

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

BOARD OF DIRECTORS

Draft Minutes of the February 21, 2008, Meeting
City Council Chambers
808 West Spokane Falls Blvd., Spokane, Washington

MEMBERS PRESENT

Mark Richard, Spokane County, Chairman
Richard Munson, City of Spokane Valley
Dick Denenny, City of Spokane Valley
Bonnie Mager, Spokane County
Allan Gainer, City of Cheney
Al French, City of Spokane
Richard Rush, City of Spokane
Nancy McLaughlin, City of Spokane

MEMBERS ABSENT

Charlotte Lawrence, City of Airway Heights

STAFF PRESENT

E. Susan Meyer, Chief Executive Officer
Jim Plaster, Director of Finance & Administration
Steve Blaska, Director of Operations
Molly Myers, Communications Manager
Mike Volz, Assistant Director of Finance & Administration
Gordon Howell, Planning & Grants Manager
Susan Millbank, Ombudsman & Accessibility Officer

PROVIDING LEGAL COUNSEL

Laura McAloon, K & L Gates LLP

GUESTS

None

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

Chairman Richard called the meeting to order at 5:30 p.m. and conducted roll call.

2. **RECOGNITIONS AND PRESENTATIONS** – None.

3. **PUBLIC EXPRESSIONS**

A large group of transit supporters attended the Board meeting. From this group John Lemus, Jim Dunn, Cathy Gunderson, Austin DePaolo, and Richard Schoen all spoke in favor of the sales tax reauthorization of 0.3% with no sunset clause, and of the May 20, 2008 ballot timing. Mr. DePaolo added that STA had come a long way since 2002 in terms of accountability and fiscal responsibility.

Mr. Gainer arrived at 5:35 p.m., Mr. Munson at 5:38 p.m., and Ms. Mager at 5:40 p.m.

4. **CITIZEN ADVISORY COMMITTEE REPORT**

David Swalling presented an update of the Tariff project that the CAC is currently working on. He said they are looking at the fare structure and different categories of transit rider groups. They are developing a matrix to look at fare structures at other transit agencies and how these compare to STA. The committee is also reviewing the Transit Development Plan (TDP) and the sales tax reauthorization.

5. **BOARD ACTION: CONSENT AGENDA**

- A. Minutes of the January 17, 2008 Board Meeting
- B. January 2008 Vouchers
- C. Approval of Amendment to GFI Genfare Contract
- D. Appointment of Operations and Customer Service Committee Member

- E. Appointment of Citizen Advisory Committee Chairman
- F. Increase Authorized Petty Cash Fund – Resolution

Mr. French moved to approve consent agenda items 6. A – F. Mr. Munson seconded and the motion passed unanimously.

6. BOARD ACTION: OTHER ITEMS

A. SALES TAX REAUTHORIZATION:

i. Review of STA’s Progress during Sunset Clause Period

Ms. Meyer reviewed STA’s accomplishments, priorities and fiscal responsibility over the past four years, and emphasized how ridership increased by more than 25%, exceeding the agency’s goal of 5%. She added that STA has become open and transparent by televising Board meetings, citizen input, workshops, and a Peer Review by the American Public Transportation Association (APTA). STA has increased its participation in community events such as Bloomsday and Hoopfest to include providing service for two major events; the Antiques Roadshow and the 2007 National Figure Skating Championships. According to the latest Washington State Summary of Public Transportation, Spokane Transit operates the most cost-effective and efficient urban system in the state. Staff invited Gordon Budke, retired Managing Partner of Coopers & Lybrand accounting, to provide professional counsel on STA’s financial strategy. Mr. Budke worked on this project voluntarily for several months and made a presentation to the Board at its September meeting. He recommended the continuation of the practice of using a cash-only, no debt strategy for capital purchases, thus saving the taxpayer a considerable amount of money in interest payments. He recommended the Board reserve 15% of annual operating expenses and continue reserving for self-insurance risk. He suggested distinguishing between “cash balance” and “reserves” and advised STA not to reduce the sales tax funding. The Board followed Mr. Budke’s recommendations and unanimously passed the budget resolution in December, 2007.

Reauthorization considerations include: timing of the ballot; sustain the sales tax at 0.6% (0.3% from 1981 and 0.3% from 2004); and, continue to be financially responsible.

ii. Recommendation from Citizen Advisory Committee regarding Ballot

Mr. Swalling brought forward the recommendation from the CAC to place the reauthorization on the May 20, 2008 ballot; no sunset clause; continue 0.3% sales tax revenue from 2004; and, have Board members proactively take this message back to their jurisdictions.

iii. Recommendation from Ad Hoc Committee regarding Ballot Timing and Resolution

Mr. French said the Ad Hoc committee recommend May 20, 2008 for the ballot date. Mr. Munson asked if there were any other ballot initiatives at that time. Ms. Meyer said the emergency communications/crime check initiative is also anticipated for that date. **Mr. French moved to adopt resolution 633-08 with wording as recommended by the Ad Hoc Committee and place the sales tax reauthorization proposition on the May 20, 2008 ballot. Mr. Denenny seconded.** Mr. Rush asked if there were any known initiatives on the August ballot. There are not at this time. Mr. Rush asked about the cost of participating in this election. Ms. Meyer said if it were a stand alone initiative it would cost up to \$300,000. However the cost would be shared with the County in May if they have an initiative on the ballot. Ms. McAloon confirmed this. Mr. Munson said the real cost would be a missed opportunity if the ballot did not go in May. Mr. French said that if the May date is chosen it would still leave other opportunities to go back to the voters if the measure fails and to plan for service reduction in the event of a failure. Mr. Denenny commented on the history of the Taskforce which was

created following the failure of the 2002 sales tax initiative to re-organize the agency. He said he was skeptical at that time and did not use transit. He understood the sunset clause in 2004 was to ensure accountability and gain confidence. He said he endorsed the sunset clause back then and was booed by the audience at a public meeting. Over the past four years he has gained confidence in STA. Ms. Meyer's presentation shows a lot has been done to attain trustworthiness and prove good stewardship of public funds. STA has very talented staff in place and has exceeded goals and expectations. He would not want anyone to go through the work of the Taskforce again; it was very grueling and heart rending to plan to scale back service up to 45% in 2003 since so many people rely on the service. He fully supports the resolution without a sunset clause. Mr. Munson agreed. He too attended a meeting in the Champions Room at the Arena and listened to transit riders in a panic that their service would be reduced. He also supports the resolution without a sunset clause. Mr. French was also at that meeting and said it has been a difficult road for STA over the past four years. He is proud to serve on the STA Board. He said he would follow the recommendation of the CAC and carry out the message to the community. Ms. Mager said she also was in favor of the resolution. Ms. McLaughlin has been on the Board for two years and commended the CEO and staff for their hard work in turning the agency around. She asked if the proposition wording is limited to a certain number of words. Mc. McAloon said it is 75 words. Ms. McLaughlin suggested adding the words: "This is not a new tax." Mc. McAloon said this paragraph has to be a description of the measure and she was not sure if it fits that description. Mr. French said the original wording was "reauthorize" and the Ad Hoc committee suggested changing that to "continue" to make it quite clear. There will be an online voters' pamphlet available which could emphasize the fact that this is not a new tax. Mr. Denenny suggested the words "local option" be added to describe the tax. Ms. McLaughlin said it was important not to confuse the voter and she was quite happy with the wording. **Mr. Denenny moved to amend the resolution to add the words "existing local option" before sales and use tax. Mr. Rush seconded.** Ms. Mager and Mr. Munson said this was cumbersome and did not agree. **Mr. Denenny withdrew the motion and Mr. Rush the second. Mr. Rush moved to add the word "existing" before sales and use tax. Ms. McLaughlin seconded. For clarification, Mr. Richard read the ballot proposition wording as follows: The STA Board of Directors approves a proposition seeking the continuation of the existing sales and use tax authority previously approved by voters in 2004. This proposition authorizes Spokane Transit Authority to continue the collection of up to three-tenths of one percent sales and use tax to preserve the region's public transportation system, all as provided in Resolution No. 633-08. The motion passed unanimously.**

Mr. Richard referred back to STA's accomplishments shown in the earlier slide presentation and commented on the fiscal responsibility demonstrated by being the most cost-effective and efficient urban system in the state. He added that there is no need for a sunset clause now since STA has proven itself. He also referred to the miscellaneous correspondence in the Board packets and said how encouraging it was to see so many compliments of STA's drivers in both fixed route and paratransit, and he thanked them. Mr. Rush said he is a new Board member and this is his first meeting. He is a daily transit user and is very supportive of the agency and its service. Mr. Richard thanked members of the public for attending the meeting.

B. Authorization to Release a Request for Qualifications (RFQ) for High Capacity Transportation Engineering Services

Mr. Plaster explained that the Operations and Customer Service committee requested the Board clarify that the \$5 million budget for Right of Way preservation is the intended funding source for these services. It is common practice for professional services including, but not limited, to: appraisals; surveying; environmental studies and analysis; street and utility confliction studies and recommendations; and, real estate closing costs, to be charged to the project budget. Staff therefore recommends the Board clarify that these types of necessary professional services be charged to the

Right of Way preservation capital budget. **Mr. Denenny moved approval of the release of the RFQ for High Capacity Transportation Engineering Services and use of the \$5 million in the Right of Way preservation budget as presented by staff. Mr. French seconded.** Mr. Munson said he fully supports the motion. Mr. Rush asked if there are any other sources of funds for this project. Ms. Meyer advised that there are not. **The motion passed unanimously.**

6. BOARD INFORMATION

- A. Committee Minutes
- B. Miscellaneous Correspondence
- C. December 2007 and Year End Operating Indicators
- D. December 2007 Financial Results Summary
- E. Fourth Quarter 2007 Capital Budget Status Report
- F. Fourth Quarter 2007 Statement of Net Assets and Federal Grants
- G. Draft 2009-2015 Transit Development Plan Timeline
- H. 2008 Performance Measures

7. CEO REPORT

Ms. Meyer said how well STA responded to the snowy conditions in January. In 2007 the average ridership for the same period was 32,500 daily. During the snow storms in mid-January 2008 the ridership increased to between 38,000 and 40,000 and was sustained even after the worst of the weather had passed. Mr. Munson commended staff and said it was great to be part of the organization.

Ms. Meyer said STA is receiving \$686,000 from the federal government for the Smart Bus technology project. Mr. Rush asked how much the total project cost would be. Ms. Meyer said between \$6 and \$9 million and STA already received one million from an earlier federal grant. Local funding would be used for the remainder. Project completion is expected between 2009 and 2010 with the hiring of a consultant in 2008 to identify the technology and create a suite of products that would be appropriate for STA's needs. Mr. Rush said it was an exciting project and asked if it has been publicized yet. Ms. Meyer said it has been talked about extensively throughout the community but it is not included in paid advertising at this time since it is too early.

8. STAFF REPORTS:

A. Fixed Route System Ridership Assessment

Mr. Blaska said ridership in fixed route increased by 12.2% in 2007. He presented highlights by geographic quadrant. The largest growth occurred on high frequency core and local urban routes. Route 64 was changed in January to provide more direct service to the airport without going to Geiger. Geiger receives select trips during the day. Airport service is still on an hourly schedule. The North Express route has approximately 200 riders per day and has only been in service for three weeks. Mr. French asked if there is other demand in the Geiger area since that facility may be relocated. Mr. Blaska said the Bank of America has a call center but it is difficult to service because of its location. It is not a productive ridership environment.

B. 2007 Financial Results Highlights

Mr. Plaster said that sales tax growth was strong and higher than predicted for 2007 and fuel was not as high as budgeted, resulting in favorable variances. The economy in 2007 was generally better than 2006 and all months showed growth over the previous year in sales tax receipts. He showed a ten year projection with \$14.1 million in designated cash reserves for 15% of operating costs and self insurance approved by the Board. The picture for January and February 2008 is not as good since actual

revenues are below budget. Mr. Rush asked if Mr. Plaster sees a change in the national financial forecast. Mr. Plaster said he monitors it monthly but so far revenues are down. STA ended 2007 with a gross cash balance of \$59 million. Ms. Meyer said this balance will decline over the years as capital purchases, such as replacement vehicles, are made. The process involved in purchasing new coaches can be lengthy. Capital purchases are made with cash. Discussion ensued as to the benefits of paying cash rather than getting into debt. All agreed that it was the most cost-effective way to conduct business and based on loan models, Mr. Plaster said it saves the taxpayer close to \$3 million a year in interest. STA has a priority to replace coaches. Some are 18 years old with 800,000 miles, well over the industry standard.

C. Legislative Update

Susan Millbank said the current legislative session is short; January 14 through March 13, but there are a record number of bills. Some of the bills of interest to STA are:

- SHB 2216 – Add a non-voting labor representative to PTBA Boards; and, HB 3134 – Increase the number of members on PTBA Boards from nine to eleven. Ms. Millbank commented that since other groups want to be represented on the Boards it would be more advisable to review the entire Board structure as a whole rather than these examples of a piecemeal approach.
- SB 6722 – Impose fare evasion penalties. Currently fare evasion is not challenged by STA bus drivers unless they see a pattern of this behavior.
- SHB 2567 – Penalty for Violation of Open Public Meetings Act; includes recording of Executive Sessions. This is apparently suggested following an audit of the Port of Seattle.
- SB 6277 – To accommodate private transportation companies at Park and Ride lots funded with state funding, for example, taxis and airport shuttles. There is no clarity about funding from the state and would encourage cost to STA in terms of security. Vehicles left at park and ride lots would be a liability to STA. Currently the lots are empty after the last bus leaves.

Ms. Millbank also reported on the measuring and reporting of greenhouse gases. STA uses gas and diesel fuels totaling \$1.2 million annually and would be required to submit a report and to pay fee to do so. This would be an unfunded mandate.

9. NEW BUSINESS – None.

10. BOARD MEMBERS' EXPRESSIONS

Mr. Rush asked why the reader board on the front of an out of service bus indicates “sorry” first and then “out of service.” He said there is nothing to apologize for. Mr. Munson invited those present to the Mayor’s Ball on April 5 at 6 p.m. at the Mirabeau Hotel.

11. EXECUTIVE SESSION – None.

12. Cable 5 Broadcast Dates and Times of the February 21, 2008 Board Meeting:

Saturday, February 23, 2008	4:00 p.m.
Monday, February 25, 2008	10:00 a.m.
Tuesday, February 26, 2008	8:00 p.m.

13. Next Committee Meetings (1230 West Boone Avenue, Spokane, Washington):

Operations & Customer Service	March 5, 2008, 1:30 p.m. (Southside Conference Room)
Citizen Advisory Committee	February 25, 2008, 5:00 p.m. (Northside Conference Room)

14. Next Board Workshop, Thursday March 6, 2008, 1:30 p.m., STA Boardroom, 1230 West Boone Avenue, Spokane, Washington)
15. Next Board Meeting, Thursday, March 20, 2008, 5:30 p.m., City Council Chambers, 808 West Spokane Falls Blvd., Spokane, Washington.
16. ADJOURNED
With no further business to come before the Board, Chairman Richard adjourned the meeting at 7:40 p.m.

Respectfully submitted,

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