

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

BOARD OF DIRECTORS

Draft Minutes of the June 11, 2014, Board Workshop
Spokane Transit Boardroom
1230 West Boone Avenue, Spokane, Washington

MEMBERS PRESENT

Amber Waldref, City of Spokane, Chair
Candace Mumm, City of Spokane
Mike Allen, City of Spokane
Chuck Hafner, City of Spokane Valley
Ed Pace, City of Spokane Valley
Al French, Spokane County
Richard Schoen, Small Cities Representative
(Millwood)
Tom Trulove, Small Cities Representative
(Cheney)
Rhonda Bowers, Labor Representative

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 & Information
Services
Susan Millbank, Ombudsman & Accessibility Officer

MEMBERS ABSENT

Shelly O'Quinn, Spokane County

-
1. **CALL TO ORDER AND ROLL CALL**
Chair Waldref called the meeting to order at 12:35 p.m.

2. **STA Moving Forward**
The Power Point presentation is attached for ease of reference.

Ms. Meyer introduced the workshop. She said the topic has been discussed by the Board Operations Committee. The goal of the workshop is to discuss Scenarios A and B and no action will be taken at this time. Public input will be sought in September.

Overview of Spokane Transit: 2002-2014

Following the failure of a ballot measure in 2002 to increase sales tax for transit by three tenths of one per cent (0.003), a taskforce was formed to study ways in which to improve STA's accountability and transparency.

In 2004 the voters agreed to the sales tax measure with a five year sunset clause. This funding was needed to replace the Motor Vehicle Excise Tax which was removed in 2002.

Following a change in STA's leadership in 2005, STA added 15% new service. An ongoing mystery shopper program was established called Quality Counts, following a Peer Review by APTA (American Public Transportation Association). Ridership increased 45%. STA accomplished everything it committed to and voters agreed to remove the sunset clause in 2008. Mr. French was named Board Member of the Year by APTA in 2008. Also in 2008, the Board voted to maintain operations at the Plaza and to make improvements inside the facility and outside. The Downtown Spokane Partnership and other downtown stakeholders supported the Board's decision. The recession followed in 2009 and service was reduced by 10% over two years, however ridership did not decrease. Interior renovation of the Plaza was deferred until after the recession. Surveys of the community's perception of STA increased positively by 30%. Planning began for the future.

Mr. Otterstrom said STA's Comprehensive Plan, Connect Spokane, was adopted in 2010. The centerpiece of the plan is High Performance Transit.

Mr. Blaska said the recession was a problem for the progress of Connect Spokane. The Board advised that STA should live within its means which resulted in small service cuts in 2010 and 2011. An additional service cut was planned for 2012, but was postponed to 2013. By that time, sales tax revenue had begun to recover and STA was successful winning capital grants that offset local funding of some projects. The third cut was postponed indefinitely, but the Board acknowledged that because of the significant loss of sales tax revenue, the organization would require additional revenue at some point or a service reduction would be necessary.

Moving Forward

Phase 1 of STA Moving Forward was discussed at the Planning & Development Committee level with a long list of projects to be reviewed and screened. Moving Forward is a long range plan spanning 10-15 years. In 2012 and 2013 there was considerable public outreach to ascertain the preferred High Performance Transit corridors. Approximately 60 citizens from various backgrounds were appointed to four Corridor Advisory Panels (CAP) that met regularly to discuss the corridors and potential projects. STA employees took part in evaluating the projects, as well. In March 2014 the Board approved Scenarios A & B which would require 0.003 tenths of one percent and 0.002 tenths of one percent respectively.

Ms. Waldref asked what the panels recommended for the Division Street corridor.

Mr. Otterstrom said they preferred a streetcar-type vehicle with a dedicated traffic lane.

Ms. Mumm asked if a Park and Ride were to be built at Indian Trail would it relieve the pressure at the one at Five Mile.

Mr. Otterstrom said there is only peak service in the Indian Trail area on weekdays, the site is small and there is no strong connection with the High Capacity Transit Network.

Financial Information

On the recommendation of Councilman Allen, Ms. Warren looked at a trend line of sales tax revenue over the past 20 years and found that generally it has increased by about 3% per year. Until now STA budgets sales tax revenue for the next year based on the prior year's actual sales tax. Staff recommends using the trendline approach and assuming a conservative 2.5% growth annually. The fixed route bus service cost per revenue hour trendline has increased by approximately 3.5% per year. When forecasting future budgets, staff proposes to use the trend line instead of the number from the previous year. Mr. French said it's unlikely that total expenses actually increase 3.5% a year because some expenses are separately budgeted and don't increase that much.

Ms. Mumm asked if this is the total revenue.

Ms. Warren said in addition to sales tax revenue there are other revenues such as those received from fares and grants which are forecast differently. The sales tax revenue at 70% of the total is the highest proportion.

Ms. Waldref asked what is included in the fixed route cost per revenue hour.

Mr. Blaska said it includes all those related to the fixed route bus operation, plus overhead (administrative and Plaza).

Budget forecasting will be discussed further at the July 9 Board Workshop.

Moving Forward Phase III

Phase III focused on costs, timing, number of new service hours, ridership benefits and related capital projects.

Scenario A (growth through 2024)

Based on community support, current demand, population growth and changing demographics impacting mode use, Mr. Otterstrom described the type of ridership growth that could be expected with Scenario A. New facilities and expansion (new Transit Centers and new or expanded Park and Ride lots throughout the service area); High Performance Transit routes with high frequency including the Central City Line and the Cheney High Performance Transit Corridor; a smaller proportion of routes oriented to downtown creating new connection opportunities; fleet expansion; later service in the evenings on weekends system wide; higher capacity buses (60 ft.) on the Division corridor; and, service improvements in the Spokane Valley and Liberty Lake. Looking as far out as 2024, the

scenario includes introducing pilot service to Coeur d'Alene since this was popular with the CAPs, employees and other community input. The existing level of service is also maintained.

Ms. Mumm left at 1:44 p.m.

Mr. Allen asked about an improvement in layovers at places like the Bank of America downtown.

Mr. Otterstrom said layovers would be concentrated outside of the downtown core e.g. at the proposed Upriver Transit Center at Spokane Community College, thus reducing the impact. There would be some layover on the edges of the Central Business District. The Central City Line (CCL) and the system changes that would be implemented concurrently would also reduce boardings around neighboring buildings, including the Peyton Building and the Spokane Regional Business Center, providing more connections and other connection locations outside of the downtown.

At this time, Ms. Meyer provided an update on the recent fatal stabbing at the Plaza. It appears the suspect knew the victim and police were able to identify the suspect with the assistance of STA's video cameras. He was arrested later that evening. This is the only homicide in the Plaza since it opened in 1995.

Mr. Allen said Ms. Meyer did a great job with media interviews that followed the incident.

Ms. Meyer said STA Security officers were very helpful to the police.

Mr. Allen left at 2:22 p.m.

Scenario B

Mr. Otterstrom described what could be achieved with Scenario B and a vote for an extra two tenths of one percent (0.002) sales tax. Current service could be maintained and increased by 10% to return to 2009 levels. It could be possible to create two new routes or bring more routes up to standard.

Facility expansion would include new Transit Centers in the West Plains and Upriver Drive, a new Park and Ride lot in Moran Prairie, and expansion of the current Liberty Lake Park and Ride.

Ms. Waldref commented that this scenario would be status quo plus some Park and Ride facilities. It would probably not be enough to service projected increases in population and STA would have to return to the voters for the last one tenth of one percent (0.001) currently allowed under state law.

Ms. Bowers asked if the Board agreed on Scenario A, how long the service would be sustainable.

Ms. Meyer said until approximately 2026. She added that the state legislature is contemplating a bill that would allow more funding to transit agencies which have reached the maximum sales tax revenue of nine tenths of one percent (0.009).

Mr. Otterstrom said both scenarios involve no debt and one time capital investments, along with assumptions about matching grant revenue.

Board Guidance

Mr. Hafner said the legislature is leaning heavily towards education funding in 2015. STA should be realistic in considering increases in State funding for transit.

Mr. French said the legislature will continue decreasing revenue wherever possible and shifting the responsibility for funding to the local level.

Ms. Waldref asked if there is any transit funding from the transportation package currently in the state legislature. The House version had \$11.7 million for the Central City Line project.

Mr. Otterstrom said there are competitive grants but they cannot be used for operating.

Mr. French said the financial constraints from transit agencies on the west side of the state means they will probably receive any available funding first.

Mr. Blaska said STA still has the three tenths of one percent that agencies on the west side have already used.

Ms. Bowers said STA could be in the same position as the west side transit agencies once the last three tenths is used. If there is another recession, STA would find itself unsustainable.

Mr. French said STA has planned well and has been conservative. He added that it is not possible to move forward if the agency always plans for a recession.

Mr. Blaska added that Scenario B will also fund the normal replacement of buses (diesel) and vans as part of sustaining existing service levels.

Ms. Waldref said there will be public input on each project in Moving Forward.

Mr. Trulove said this is long term planning and there will be people against some of the planned projects. He suggested selling the concept rather than going into too much detail.

Ms. Meyer said the opposite could also happen. STA is creating a presentation on the project that is general in tone but can be more specific if necessary.

Mr. Pace said most of his constituents do not use the bus and do not care about transit. It will be difficult to persuade them that these plans are important. He asked what support there was for the 2008 ballot measure.

Mr. Otterstrom reviewed the results of the 2008 ballot measure and overall, 65% were in favor of removing the sunset clause and continuing the 2004 sales tax increase. Every city, including Spokane Valley, had majority support in nearly every precinct as indicated by maps provided in the workshop binder.

Mr. Pace added that in 2008 most politicians were elected on the platform of no new or higher taxes.

Mr. Trulove added that there will be "ballot fatigue" in 2015 with parks, streets and schools all wanting more funding.

Ms. Meyer asked the Board for guidance as to Scenario A or B.

The consensus of the Board was Scenario A and no motion was needed.

Central City Line

Ms. Meyer said the City of Spokane has long envisioned a circulator or streetcar in the downtown area. A feasibility study was completed in 2005. In 2011 after robust public outreach and participation by citizens, STA and the City of Spokane adopted a Locally Preferred Alternative (LPA) which was also adopted by Spokane Regional Transportation Council (SRTC), the Public Facilities District, GSI and others. Currently STA is refining costs and reviewing an extension of the LPA from Gonzaga University to Spokane Community College (an extra 2.5 miles making a total of 5.5 miles). The CCL would originate in Browne's Addition, travel east on Sprague or First Avenue and can proceed toward Riverside, Main or Spokane Falls Boulevard on Post or Howard Street. The preferred mode would be a vehicle that looks like a streetcar and a U.S. manufacturer has to be found to make the vehicle. In 2011 the costs were estimated at \$36M, with STA paying a share of \$15M. In 2014 the costs increased to \$64.4M excluding sales tax and escalation.

Ms. Meyer said STA engaged an independent cost estimator to validate this estimate which they did. A large part of the cost is the catenary system which is almost double what was estimated in 2011 at \$21.4M per mile.

Staff is currently researching other options that would fulfil the stakeholders' requirements of permanence, streetcar look and electrification. It may be possible to use another form of electric technology without catenaries. Some stakeholders did not like the look of catenary wires at the outset.

Mr. Trulove asked why STA is considering an electric mode rather than clean diesel fuel.

Ms. Meyer said the stakeholders wanted an electrified system. An induction charging technology called WAVE gives the electric option that does not cost as much and does not need catenary wires. There is a charging plate under the street and matching plate under the bus which provides power for longer distances before the necessity of charging. Should this be feasible, staff would propose placing charging plates in Browne's Addition and near Spokane Community College. The cost is estimated to for the charging technology is approximately \$4M per for the entire corridor versus \$30M for the catenary system (including associated project cost of design, contingency, sales tax and inflation).

Mr. Blaska said this new technology compares favorably to clean diesel fuel.

Ms. Waldref said the outcome of the outreach to downtown stakeholders was that electrification was a key to the project and they did not want an enhanced diesel bus.

Ms. Meyer reminded Board members that STA's share of the investment is \$15M and staff will be applying for an FTA Small Starts grant.

Ms. Waldref said the WAVE technology sounded appealing.

Mr. Pace left at 3:15 p.m.

Board consensus was to receive more information at the July 24 Board meeting where a public hearing on the CCL LPA will be held.

Mr. Hafner asked what the attraction is of the Central City Line for citizens in the Spokane Valley or the small cities. Mr. Otterstrom said the big picture of High Performance Transit shows service improvements in the entire region, not just in downtown Spokane.

Mr. Schoen liked the idea of WAVE technology which is less expensive and creates a new method of transportation that could be extended throughout the service area.

Mr. Blaska added that the state is mandating that transit agencies meet the biodiesel or electric fuel requirements by 2018.

Mr. French suggested the WAVE technology for a High Performance Transit corridor in the Valley.

Mr. Trulove said it would be prudent to ensure this technology really works.

Ms. Meyer said assuming the 2015 ballot measure is successful, STA will not procure vehicles until 2017 so there is time for the technology to advance.

Timeline

July 9	Planning & Development Committee review STA Moving Forward and the Central City Line Locally Preferred Alternative
July 24	Board Meeting Public Hearing on Central City Line Locally Preferred Alternative
September	Public Outreach
October	Public Input and Polling
November	Public Hearing on STA Moving Forward
December	Board Action on Possible Transit Measure to fund STA Moving Forward for April 2015 Ballot

Ms. Bowers said if the transit measure passes and STA's share of the funding for the Central City Line remains at \$15M, the remaining funding must come from the federal government.

Ms. Meyer confirmed that the project is dependent on federal grants.

4. ADJOURN

With no further business to come before the Board at this workshop, Chair Waldref adjourned the meeting at 3:30 p.m.

Respectfully submitted,

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