

CITIZEN ADVISORY COMMITTEE MEETING

Meeting Minutes for October 13, 2010

Southside Conference Room

MEMBERS PRESENT

Fyrne Bemiller
Susanne Croft
Victor Frazier
Charles Hansen
Resa Hayes
Ted Horobiowski
Margaret Jones
Larry Luton
Dean Lynch
Fran Papenleur
Philip Rudy
Brenda Smits, Chair

STAFF PRESENT

Steve Blaska, Director of Operations
Karl Otterstrom, Director of Planning
E. Susan Meyer, Chief Executive Officer
Jim Plaster, Director of Finance and Administration

GUESTS PRESENT

None

MEMBERS ABSENT

Will Flanigan

1. CALL TO ORDER AND ROLL CALL

Chairman Smits called the meeting to order at 5:05 p.m. and conducted roll call.

2. MINUTES OF THE CITIZEN ADVISORY COMMITTEE - Corrections or Approval

a.) Ms. Smits asked the Committee to address the meeting minutes of July 14, 2010 and September 8, 2010.

The Committee approved the minutes as written by consensus.

3. PUBLIC EXPRESSIONS

There were no public expressions at this time.

4. REVIEW OF SUSTAINABILITY TOPICS COVERED AT WSDOT CONFERENCE

Mr. Blaska reported the Washington State Public Transportation Conference was recently hosted in Spokane. There was several sustainability topics covered at the conference. Mr. Blaska noted that CAC member, Ted Horobiowski was an honoree at the conference for his contribution to the Commute Trip Reduction program.

Mr. Blaska provided hard copies of four sustainability articles for the Committee's review. He reported the Department of Transportation (DOT) went through a similar process as the CAC in determining a definition of sustainability. The DOT staff also took the executive orders and the resulting RCW's and listed those as requirements and explained what the requirement meant to them as an agency and the resulting actions. Mr. Blaska thought this to be a good format to use for developing a framework.

Also at the conference were two transit presentations, one of which was given by Mr. Otterstrom, and the other by King County Metro. The general theme was to maintain a certain level of productivity achieved in order to be effective in the environment and how it contributes to sustainability in the community. Both presentations were included in the hard copy items provided by Mr. Blaska at the meeting.

Mr. Lynch said it is good that another agency has invested the time to review the executive orders so that the CAC can build upon what they have already done. He wondered what other piggy-back opportunities with other agencies may exist. He added that the CAC could share their information with others as well.

Mr. Blaska commented that staff is not looking to do original work as it might be wasted time. There is a climate registry reporting for transits. This registry in addition to any other available information will be a more efficient use of time.

Mr. Horobiowski added it is good to use work done by others to a certain point and then customize it specific to STA's sustainability program.

Ms. Jones suggested that the DOT consider using a teleconference program in order to include transits that cannot attend due to finances.

5. FINANCIAL FORECAST UPDATE

Ms. Meyer announced she would be presenting financial information and used a presentation other than published in the packet. She said this information is what was discussed at the Board Budget Workshop on October 7, 2010 and the purpose is to provide the CAC the same information as provided to the Board regarding financial projections and preparation for 2011 and beyond.

Ms. Meyer said it is staff's practice to meet with the Board for a workshop in preparation for the budget. She reported the critical elements of the 2011 Budget to be sales tax assumptions, service level strategy, essential capital projects, and any budget guidance for 2011 from the Board.

Ms. Meyer referred to a 2010 pie chart depicting revenue by source. The largest contributors are sales tax at 67.3%, operating revenue at 15.7%, and federal funding at 13.3%.

The next pie chart outlined operating expense by division. The STA divisions are Fixed Route, Paratransit, Vanpool, Administrative, and The Plaza. Of the \$60M operating budget, Fixed Route costs are 68%, Paratransit costs are 20%, yet account only for 5% of the total rides provided by the agency. The Administrative division costs are 9.4%, and The Plaza costs are 2.3%, and Vanpool costs are 1%.

Ms. Meyer referred to the former 2009 baseline financial projection after the recession began. This projection assumes a \$.25 fare increase for 2010 and 2011, and the fare increase associated with Paratransit in 2012. It also assumes another increase in 2015 and 2018. According to this projection, it will take until 2014 for the sales tax revenue to return to the 2007 level. There is a lost period of time where this revenue can never be recaptured and has created a new structure to the budget that is very difficult to deal with. There is a 15% reserve of operating expenses for an unexpected increase in costs or decrease in revenue. The reserve policy is if used, it will be replenished after two years. The use of this money also requires a super-majority vote by the Board of Directors. Based on this forecast, if STA continued to operate at the existing service level the deficit would be -\$16.9M in 2013, and -\$96M by 2019. This forecast is why changes are necessary.

A sustainable plan was developed based on a reduction in service equivalent to 16% over three years time, with 2% in 2010, 7% in 2011, and 7% in 2012. This is associated with the elimination of approximately 50 positions, using or replacing 32 fewer Fixed Route buses, and no facility expansion.

In response to being asked how "service level" is defined, Ms. Meyer replied that service level is established by the number of hours of service. The only significant way to reduce costs is to reduce service. The reductions represent a total reduction of service hours. Every hour of service is approximately \$100 per hour.

Mr. Frazier asked for clarification of how a "service hour" is defined.

Mr. Otterstrom said it is one-hour for each hour of service provided by a bus.

Mr. Blaska said at peak service there are 125 buses in service. Between 8:00 a.m. and 9:00 a.m. this is 125 service or revenue hours. Annually, STA incurs approximately 400,000 revenue hours.

Ms. Meyer stated by implementing these reductions, the cash balance stays just above the designated reserves until 2015-2016. STA can live with their existing source of revenue for this period of time at the new service level.

Living within the means available was the recommendation by staff and approved by the Board. Now is not the time to ask for an additional increase in sales tax.

Mr. Horobiowski asked which transits in the state have levied to the maximum 0.9% sales tax revenue.

Ms. Meyer reported that King County Metro, Community Transit, Kitsap Transit, and Island Transit are among the agencies that have levied to 0.9% and there are more seeking an increase this year.

Mr. Horobiowski asked if STA will be doing the same.

Ms. Meyer said this is not the time to do it, perhaps in 2012. STA is choosing to be conservative at this time.

Mr. Hansen asked if there are places where Paratransit service will remain and Fixed Route service will not.

Ms. Meyer replied that Paratransit exists only because Fixed Route does. STA could not cut a Fixed Route and leave Paratransit service in place in that same location. The ADA requires that transit agencies have complimentary service to Paratransit.

In response to being asked if there is an obligation to serve the entire geographic area, Ms. Meyer replied STA wants to have their service generally aligned with the urban growth areas, however, STA does not and likely never will serve every area of the Public Transportation Benefit Area (PTBA). STA wants to allocate service based on a number of factors that balance providing service to the areas that need it and service to the areas that use it.

Mr. Blaska added that ridership is up over the last five years and what were taken out this year in September were routes that were not working very well. STA does not have a choice and does not wish to cut service.

Ms. Meyer referred to a letter to the Spokesman Review editor published that same day that suggested STA does not have a sales tax problem, perhaps it is the CEO's salary. Ms. Meyer said STA would rather do anything than cut service. STA is in the business of providing service, and meeting people's needs with a robust and dependable system. These are very difficult recommendations to make.

Mr. Blaska added the revenue gap for this year is \$10.0M.

Ms. Meyer reported there will not be any administrative positions eliminated as STA is structured very lean in this division with about fifty staff in addition to seven positions that have not been hired for over the last three years. She added the economic outlook has significantly weakened in the last three months with the peak to trough decline for GDP at 4.1%, and employment at 6.1%, both of which are post war records. STA's sales tax assumptions for 2011 have moved from 2.0% in the 2010 budget to -2.0% in the 2011 budget. There are a number of cost containment initiatives, which includes conservative budgeting; reductions in the capital plan; reduction of approximately fifty positions; salary adjustments; increased employee medical premium sharing; negotiated medical and retirement plans for significant long-term savings; cancellation of service increases, facility expansion, park and ride expansion, and non-revenue vehicle replacements; extended vehicle replacements and capital projects; deferral of facility and maintenance projects, deferral of document management system and seven essential positions.

Ms. Meyer reviewed the sustainable plan assumptions, the service level strategy, and the essential capital projects. The overall 2011 Budget guidance is to sustain quality, regardless of service level; preserve essential capital projects; maintain flexibility, add revenue or reduce service when required; continue with the sustainable plan by avoiding long-term commitments that may not be funded; and implement phased service reduction plan.

For ease of reference, please refer to the presentation attached to these minutes.

6. PROPOSED 2011 SERVICE REDUCTION

Mr. Otterstrom said the presentation for this meeting is also his current presentation he is using for public outreach. His outline shows the following questions: Why is STA proposing to cut service?; What services and routes could be affected?; How can I provide input? A line chart was shown depicting the sales tax revenue gap with current sales tax revenue projection, 2008 budgeted sales tax, and 2007 actual sales tax. Mr. Otterstrom reported that sales tax revenue provides more than two thirds of STA's funding, and 2010 is the third consecutive year that STA has seen a significant reduction in sales tax revenue. Even if the economy stated to recover next year, STA would not return to 2007 sales tax revenue levels until early 2016, a nine year period of reduced revenue that will never be recaptured.

The service reductions for Fixed Route in 2010 are 3% with a proposed 7% service reduction for 2011, and an additional 7% reduction may be required in 2012. The timeline for 2011 service reductions began with a preliminary proposal to the Board on September 15, 2010 with public/customer outreach from October through December. A draft recommendation will be published in January 2011. Staff will continue outreach and public input January through March 2011, with a public hearing held in February 2011. The final recommendation will be presented to the Operations and Customer Service Committee in March 2011 with final Board action in the same month. If adopted, the service changes will take effect on September 18, 2011. The Paratransit boundary changes will be effective in March 2012.

Mr. Otterstrom said the initial estimates of proposed reductions include between 34,000 and 38,000 hours cut annually, which will save \$3 million plus, and includes three routes that will be totally eliminated. One hundred Paratransit riders could lose their service entirely by these cuts.

Ms. Croft asked if the fleet reduction of eight to eleven coaches is annual.

Mr. Otterstrom replied this is a one-time reduction.

Ms. Hayes asked if STA is bracing for a lot of feedback from the Paratransit riders.

Mr. Otterstrom said all of the effected riders will be sent letters notifying them of the significant impact it will have on them. Paratransit is easy as the riders can be identified by name, however, there are one million Fixed Route rides per year also being impacted which equals approximately 700 to 1,400 people. These riders may not meet the requirements for Paratransit, or may not have a personal vehicle to drive. There are many people taking the survey that say they use STA as their primary transportation. It is important to recognize the impact is not only to Paratransit riders.

Ms. Jones suggested connecting Medical Lake with Airway Heights.

Mr. Blaska said the November CAC meeting will have time allotted for the Committee's feedback.

Mr. Otterstrom said the ridership actually increased when the route was changed to arrive in Downtown Spokane.

Ms. Jones replied that was before there were shopping facilities, such as Wal-Mart available in Airway Heights. Now that these stores are in place, it would be better to connect Medical Lake with Airway Heights.

As a former resident of Cheney, Mr. Frazier said he supported Ms. Jones' statement.

Ms. Smits reminded that this meeting is for Mr. Otterstrom to present the information and the next meeting will allow for Committee feedback.

Mr. Otterstrom offered for the Committee to email their questions to him prior to the next meeting.

He concluded that the routes proposed for complete elimination are 41- Latah, 62- Medical Lake Hospitals, and 67- Medical Lake/Geiger. Other proposed route eliminations are 30- Francis, 31- Garland, 42- Maple, 46- Altamont, 72- Liberty Lake Express, and 95- Millwood. Please refer to maps for proposed 2011 service reductions for the following: Spokane Valley, North Spokane, South Spokane, West Plains, Cheney Option 1, Cheney Option 2, and Cheney Option 3. The proposed Paratransit boundary revisions are outlined in the maps for 57th and Palouse, Fairchild AFB, Medical Lake, Northwest Terrace, East Valley, Latah, and Millwood which are included the presentation.

Mr. Otterstrom invited the Committee to log on to www.spokanetransit.com to review the details of the proposal and complete the online survey. There is also a display available for viewing at The Plaza.

For ease of reference, please see the attached presentation.

Mr. Horobiowski referenced the growth in ridership over the last few years due to an increase in fuel prices and wondered how quickly STA could respond to a potential increase in ridership following everything having been scaled back.

Mr. Blaska said the buses that will not be replaced will be retained as a contingency fleet and could be reintroduced to service immediately. It would be a challenge bringing on new employees to operate and maintain the buses. He added that STA was very well postured when gas prices increased to \$4.00, which made riding the bus attractive.

Mr. Horobiowski asked what the decrease in ridership has been since then.

Mr. Blaska replied approximately 4%. In fact, the record ridership was sustained from 2008 through 2009. Those that first tried transit in 2008 remained as riders. He added when other transits have expanded ridership, STA has increased more than the average percentage, and when ridership on a national level has decreased, STA has decreased less than the average.

Mr. Blaska reminded the CAC to consider the information presented to them at this meeting in order to provide the much appreciated feedback at the November meeting.

Mr. Lynch asked two questions to be answered at the November meeting. What happens to the PTBA in Medical Lake if a service is no longer there that they are paying for? Is there communication in place for the Paratransit riders that relocate within service area to let them know where the projected 2012 service cuts are so when they move they will not moving into an area that will be cut later?

In response to being asked why the Cheney service cuts are so complex, Mr. Blaska said an initial proposal was made to Cheney for September 2010 which received much community feedback. Staff revisited the proposal and continued the dialogue with the Cheney community. It was explained that a cut in service is necessary while still meeting basic needs. The three options were the result.

Mr. Otterstrom reported that he made a presentation to the City Council the evening prior, and the Mayor of Cheney was pleased with the options as staff had incorporated the comments received.

7. GENERAL BUSINESS

There was no general business at this time.

8. SET AGENDA FOR NEXT MEETING

The next meeting will be Wednesday, November 10, 2010 – 5:00 p.m. (Regular Meeting) – Spokane Transit, Southside Conference Room.

9. **ADJOURN**

With there being no further business to come before the Committee, the meeting was adjourned at 7:15 p.m.

Respectfully submitted,

Naomi Zantello
Executive Assistant