

Spokane Transit Authority
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BOARD OPERATIONS COMMITTEE SPECIAL MEETING

Meeting Minutes for September 11, 2013

Northside Conference Room

MINUTES

MEMBERS PRESENT

Chuck Hafner, City of Spokane Valley, Chair
E. Susan Meyer, Chief Executive Officer, Ex-officio

MEMBERS ABSENT

Mike Allen, City of Spokane, Performance
Monitoring & External Relations Committee Chair
Al French, Spokane County, Planning &
Development Committee Chair

STAFF PRESENT

Karl Otterstrom, Director of Planning
Steve Doolittle, Director of Human Resources
Steve Blaska, Director of Operations
Jan Watson, Executive Assistant to the CEO & Clerk of the
Authority
Jessica Charlton, Project Manager, Capital Projects

GUESTS

Tim Dompier, ATU 1015

1. CALL TO ORDER AND ROLL CALL

Chair Hafner called the meeting to order at 10:00 a.m. and conducted roll call.

2. APPROVE COMMITTEE AGENDA

In the absence of a quorum, the agenda could not be formally approved, but Mr. Hafner said that he had no additions to the agenda.

3. CHAIR'S COMMENTS

Mr. Hafner said that the Board Workshop on September 5, 2013 went very well. He thanked Ms. Meyer, Mr. Otterstrom, Mr. Blaska and the entire staff for their work on the "STA Moving Forward" project. He also reminded staff that September is an extremely busy month for elected officials. Mr. Hafner said that elections are coming up and the result could change the complexity of the Board of Directors. He mentioned that 2015 will be an extremely busy year. Central Valley is looking to possibly build a third high school.

4. COMMITTEE ACTION/DISCUSSION

a. July 15, 2013 Special Committee Minutes

There were no changes to the minutes, but in the absence of a quorum Chair Hafner deferred action of the July 15, 2013 minutes. This item will be re-submitted to the Committee for approval at their next meeting.

5. COMMITTEE CHAIR REPORTS

a. Al French, Planning & Development (P&D):

In Mr. French's absence, Mr. Otterstrom said that the committee discussed the 2014 budget and it will be presented to the Board on September 19, 2013. The committee also discussed the Plaza interior renovation program and Plaza Wall Street colonnade projects which will be presented later in this meeting.

b. Mike Allen, Performance Monitoring & External Relations (PM&ER):

In Mr. Allen's absence, Mr. Blaska said that the committee approved by consensus the Award of Contract for Tire Mileage Leasing & Services and the Smart Bus Support – CAD/AVL Remodel Acceptance and Approval to Pay Retainage, which are on the Board consent agenda. Performance Measures and Ridership were discussed and will be included the Board packet as information items.

6. APPROVAL FOR BOARD MEMBER TRAVEL TO APTA ANNUAL MEETING

Mr. Hafner said that Amber Waldref will take the place of Mike Allen at the annual meeting. Al French will also be attending this meeting. This item will be forwarded to the Board consent agenda.

7. PLAZA INTERIOR RENOVATION PROGRAM AND PLAZA WALL STREET COLONNADE PROJECT

Mr. Otterstrom distributed the Powerpoint presentation that was presented to the Planning & Development (P&D) committee last week. This project is part of an overall renovation of the Plaza that the Board agreed to in 2008. Last year three phases of the project were identified. The interior space program process includes the following steps:

1. Define goals and objectives
2. Develop list of feasible options
3. Conduct stakeholder outreach
4. Analysis
5. Decision

The project objectives which stem from Nelson / Nygaard work in 2008 includes:

1. Focus all routine transit activity to first floor
2. Enhance customer information systems
3. Reconfigure second floor
4. Foster and enhance a safe and secure environment
5. Redesign bus and pedestrian interface

In 2012, the Board developed the following goal for the project.

Goal: The Project will support a vibrant downtown Spokane.

The design criteria include:

1. Increase ridership (with enhanced customer information)
2. Foster and enhance safety and security
3. Improve functionality and efficiency of Plaza for transit customers and the Spokane Community
4. Reduce loitering opportunities
5. Consider overall return on investment, overall community benefit
6. Ensure design and uses are complementary to adjacent properties

Mr. Otterstrom said that in the fall of 2012 a long list of potential uses for the second floor of the Plaza was developed.

The use categories include:

1. Office
2. Retail
3. Conference
4. Plaza Operation Requirement (includes the mobility center)
5. Bank

Mr. Otterstrom said that the Board requested more analysis and outreach.

Mr. Hafner said that in regards to the design criteria listed, safety and security, improve efficiency and reduce loitering opportunities at the Plaza should be emphasized with the Board.

Ms. Meyer said that additional people in the Plaza will improve safety and security.

Mr. Otterstrom said that the "eyes on the street" theory is part of the urban design.

Mr. Otterstrom said that during the Outreach and Analysis phases the following was determined:

1. Basic space requirements for STA functions on first and second floors
2. Defined available space for alternative uses on second floor
3. Provided conceptual layouts for the first floor

A best use / market study is in its final stages which;

1. Identified market forces for alternative uses in downtown
2. Conducted stakeholder and market expert surveys and interviews
3. Gathered information on peer transit systems and cities to identify national trends and practices and
4. Considered community needs and opportunities

Mr. Otterstrom said that the major findings of the study show that there is not a reliable strong market for retail on the second floor. The preference for retail is the first floor, throughout the country and in Spokane. A food court is not a destination place, especially located on the second floor. There is a high failure rate for food service operations. Mr. Otterstrom said that agents involved with commercial office space assessed the Plaza as Class B office space due to lack of separate access outside of the transit environment. Class A office space is leasing in a satisfactory manner, but Class B office space has a 19% vacancy rate.

Mr. Hafner asked the definitions of Class A & B office space.

Ms. Charlton, Project Manager, described Class A office space as buildings with asking gross rents between the top 30% to 40% of rents in the marketplace. These buildings are well located; have capacities that meet current requirements as well as anticipated future needs. Building services are characterized by above average maintenance, management and upkeep. Class B office buildings are characterized by asking gross rents between Class A and Class C space, in the middle range. These buildings are in average to good locations and have adequate capacities to deliver services currently required by tenants. Services are average to good for maintenance, management and upkeep. Class A space is high end, plenty of room for growth and maintained well. Class B space is adequate, nice clean space and can support a tenant now. Class C is less desirable, smaller spaces and the rents are between the bottom 10% to 20% of office rents in the marketplace.

Mr. Blaska said that it appears nothing could be done to a second floor only location to make it Class A office space.

Mr. Hafner said that based on this, the Plaza would be Class B space and staff agreed.

Mr. Otterstrom said that it is based on the definitions and the market assessment.

Mr. Otterstrom said the design criteria did not include the "community" office space option, as there is a limited pool of potential tenants, plus most of these agencies include in-person customer service.

Mr. Otterstrom said that other major findings include:

1. Interest exists in exclusive conference/meeting rooms, but demand would not consume the entire second floor
2. Could accommodate public meetings and classes, in addition to being rented to adjacent businesses on an as-needed basis
3. Various specialty uses (aquarium, medical offices, full service restaurant, dance studio) were considered, but determined to be infeasible
4. Museum/Cultural use, in particular the Native American Tribes and the Museum of Arts & Culture (MAC) are interested in a prominent downtown location which is central and easy to get to.

Mr. Otterstrom said the major conclusions are:

1. The Community benefit of the second floor renovation is more important than the financial return on investment.
2. A mix of uses out-performs all singular uses for both the first and second floors in achieving the design criteria.
3. The 2008 recommendations for first floor activity continue to be relevant to planned improvements

The first floor program recommendations are:

1. Create a convenient customer service information and point of sales office
2. Increase the capacity for food and retail services to approximately 4,000 square feet
3. Provide public restrooms
4. Enhance customer ease of use through technology

Mr. Hafner said the first floor program is what STA is about.

Mr. Otterstrom said the first floor is the transit focus of the facility. The focus of the second floor is how STA can create the space for a community asset. Mr. Otterstrom said that the Everett facility has a very nice multi-modal center for buses and trains. The first floor is retail, food and customer service and the second floor has beautiful meeting rooms.

Mr. Otterstrom said the second floor recommendations are:

1. Provide at least 5,000 square feet for a museum or a cultural center
2. Create up to 4,000 square feet for meeting rooms
3. Efficiently provide for STA's operational requirements

Mr. Hafner asked about providing efficient operational requirements. Mr. Otterstrom said that efficiently would mean using the minimum amount of space, maximizing for other uses, and the appropriate co-location of services (for example customer service combined with mobility center).

Mr. Otterstrom said that the next steps are:

1. The Board accept the programmatic recommendations for the first and second floor of the STA Plaza on September 19, 2013
2. Allow STA to move forward to prepare 30% design of the Plaza renovation in consultation with customers and potential tenants in October 2013 – January 2014.
3. Seek approval of final project budget and design in early 2014.
4. Begin construction in mid-2014.

Mr. Otterstrom said that the two potential tenants for the second floor are the Museum of Arts & Culture (MAC), as a satellite to their main facility in Browns Addition, and the Native American Tribes for an Interpretive Center downtown.

Mr. Hafner asked if STA has been in conversations with these two organizations.

Mr. Otterstrom said yes.

Plaza Wall Street Colonnade Project:

Mr. Otterstrom said that a colonnade is a sidewalk structure. This colonnade will be outside of the smoking prohibition by State Law and will provide a space for people to smoke legally. The architect has submitted a building plan. The screen panel material has not been finalized. Ms. Meyer said that Board approval is not required for the next steps. All parties have not approved the permit.

8. BOARD OF DIRECTORS AGENDA: SEPTEMBER 19, 2013

The agenda was reviewed. There were no changes. Ms. Watson said the Executive Session will be 10 minutes for Collective Bargaining.

Ms. Meyer said that ridership has stagnated across the country and even dropped a few points in the last six months. STA has seen a slight drop in ridership and staff is unsure if it is a trend or an anomaly.

Mr. Hafner commented that at times some significant information or highlights could be shared verbally to the Board.

Ms. Meyer said she can include some of these items in her CEO report. The Performance Monitoring & External Relations Committee had requested that some reports be semi-annual and as information only.

9. COMMITTEE ATTENDANCE

Ms. Meyer said a responsibility of the Board Operations Committee is monitoring Board member attendance. A summary of the committee's attendance is in the packet. February 2013 was a difficult month for committee attendance. Ms. Meyer said STA would not recommend any changes to the committee structure.

10. NEW BUSINESS

There was no new business.

11. ADJOURN

Chair Hafner moved to adjourn the meeting. In the absence of a quorum, there was no second.

With there being no further business to come before the Committee, Chair Hafner adjourned the meeting at 10:38 a.m.

Respectfully submitted,

Merilee Robar
Executive Assistant

