 APTA Annual meeting.

8. BOARD ACTION: OTHER ITEMS

A. Board Governance Plan

Ms. Waldref said the Board met in a work session immediately prior the Board meeting to discuss the High-Impact Board Governance plan (minutes of the work session are available in the October 19, 2011 Board packet and online at www.spokanetransit.com). The purpose and goal of the plan is to take an already effective Board and turn it into a higher impact governing body, ensuring a solid Board/Chief Executive Officer partnership.

Ms. Waldref thanked Mr. French for his efforts in leading a Task Force eight years ago which strengthened STA as an organization and helped to earn the public's trust. These efforts positioned STA for a higher impact Board governance plan. She added that guidance for the plan came from Doug Eadie, a consultant experienced in working with Boards nationwide for many years. He moderated a Board retreat on July 15, 2011 and from that meeting came an Action Report, outlining resolutions to adopt the commitment to High Impact Board governing; a Board of Directors mission; governing committees; and, governing committee guidelines.

Mr. French moved to adopt resolution #1:

The STA Board of Directors affirms its commitment to high-impact Board leadership and to the creative and productive involvement of Board members, fully utilizing the Board as a precious STA resource; and, the STA Board of Directors declares its intention to make full use of the Action Report as a detailed guide in strengthening the Board's governing role, structure, and processes during 2011 and beyond.

Mr. Hafner seconded.

Ms. McLaughlin said she supports Board members leading through active participation.

Mr. French thanked Ms. Waldref for her comments about his leadership of the Task Force and said he is excited about the next step. STA has been a good steward of taxpayers' dollars.

The motion passed unanimously.

Ms. McLaughlin moved to adopt resolution #2:

The STA Board of Directors adopts the Board of Directors Governing Mission as follows, and directs that this Governing Mission be periodically updated and that it serves as a framework for further developing the Board's governing work, structure, and processes over time in the interests of High-Impact governing.

Governing Mission

The Board of Directors, as the governing body of the Spokane Transit Authority (STA):

- Serves as the steward and guardian of STA's values, vision, mission, and resources.
- Plays a leading, proactive role in STA strategic decision making, and in setting strong, clear strategic directions and priorities for all of STA's operational and administrative programs and operating units, ensuring that effective and efficient service is STA's ultimate "bottom line."
- Monitors STA's operational, financial, and administrative performance against clearly defined performance targets.
- Ensures that STA's image and relationships with key stakeholders are positive and that they contribute to STA's carrying out its operational mission.
- Advocates for the cause of public transportation in the legislative arena and other appropriate forums.
- Strives to ensure that STA possesses the financial and other resources necessary to realize its vision and carry out its mission fully.
- Ensures that Board members are fully engaged in the governing process, that the resources they bring to the Board are fully utilized in governing, and that their governing skills are systematically developed.
- Takes accountability for its own performance as a governing body, setting detailed governing performance targets and regularly monitoring the Board's performance against these targets.
- Hires a Chief Executive Officer responsible for providing Executive direction to STA, works in close partnership with the Chief Executive Officer, ensures that clear, detailed Chief Executive Officer performance targets are set, and at least annually evaluates Chief Executive Officer performance against these targets.

Mr. French seconded and the motion passed unanimously.

Mr. French moved to adopt resolution #3:

Adopt three Board governing committees: Board Operations; Planning & Development; and, Performance Monitoring & External Relations, as the governing structure of the STA Board of Directors. The functions of these three governing committees should adhere to the committee descriptions that are set forth in the Action Report following up on the July 15, 2011 High-Impact Governing Work Session and in the following Governing Functional Descriptions:

Board Operations Committee

This committee consists of the STA Board Chair, Chair of the Planning & Development Committee, and Chair of the Performance Monitoring & External Relations Committee, with the CEO as ex-officio. The committee is responsible for:

- Management and coordination of Board operations.
- Preparation of Board meeting agendas.
- Continuous Board capacity building.
- Coordination of other two committees' work.
- Recommendation of revisions in policies governing Board operations.
- Development of Board member governing knowledge and skills.
- Maintenance of the Board-CEO working relationship.

Board Planning & Development Committee

This committee consists of a Chair, four Board members, and the CEO as ex-officio.

The committee is responsible for:

- Updating the planning process and calendar specifying how the Board will be involved in operational planning/budget development process.
- Coordinating the Board's participation in planning process.
- Developing planning and budget recommendations to the full Board.
- Ensure STA possesses the financial resources required to carry out its operational mission.

Performance Monitoring & External Relations Committee

This committee consists of a Chair, four Board members, and the CEO as ex-officio.

The committee is responsible for:

- 1) Performance Monitoring
 - a. Updating the design of the format and content of operational, financial and administrative performance reports, as well as design for other approaches to gathering information.
 - b. Monitoring and evaluating operational and financial performance of STA.
 - c. Reviewing and recommending Board action on operational (non-governing) policies requiring Board review and approval.
- 2) External Relations
 - a. Developing and keeping updated STA's desired public image, recommending strategies to involve Board members in promoting the image and in maintaining effective communication with key STA stakeholders.
 - b. Recommending policy positions on legislative issues.
 - c. Overseeing the formulation and execution of strategies to ensure active and appropriate community involvement in STA affairs.

Mr. Rush seconded the motion.

Ms. McLaughlin reiterated that ownership through participation will hold the Board and organization responsible for the decision-making process. She added that she has served on the Operations and Customer Service Committee for several years and was well prepared for the Board meetings as a result.

Ms. Waldref said that current committees of the Board will continue for the remainder of the year. The new committees will consist of Board members only. **The motion passed unanimously.**

Mr. French moved to adopt resolution #4:

The STA Board of Directors adopts the Governing Committee guidelines and directs the Board Operations Committee to periodically update the guidelines to ensure that the Board of Directors' Governing Committees function smoothly and productively, carrying out their responsibilities in a full and timely fashion.

Governing Committee Guidelines

- The Board of Directors Chair will appoint the chairs and members of the Planning & Development and Performance Monitoring & External Relations Committees.
- Each Board member should be assigned to one (but only one) of the Governing Committees (Note an exception: that Governing Committee chairs also serve on the Board Operations Committee). This will ensure that each Governing Committee has a "critical mass" of members and will guard against Board members' overextension and the dilution of governance.
- The Chief Executive Officer is an ex officio, non-voting member of all Board Governing Committees and should whenever feasible attend Committee meetings.
- Only Directors serve as members of the Board's three Governing Committees.
- The Board Governing Committees may create advisory sub-committees consisting of non-Directors to assist them in carrying out their responsibilities.
- It is recommended that, to qualify as a Governing Committee chair, a Board member should have served at least a year as an active member of that committee (after the committee structure has been in existence for two years).
- Board members should make a commitment to attend Committee meetings regularly, be prompt and be prepared.
- All matters coming to the full Board should go through the appropriate Governing Committee and be introduced by Committee members. No action items should be introduced directly to the full Board, without having come through the appropriate Board Governing Committee, and all reports to the Board should be made by Governing Committee members (with the sole exceptions of the regular Chief Executive Officer report to the Board and when non-Board advisory sub-committee members or staff members present special briefings under the aegis of the Governing Committees).
- Committees should meet far enough in advance of the regular Board meeting that committee recommendations can be prepared in a full and timely fashion for transmittal to the full Board. Committee meetings should never be held in conjunction with the regular Board meeting since this would lead to ritualistic, rather than substantive, committee sessions.
- Whenever a Governing Committee believes that the full Board should be involved in-depth in dealing with an issue, the committee should take the initiative in recommending to the Board Operations Committee that a special full Board work session be held as part of the regular Board meeting.
- Governing Committee chairs and members should be rotated among Committees regularly to ensure that their governing experience is richer and more diverse. It is recommended that committee chairs and members be rotated annually when feasible, and that no committee chair or member serve a term of more than two consecutive years.
- The Committees should receive strong staff support, including the preparation of agendas and reports to the Board. The Chief Executive Officer and her Executive Team should work closely together to ensure that the Board's Governing Committees are well staffed. A member of the Chief Executive Officer's Executive Team should be assigned to serve as Chief Staff Liaison to each of the Governing Committees.
- While the Board Operations Committee should be involved in developing the Board agenda, it should not pre-review or revise the content of Governing Committee reports and recommendations to the full Board. All Board Governing Committees report directly to the full Board.

Ms. Redell seconded. She added that this is a great opportunity, requires a huge commitment from Board members, and is going in the right direction.

Board members expressed their thanks to Ms. Waldref and Ms. McLaughlin for their work on this project.

The motion passed unanimously.

9. STAFF REPORTS

A. Community Perception Survey

Ms. Meyer said the Gilmore Research Group conducted this survey earlier this year. They interviewed 405 adults who reside in the Public Transportation Benefit Area (PTBA). The survey consisted of 45 questions, of which 6 asked for open-ended responses, and took 13 minutes. The survey showed a marked improvement over a similar survey taken in 2007. The rating for the overall transportation system was excellent/very good at 26% versus 7% in 2007 and 16% in 2006. This year 82% of respondents said STA is doing a good, very good, or excellent job compared to 64% in 2007. Most of the respondents (75%) thought rush hour traffic congestion would increase without transit. Nearly half of the respondents said they had no complaints about STA while others said they would like more service and did not like the service reductions. Over half of the respondents said they would likely support additional funding for transit. The overall results of the survey show that STA should keep up the good work and expand service.

Ms. Waldref said the survey results are excellent.

Mr. Rush said both his children ride the bus and his son's travel to school increased from 10 to 30 minutes with a connection at the Plaza due to the service reductions. He understands that people want more service but if the economy does not improve, that is not likely to be an option. He encouraged people to get involved and be constructive.

Mr. Beckett commented that the 405 respondents is not a valid number statistically.

Ms. Waldref said the number of people involved in surveys in the Spokane region is usually between 400 and 500.

Mr. Beckett said seven questions were positively phrased; why was there no negative wording?

Ms. Meyer said negatively-worded questions were not included since the questions were tailored to match STA's performance measures.

Mr. Beckett asked about the questions for the CEO.

Ms. Meyer said these were open ended; the consultant categorized them around common themes that do not change much from year to year.

Mr. Beckett said he was encouraged that 56% of respondents would be willing to support additional funding for transit to increase or restore service levels.

B. Service Change Implementation

Mr. Otterstrom reported that the process began over a year ago due to the dramatic loss of sales tax revenue. Phase I began in 2010 with a 3% service reduction; Phase II involves a 7% reduction effective September 18, 2011; and, Phase III is a proposed 7% reduction in 2013. He described service reductions in other jurisdictions including Pierce Transit in Tacoma and Community Transit in Snohomish County at 35% each.

Customer outreach efforts have been extensive, including service change notices; newly formatted schedules and system map; bus stop closure notices; online information; and staff assistance at the Plaza and Park and Ride lots.

Ms. Waldref commented that the new system map is very good.

Mr. French said STA has suffered a severe revenue loss – almost \$100M is anticipated between 2007 and 2015. It will take years to recover. He commended STA staff and leadership for the 10% reductions when other transits are more than three times higher.

Ms. Meyer said it has been an agency-wide effort. She commended the coach operators for their efforts on the front line; Mr. Otterstrom for his extraordinary leadership; Steve Blaska, Andrew Overhauser, and the fixed route supervisors for their work in Operations; Molly Myers and her team in Communications for creating the new schedules and map; and Susan Millbank for her assistance on the paratransit service side.

Ms. Waldref thanked staff for a job well done.

10. CEO REPORT

Ms. Meyer introduced Lynda Warren, STA's new Director of Finance. Ms. Warren had the opportunity to work for a month with Jim Plaster prior to his retirement. She comes to Spokane from Rogue Community College in southern Oregon where she was Chief Financial Officer and Vice-President of College Services for the past ten years.

11. NEW BUSINESS – None.

12. BOARD MEMBERS' EXPRESSIONS - None.

13. BOARD INFORMATION

- A. Committee Minutes
- B. Miscellaneous Correspondence
- C. Second Quarter 2011 Travel Report
- D. June and July 2011 Financial Results Summary
- E. Second Quarter 2011 Capital Budget Status Report
- F. Second Quarter 2011 Statement of Net Assets and Federal Grants
- G. July 2011 Financial Highlights
- H. Second Quarter 2011 Operating Indicators
- I. June and July 2011 Operating Indicators
- J. Second Quarter 2011 Performance Measures
- K. System Ridership Analysis: Six Month Assessment
- L. August 2011 Ridership Highlights

14. EXECUTIVE SESSION

At 7:40 p.m., Mr. Werst announced that the Board would adjourn for an Executive Session for the purpose of:

1. Discussing, planning or adopting the strategy or position to be taken by the STA Board of Directors during the course of ongoing collective bargaining.
2. Review the performance of a public employee.

The STA Board of Directors will reconvene in open session at approximately 8:00 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 8:00 p.m., Ms. Watson returned to announce the Board would reconvene at 8:10 p.m.

At 8:10 p.m., Ms. Watson returned to announce the Board would reconvene at 8:15 p.m.

At 8:15 p.m., the Board of Directors reconvened and Chair Waldref declared the meeting back in open public session.

15. CABLE 5 BROADCAST DATES AND TIMES OF THE SEPTEMBER 21, 2011 BOARD MEETING:
- | | |
|------------------------------|------------|
| Saturday, September 24, 2011 | 4:00 p.m. |
| Monday, September 26, 2011 | 10:00 a.m. |
| Tuesday, September 27, 2011 | 8:00 p.m. |
16. NEXT COMMITTEE MEETINGS (STA Southside Conference Room, 1229 West Boone Avenue, Spokane, Washington):
- | | |
|-------------------------------|-----------------------------|
| Operations & Customer Service | October 5, 2011, 1:30 p.m. |
| Citizen Advisory Committee | October 12, 2011, 5:00 p.m. |
17. NEXT BOARD MEETING: Wednesday, October 19, 2011, 5:30 p.m., City Hall Council Chambers, 808 West Spokane Falls Blvd, Spokane, Washington.
18. NEXT BOARD WORKSHOP: Wednesday, November 2, 2011, 3:00 p.m., STA Southside Conference Room, 1229 West Boone Avenue, Spokane, Washington, to discuss:
Draft 2012 Capital and Operating Budgets
19. ADJOURNED
With no further business to come before the Board, Chair Waldref adjourned the meeting at 8:17 p.m.

Respectfully submitted,

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