

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

## **BOARD OF DIRECTORS**

Draft Minutes of the June 18, 2015, Board Workshop  
STA Boardroom  
1229 West Boone Avenue, Spokane, Washington

### **MEMBERS PRESENT**

Tom Trulove, Small Cities Representative, *Chair*  
(Cheney)  
Steve Peterson, Small Cities Representative  
(Liberty Lake)  
Patrick Rushing, Small Cities Representative  
(Airway Heights)  
Amber Waldref, City of Spokane  
Candace Mumm, City of Spokane  
Ed Pace, City of Spokane Valley  
Chuck Hafner, City of Spokane Valley  
Shelly O'Quinn, Spokane County  
Al French, Spokane County  
Rhonda Bowers, Labor Representative  
Kevin Freeman, Small Cities Representative  
(Millwood) *Ex Officio*

### **MEMBERS ABSENT**

None

### **STAFF PRESENT**

E. Susan Meyer, Chief Executive Officer  
Steve Blaska, Director of Operations  
Karl Otterstrom, Director of Planning  
Lynda Warren, Director of Finance & Information  
Services  
Steve Doolittle, Director of Human Resources  
Beth Bousley, Director of Communications & Customer  
Service  
Susan Millbank, Ombudsman/Accessibility Officer

### **PROVIDING LEGAL COUNSEL**

Laura McAloon, K & L Gates LLP

### **GUESTS PRESENT**

Michelle Poyourow, Jarrett Walker & Associates,  
*Facilitator*

---

**Workshop Purpose:** Discuss the Implementation of STA Moving Forward

#### 1. **CALL TO ORDER**

Chair Trulove called the meeting to order at 2:30 p.m.

He introduced Michelle Poyourow, Jarrett Walker & Associates, as the meeting facilitator. Ms. Poyourow has considerable expertise in transit planning and working with elected officials. She will do polling exercises with an anonymous clicker system.

Mr. Trulove said the purpose of this meeting is discussion and collection of information; no votes will be taken. The Budget Workshop on July 8, 2015 will incorporate the information produced today.

#### 2. **WORKSHOP EXPECTATIONS & GUIDELINES**

Ms. Poyourow said some questions in the clicker poll may be obvious but it is important to know how the Board members are feeling about Connect Spokane: A Comprehensive Plan for Public Transportation; the quality of transit; and, STA Moving Forward. Discussion should focus upon the current agenda item; other items will be put on a sheet entitled "Parking Lot." In order to have a productive meeting, Board members will put their nametags on end if they wish to speak and cell phones should be turned off.

#### 3. **APRIL 28, 2015 ELECTION BALLOT RESULTS**

Ms. Meyer explained that Proposition 1 failed by 572 votes out of 78,000 and the voter turnout was barely a third of the voting population. Support for the proposition was where the population is the densest. The exit poll post-ballot survey conducted by Moore Information showed that even though people liked the Moving Forward Plan, they had ballot fatigue and did not want new taxes.

Page 2

Mr. French added that the timing of the ballot could have accounted for this. Taxes are due the middle of April, at the end of the month people get their paychecks, and this proposition followed other ballots and levies.

Ms. Waldref agreed and said if the proposition had been in November, it would likely have passed because people are used to voting at that time.

Ms. O'Quinn commented that a ballot survey prior to the election could violate Public Disclosure Commission rules; why is a survey permitted after the vote was taken?

Ms. Meyer said it is permissible to communicate with voters after an election has taken place.

Ms. O'Quinn said the proposition could have failed because of a split Board which caused problems for voters. If another ballot is proposed it will be important to have a significant majority of the Board supporting it.

Mr. Pace said he has gone door-to-door in election campaigns for candidates and people did not know or care about ballots. There was an organized campaign for STA, the group "Yes on Proposition 1" spent \$140,000, and it still did not pass.

Mr. Rushing agreed and added that the election happened at the same time as the state legislature was working on the state budget and transportation package which were major topics in the news.

Ms. O'Quinn said the previous ballots that passed were school levies which were not new taxes but renewals. Other examples included the jail bond renewal that passed with a 70% majority and the Riverfront Park bond that passed without an increase in taxes.

#### 4. ELECTION DEBRIEF

Board members wrote anonymous notes on cards as to why they think Proposition 1 failed and what should happen next time.

Answers included:

Better ballot timing; fact sheet for Board members for use in speaking with constituents; better inform the public as to exactly what increased taxes are to be used for; Board members should be unified; people think we have enough transit; keep the message simple; Spokane Valley voters do not want tax increases; concerns about 3/10ths which included the Central City Line, reduce it to 2/10ths.

#### 5. REVIEW CURRENT BOARD-ADOPTED PLANNING POLICIES & ASSUMPTIONS

##### Comprehensive Plan: Reaffirmation

Mr. Blaska said the Comprehensive Plan directs the regional transit system and its success is measured by maximum ridership. In addition to ridership, it also addresses fare revenue and environmental issues including the decreased use of fuel and emissions. The alternative would be to revisit the plan. A fundamental change in thinking would be to spread the service geographically and include remote areas.

Ms. O'Quinn asked if routes with low ridership could be modified.

Mr. Blaska said during the service reductions several years ago some routes were cut, and others were protected and sustained. For example, the service to Medical Lake did not meet route performance standards but the Board made an exception and maintained service so as not to remove it from part of the Public Transportation Benefit Area (PTBA).

Mr. Rushing asked when the Comprehensive Plan was written.

Mr. Otterstrom said it began in 2006 and was updated in 2010 with other updates as recently as last month. A significant change was to incorporate the Moving Forward plan. The Comprehensive Plan is reviewed every three years.

Mr. Pace asked how to revise the Comprehensive Plan to ensure that buses are full.

Mr. Blaska said passengers get off at their destination and there is not always another passenger getting on. Each individual bus may not be full all the time but the system works by measuring passengers per revenue hour.

Ms. O'Quinn said she would like Moving Forward to be considered separately from the Comprehensive Plan.

Page 3

Ms. Poyourow took a clicker poll at this point to determine whether Board members believe the Comprehensive Plan is still valid.

Poll Results: 64% strongly agree/27% somewhat agree/9% somewhat disagree.

#### Quality of Service Policy from 2009: Reaffirmation

Mr. Hafner strongly agreed.

Mr. French said in previous years buses were in service for longer than their lifespan. The Peer Review in 2007 by the American Public Transportation Association (APTA) suggested changes to STA's quality control and the Board made a decision to adopt quality measures.

Poll Results: 82% strongly agree/9% somewhat agree/9% somewhat disagree.

#### STA Moving Forward reflects the Board's vision for next 10 years with no funding assumptions: Reaffirmation

Karl summarized the Moving Forward Plan which aims to maintain the existing transit system while adding more resources to improve service levels throughout the region. He explained this would include High Performance Transit corridors; increased frequency of service; new service; basic route improvements; and, connection facilities such as transit centers and park and ride lots.

Poll Results: 45% strongly agree/18% not sure/18% somewhat disagree.

Mr. Freeman said he is a new Board member and does not have an understanding of the plan yet.

Mr. Hafner said he is not sure and needs more information.

Mr. Trulove said it is a good plan but too ambitious for this coming decade.

Mr. Rushing somewhat agrees with the plan but disagrees with the timeline. He would rather look at projects on a priority basis when funding allows.

Ms. Meyer said the timeline is an estimate. If grant funding becomes available, projects may be rearranged.

Mr. Freeman asked how many Board members approved the plan.

Ms. Meyer said it was 8 to 1 for the plan.

Mr. Peterson asked if projects are determined by grant funding or demand for service; he said it should be the latter.

Ms. Meyer said projects are identified as having the highest success in ridership.

Ms. O'Quinn said she was the Board member who voted against the plan. She said she could not approve it without specific funding sources. She supports many of the plan's aspects but needs to know how to pay for it.

Ms. Mumm said it is no different from plans at the City of Spokane, for example, where funding is not specific.

The poll was taken again.

Poll Results: 55% strongly agree/9% somewhat agree/18% not sure/18% somewhat disagree.

Mr. Trulove asked what it would take to have everyone agree.

Mr. Hafner said he would have to review and evaluate each project and he is not sure if he would support the plan. He reminded the Board that the ballot initiative failed.

Ms. O'Quinn reiterated that she has always been concerned about the funding of the plan.

#### 6.A. FINANCIAL FORECAST

Ms. Meyer said the forecast assuming no new revenue assumes a 2.5% sales tax increase as well as fare increases in 2016 and 2018. The cash balance declines and runs out the first quarter of 2018, leaving only two options – increase revenue or reduce service.

Mr. French agreed and added that STA will always live within its means; the question is how much service can be provided with no increase in funding.

Mr. Trulove asked if the cash balance goes down because of the recession or the fact that operating costs are increasing.

Page 4

Ms. Meyer said STA's operating costs are the lowest in the state and sales tax revenue declined during the recession. STA has no debt.

Mr. Freeman asked about replacement vehicles.

Ms. Meyer said funds will be set aside for fleet replacement in a new reserve account.

Ms. O'Quinn asked if expenses are forecasted to be at a growth of 3.5%. She added that these questions should be part of the July budget workshop.

Mr. Rushing said sales tax grew in 2011, 2012 and 2013 but the cash balance drops significantly in 2015.

Ms. Meyer said the sales tax trend for forecasting is 2.5%.

Mr. Trulove said sales tax revenue is not declining but during recessions it is important to have a good cash balance available.

Ms. Mumm said when the Board goes forward with new assumptions, look at the trend lines. The trajectory line will continue to go down, it will not be overturned but may be extended.

Mr. French said the cash balance is used to replace the fleet and would have been higher if not for the recession.

Mr. Freeman asked how long a bus lasts and why doesn't STA finance the vehicles.

Mr. French said STA, unlike the City of Spokane or the County, is constantly replacing the fleet and the Board made a conscious decision to not incur debt.

Ms. Meyer said staff has looked into debt financing and the State's local program. The current interest rate is 2.5%. If the cost of vehicles is \$75M the interest would be approximately \$16M for a total cost of \$91M. With this scenario, STA would have fewer buses in service.

Discussion ensued regarding debt financing, cash balance, and fleet replacement.

Ms. Waldref recalled that service was cut twice during the recession in 2010 and 2011. The Board had planned to do a third service cut in 2012 but did not because sales tax revenue was rebounding.

Ms. O'Quinn said she is not sure that she agrees with the assumptions and does not agree with debt financing.

This topic will be discussed in detail at the July Board workshop.

Ms. O'Quinn requested that materials for that workshop be distributed a week prior.

#### 6.B. ESTIMATED REVENUES FOR MAINTAINING & EXPANDING SERVICE (1/10, 2/10, 3/10)

There was insufficient time to address this item.

#### 7. FUTURE DECISIONS ON OPTIONS

There was insufficient time to address this item.

#### 8. NEXT STEPS

Ms. Meyer said the Annual Strategic Plan and 2016 Budget will be discussed at the July 8 Board Workshop and assumptions will also be discussed at that time. Board members asked for discussion of the following assumptions:

- Sales tax growth assumption
- Operating expenditures
- History of actuals
- Assumptions about how long buses last
- Review of what a trend line is and how many years it should cover
- Future funding for vehicles

Mr. Peterson asked if staff has considered leasing buses.

Mr. Blaska said he would provide that information.

Mr. Rushing said he remembers the late 1990's and early 2000's were a disaster for STA due to insufficient funding. He wonders how the agency managed at that time.

Mr. Blaska said he would meet with Mr. Rushing to provide additional financial information.

9. ADJOURN

Mr. Trulove commented that an item by item review of Moving Forward would be beneficial and also said the financial graphs are difficult to understand. He added that voters should not be asked for more money to provide the same service.

With no further business to come before the Board, Chair Trulove adjourned the meeting at 4:29 p.m.

Respectfully submitted,

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