

Spokane Transit Authority  
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## **BOARD OPERATIONS COMMITTEE MEETING**

Meeting Minutes for October 14, 2015  
Northside Conference Room

### **MEMBERS PRESENT**

Tom Trulove, City of Cheney, Board Operations  
Committee Chair  
Amber Waldref, City of Spokane, Performance  
Monitoring & External Relations Committee Chair  
Chuck Hafner, City of Spokane Valley

### **STAFF PRESENT**

Beth Bousley, Director of Communications & Customer  
Service  
Lynda Warren, Director of Finance & Information Services  
Steve Blaska, Director of Operations  
Karl Otterstrom, Director of Planning  
Brandon Rapez-Betty, Sr. Communications Specialist

### **MEMBERS ABSENT**

Al French, Spokane County, Planning &  
Development Committee Chair & Vice Chair  
E. Susan Meyer, Chief Executive Officer, Ex-officio

### **GUESTS**

None

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

Chair Trulove called the meeting to order at 12:34 p.m. and conducted roll call.

#### **2. APPROVE COMMITTEE AGENDA**

Committee members reviewed the agenda.

*Mr. Hafner moved approval of the agenda and Mr. Trulove seconded. The motion passed unanimously.*

#### **3. CHAIR'S COMMENTS**

Mr. Trulove said that transit is very important in the City of Cheney. Once the assumptions and forecast models are accepted, it will be important to begin discussions, hopefully in November, regarding STA Moving Forward and potential future ballot measures. It will be important to get all jurisdictions involved and set priorities.

#### **4. COMMITTEE ACTION/DISCUSSION**

##### **a. September 9, 2015 Committee Minutes**

*Mr. Hafner moved approval of the September 9, 2015 minutes and Mr. Trulove seconded. The motion passed unanimously.*

#### **5. COMMITTEE CHAIR REPORTS**

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

In Mr. French's absence, Mr. Blaska said the P&D Committee reviewed the 2016 Operating & Capital Budgets for the second time. There were no questions or changes. The public hearing for the 2016 budget is October 22, 2015 at 5:30 p.m. The Budget will go to the Board for their approval on November 19, 2015.

Mr. Otterstrom said that all members were present or had representation at the meeting. Mr. Snyder was present as Ms. Mumm's alternate.

Ms. Warren said that at the September 17 Board meeting, the Board agreed to have the P&D Committee review the forecast assumptions and make a recommendation to the Board. STA's sales tax revenue trends were reviewed. Operating expenditure trends were reviewed and compared with other transits. STA's operating expense trend of 3.4% is similar to other transits. Its operating cost per revenue hour is approximately 25% below other Washington Urban systems and 14% below the average for all US transits. This is mainly due to lower administrative costs. The original assumptions shown to the Board included a conservative, moderate and optimistic approach. Those three approaches were reviewed and include the following:

**Conservative (Status Quo/How it has been done in the past)**

**Option A**

- 2.5% Sales Tax Revenue Trend
- 3.5% Operating Expenditure Growth
  - Starting the first year after the budget year

**Moderate (includes 4 options)**

**Option B**

- 3.0% Sales Tax Revenue Trend
- 3.5% Operating Expenditure Growth
  - Starting the first year after the budget year

**Option C1 & C2**

- 3.0% Sales Tax Revenue Trend
- 3.5% & 3.0% Operating Expenditure Growth
  - Starting the second year after the budget year

**Option D**

- 3.0% Sales Tax Revenue Trend
- 3.0% Operating Expenditure Growth
  - Starting the first year after the budget year.

**Optimistic**

**Option E**

- 4.0% Sales Tax Revenue Trend
- 3.5% Operating Expenditure Growth
  - Based on 2014 actual

Other considerations and suggestions received from local jurisdiction’s finance officers regarding forecasting included:

1. Shorten the forecast timeframe to match the Transit Development Plan (TDP) – 6 years
2. Assume Non-formula grant revenue
3. Re-examine the Board designated reserves
4. Remove the negative portion of the cash line

On October 7 the P&D Committee agreed and recommended a low, medium and high option for the Board to discuss. Each option should include the same basic assumptions below:

1. Base on the 2015 Projected/2016 Budget
2. One fare increase during the next 6 years
3. Start expenditure growth in 2018 (second year after the budget). The year following the budget is a neutral year.
4. For future presentations only show the 6 year projection to match the TDP time period. In addition, an annual look at a 10 year projection was suggested.

The options include:

	Sales Tax	Expenditure Growth
Low	2.5%	3.5%
Medium	3.0%	3.0%
High	3.5%	3.5%

Referring to the models, the low option shows that STA would cross the reserve line in year 2020. Both the medium and high options show that STA crosses the reserve line in year 2022, about a 500K difference between those two options.

Mr. Trulove asked if STA’s equipment replacement schedule would remain intact.

Ms. Warren said that fleet replacement, capital program and reserves continue as they are currently.

Ms. Warren reviewed the pros and cons with each option:

Option	Assumptions	Pro	Con
Low	<ul style="list-style-type: none"> <li>▪ 2.5% Sales Tax Revenue Growth Trend</li> <li>▪ 3.5% Expenditure</li> </ul>	Consistent with the current method agreed to by the STA Board last year.	Extrapolates a conservative approach without accounting for more positive actuals/trends.
Medium	<ul style="list-style-type: none"> <li>▪ 3.0% Sales Tax Revenue Growth Trend</li> <li>▪ 3.0% Expenditure</li> </ul>	Follows long-term trend for sales tax.	Does not fully follow the long-term expenditure trend.
High	<ul style="list-style-type: none"> <li>▪ 3.5% Sales Tax Revenue Growth Trend</li> <li>▪ 3.5% Expenditure</li> </ul>	More optimistic approach.	Exceeds long-term trend for sales tax revenue.

Mr. Blaska said that the P&D Committee agreed on the above starting options for the Board discussion. The beginning consensus from that group was the medium option. STA has been at the low option for the last several years.

Ms. Warren showed a medium option model with a 6 year forecast. It is easier to see the distinct trend in this model. Mr. Hafner agrees with the 6 year forecast model. He thought a 5 year was mentioned. Ms. Warren said the 6 year follows the TDP, and is one budget year plus 5 additional years which is comparable to a 5 year forecast.

Mr. Hafner asked staff their comfort level with the medium option. Ms. Warren said it is a model worth considering for a couple years, but expenditures in the past have grown higher, due to necessary re-build. Fuel prices are always a question. Mr. Blaska said the medium option is manageable. STA is below other transits because of low operating cost. An incremental increase on top of a low cost equals a larger percentage. 3.0% expenditure growth is a good benchmark and target, but want to ensure that STA can grow and be sustainable. Mr. Trulove said the medium option does maintain the current levels of service. To accommodate growth, the assumptions may need to be adjusted. Mr. Hafner agreed. Ms. Warren said the forecast will reset every year, based on the budget.

*At 1:04 p.m. Amber Waldref joined the meeting.*

Ms. Waldref asked if 3.0% expenditure growth is realistic. Discussion ensued regarding forecasting and expenditures. Mr. Blaska said that when the model was first built, it was built on a 3.0% sales tax, 3.0% operating expenditure. The forecast is a planning tool, showing STA's capacity.

Mr. Otterstrom said a Central City Line (CCL) status update was given at the P&D committee meeting. The Board approved the CCL steering committee. In November will be a review of the STA Moving Forward Plan along with the draft Committee Work Program.

**b. Amber Waldref, Performance Monitoring & External Relations (PM&ER)**

Ms. Waldref said the Committee received a report on the renewal of Spokane Regional Transportation Management Center (SRTMC) Letter of Agreement. Following the approval of the other jurisdictions and SRTMC, the agreement will return for STA Board approval in November.

Ms. Waldref said the Committee received an overview of the CCL and an updated timeline which she forwarded to other City Council Members.

Mr. Otterstrom said positions are being filled on the CCL Steering Committee and they are looking at meeting dates.

Ms. Waldref said there was a brief discussion on the Valleyfest Fare. Mr. Blaska and Ms. Bousley are reviewing the 2015 Valleyfest numbers and will have a proposal in a couple months. The next Valleyfest is in September 2016.

Mr. Trulove said there was publicity for STA at Valleyfest due to the collection of coats.

Ms. Waldref said that the 2015 Bus Passenger Survey results were reviewed by Ms. Bousley.

Ms. Bousley said over 700 face to face surveys were done. The trend is constant or slightly higher. The Net Promotor Score was down slightly, but compared with other transit agencies STA would be on the top. This is an important survey for planning as well as marketing, to see what the promoters versus detractors are, and what the profile looks like.

Ms. Waldref said that many of the promoters (those who would recommend the bus to friends) are the senior population.

Ms. Bousley said the detractors tended to be the younger population.

Ms. Waldref said the majority of the meeting was a report and discussion on Alternative Fuel Analysis. Many criteria were scored and some of the criteria included cost per mile of fuel, impact on environment, facilities required and maintenance costs. The conclusion in the near term was that diesel continues to be the fuel of choice because it is cost effective, clean and has cheaper maintenance costs.

Mr. Blaska said that because fuel prices have decreased and the after ignition emissions treatment of regular diesel busses has improved, the differential between a hybrid and regular diesel bus has gotten narrower, so less cost savings.

Ms. Waldref said the hybrid busses are more expensive and have higher maintenance costs so diesel is more cost effective now. The most cost effective fuel is electric, but due to having to invest in new facilities for the charging stations does not make it as cost effective as diesel currently.

Mr. Blaska said that STA has been in communication with the Government Relations representative from Avista. The alternative fuel analysis study has been shared with the representative. If capital assistance is available for building charging stations they could come sooner than later.

Ms. Waldref said the two year contract extension with NAI Black for property management at the Plaza was forwarded to the Board consent agenda. This will allow completion of the Plaza remodel with the current property management firm.

## **6. LEGAL SERVICES REQUEST FOR PROPOSAL (RFP)/SCOPE OF WORK & TIMELINE**

Ms. Warren said the Legal Services RFP was released on October 1<sup>st</sup>. Questions were received regarding the insurance and representation requirements. STA's insurance and defense is primarily handled through the Washington State Transit Insurance Pool (WSTIP). For legal counsel on the RFP, STA has been working with Jim McDevitt, attorney for the Spokane International Airport. It would be a conflict for Ms. McAloon of K&L Gates, STA's current legal counsel, to advise STA on the RFP. The proposals are due November 2<sup>nd</sup> and tentative evaluation date is November 9<sup>th</sup> with interviews to follow. Five years ago, STA received two responses and both were interviewed. A decision should be made by approximately December 2<sup>nd</sup> and will go to the Board Operations Committee who will recommend to the Board. Mayor Trulove selected three Board members including one from the Board Operations Committee, to be on the evaluation committee (Shelly O'Quinn, County of Spokane, Candace Mumm, City of Spokane, & Tom Trulove, Cheney). Alternates need to be selected.

Discussion ensued.

Mayor Trulove suggested Steve Lawrence, Airway Heights as the first alternate and Kevin Freeman, Millwood as second alternate.

Ms. Waldref suggested Chuck Hafner as alternate for Mr. Trulove.

Mr. Hafner asked what happens if only one response from the RFP. The criteria is restrictive.

Ms. Warren said the evaluation committee will decide if the one response received is sufficient and if so, would document justification. No Federal Transit Administration (FTA) funds are involved. It is a very specialized service.

Ms. Warren suggested the Board Operations Chair report at the October Board meeting include an update on this process. The current Legal Services contract expires December 31, 2015. The decision will need to be made at the December 17<sup>th</sup> Board meeting.

Ms. Waldref asked if there was an opportunity for an extension of the current contract.

Ms. Warren said the current firm is closing their Spokane office.

**7. BOARD PERFORMANCE STANDARDS/EXPECTATIONS**

Mr. Trulove said he does not feel the need for written performance standards and suggests it could be divisive. There is a lot of work to accomplish due to the loss of the ballot measure. He recommends postponing this discussion until next year.

Mr. Hafner agreed and does not feel the need for performance standards. He suggested a one on one conversation with a particular individual if needed.

Mr. Trulove said he thought that Mr. French brought this item forward due to the fact that historically the Small Cities have not been active participants. Also, in past Board meetings, standards of conduct have not been followed.

Ms. Waldref said that SRTC Board meetings are very professional and members are called on before speaking. It is good to remind members of Roberts Rules or a version thereof. At the beginning of the year, Mayor Trulove had reminded the Board members of courtesy at meetings. The Consultant that assisted STA with the governance re-structure had recommended developing guidelines.

Discussion ensued.

Mr. Blaska said that historically there were some attendance issues. At a few meetings following the Public Transportation Improvement Conference (PTIC) earlier this year, rules of order were not followed. Out of that, came the discussion does the STA Board need to revisit expectations. He suggested reviewing STA's Bylaws next year. The current Bylaws have not kept up with the effective changes of the Board governance model re-structure.

Ms. Waldref said STA has a full agenda over the next few months so full participation will be important.

**8. BOARD OF DIRECTORS AGENDA: OCTOBER 22, 2015**

Ms. Waldref suggested 30 minutes for the P&D Chair report which includes a discussion on the Forecast Assumptions.

Ms. Warren said she has received no comments or questions on the 2016 Budget.

*The Committee agreed on the agenda with the change noted above.*

**9. CEO REPORT**

Mr. Blaska said that the Citizen Advisory Committee (CAC) is reviewing their Charter. It may be more appropriate for the CAC to report directly to the PM&ER Committee rather than a formal standing committee directly under the STA Board. The CAC would like to make changes to their Charter which would require STA to change its current Bylaws. Proposed Bylaw changes have to be circulated to all jurisdictions for review. If the CAC is formally designated to report to PM&ER, then the Bylaws would not need to be changed. A CAC member would be able to comment at a PM&ER meeting on any topic the Board is engaged in. The recommended Charter will be presented to PM&ER who will then recommend to the Board. A CAC member could do that presentation to PM&ER and the Board as a discussion item.

Ms. Waldref suggested a CAC member be invited to a PM&ER meeting at regular intervals to report on the Committee's activities or concerns.

Ms. Bousley agreed and said this change would provide a direct channel and purpose for the committee.

**10. NEW BUSINESS**

None.

**11. ADJOURN**

Chair Trulove moved to adjourn the meeting and all agreed by consensus. With there being no further business to come before the Committee, Chair Trulove adjourned the meeting at 1:58 p.m.

Respectfully submitted,

Merilee Robar  
Executive Assistant to the Director of Finance & Information Services