

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

## **BOARD OF DIRECTORS**

Draft Minutes of the October 20, 2010, Meeting  
City Council Chambers  
808 West Spokane Falls Blvd., Spokane, Washington

### **MEMBERS PRESENT**

Amber Waldref, City of Spokane, Chair Pro Tempore  
Richard Rush, City of Spokane  
Jon Snyder, City of Spokane  
Dean Grafos, City of Spokane Valley  
Mark Richard, Spokane County  
Bonnie Mager, Spokane County  
Patrick Rushing, City of Airway Heights  
Rhonda Bowers, Labor Representative

### **STAFF PRESENT**

E. Susan Meyer, Chief Executive Officer  
Jim Plaster, Director of Finance & Administration  
Steve Blaska, Director of Operations  
Karl Otterstrom, Director of Planning  
Mike Volz, Assistant Director of Finance  
Steve Doolittle, Human Resources Manager  
Susan Millbank, Ombudsman & Accessibility Officer

### **MEMBERS ABSENT**

Wendy Van Orman, City of Liberty Lake, Chair  
Gary Schimmels, City of Spokane Valley

### **PROVIDING LEGAL COUNSEL**

Laura McAloon, K & L Gates LLP

---

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

In the absence of Chair Van Orman, Chair Pro Tempore Waldref called the meeting to order at 5:35p.m. and conducted roll call.

#### 2. **APPROVAL OF BOARD AGENDA**

Ms. Waldref called Board members' attention to a revised agenda with an additional item under 6.A Board Action Other Items 2011 State Legislative Agenda – Potential Capital Grant Request. **Mr. Rushing moved to approve the revised agenda, Mr. Rush seconded and the motion passed unanimously.**

#### 3. **RECOGNITIONS AND PRESENTATIONS**

##### A. **2009 State Audit Report**

Mr. Plaster welcomed the new Regional Program Manager from the State Auditor's Office, Debbie Pennick. Ms. Pennick said the STA Audit Report represented the period January 1 – December 31, 2009. Areas covered in the audit include accountability for public resources, legal compliance, financial statements, federal compliance, and compliance with National Transit Database reporting. STA complied with no deficiencies and no material weaknesses. Ms. Pennick added that she reviewed the prior year's audit finding that Spokane Transit did not have internal controls in place to ensure compliance with the federal Davis-Bacon Act (prevailing wage) requirements. She concluded that the finding was fully corrected and appropriate training for staff was conducted and added that this was a very good audit. Ms. Meyer thanked Ms. Pennick and also STA's finance, planning and purchasing department staff for their efforts.

##### B. **Years of Service Awards**

Mr. Doolittle read the names of employees with 5, 10, 15, 20, and 25 years of service. These employees were commended for their years of service to STA and the community.

C. Third Quarter 2010 Employee Recognition Winners

Mr. Doolittle read the names of those employees who won the employee recognition awards for the months of July, August and September. This program was approved by the Board to acknowledge employees who go the extra mile in the course of their work.

4. PUBLIC EXPRESSIONS

Clifford Winger, 1529 West Providence, thanked Ms. Bowers, the coach operators and STA's Ombudsman for their fine work. He said he moved from out of state to Spokane because of the bus service and is concerned that it is deteriorating. Specific areas of concern include route detour changes with little or no notice, no service to the Interstate Fair, increased fares, reduced service, and removal of bus benches.

Jason Barbour, 106 9<sup>th</sup> Street, Cheney, said he enjoys the comfortable and clean buses. He is a student at Eastern Washington University and is from Portland. He appreciates the discounted student bus pass and good schedule to Cheney. He hopes this positive comment will be received by the Board and staff as they consider the 2011 service reductions.

5. BOARD ACTION: CONSENT AGENDA

**Mr. Rushing moved to approve consent agenda items 5. A-D. Mr. Richard seconded and the motion passed unanimously.**

- A. Motion to approve minutes of the September 15, 2010 Board Meeting.
- B. Motion to approve Accounts Payable Voucher and Warrant nos. 562814 through 563300, and Worker's Compensation Warrant nos. 205055 through 205264 totaling \$2,920,748.14 for the period September 1 through September 30, 2010.
- C. Motion to approve 2011 Special Community Events Fare Structure.
- D. Motion to approve Disposal of Two Heavy-Duty Maintenance Vehicles.

6. BOARD ACTION: OTHER ITEMS

A. 2011 State Legislative Agenda – Potential Capital Grant Request

Ms. Meyer said STA submitted five projects (Central City Line, South Valley Corridor High Performance Transit, Plaza Improvements, West Plains Transit Center, and Smart Bus Implementation) to the Spokane Regional Transportation Council (SRTC) to be forwarded in its list of 20 projects of regional significance to the Washington State Transportation Committee's 20 year plan. SRTC is now seeking STA's input on finalizing a list of priority transportation projects to be included in the community's unified legislative agenda for 2011. The purpose of bringing this item to the Board now is to decide whether to include any of these projects in a 2011 legislative appropriations request. Ms. Meyer said she will bring the 2011 legislative agenda and priorities to the Board in November. In this instance, staff considers there to be better grant opportunities for the STA projects elsewhere and recommends that SRTC not include any regional priority projects on the 2011 State Legislative Agenda. Ms. Meyer added that STA has been successful in obtaining state (regional mobility grants and special needs grants) and federal grants through grant and appropriations requests. One component of the Smart Bus project is the annunciator function which could be funded under the special needs grant. Staff is concerned that 2011 will be a very difficult time to request funding due to the recession and subsequent budget cuts.

Mr. Snyder asked what the downside would be of not submitting these projects.

Ms. Meyer said staff is cautious about make a request for funding for a project that is not time-sensitive.

Mr. Rush said the legislature needs to see STA's projects. If they are not on the list they are not visible and could be bypassed in the future.

Mr. Snyder asked if STA's priorities overlap with the Greater Spokane Incorporated (GSI) list and if STA's lobbyist would commit to work on these in the legislative session.

Ms. Meyer said the GSI list is a talking paper and staff would direct the lobbyist to work to accomplish STA's goals.

Mr. Richard apologized for the SRTC process not being clear. The intention of SRTC is to give the list to GSI and prioritize it for 2011. It needs to advocate for multimodal transportation needs. The long term 20 year list is not necessarily applicable to the 2011 agenda. The Washington State Transportation Commission will share the list with the legislature.

Mr. Rush asked if Ms. Meyer will participate in the GSI annual legislative meeting in Olympia in January. She said she will and would like to see STA projects as a priority since GSI's list will most likely include predominantly road projects. She added that legislation passed the Joint Transportation Commission to create a panel on transit issues and assess the state's interest in transit. However it is a difficult time to establish this and discussions about transit funding have been deferred.

Ms. Mager suggested that funding at local and state levels will be almost impossible to achieve due to the current state of the economy.

Ms. Meyer said currently the state does not see itself funding transit; preferring that it be done locally with sales tax. The GSI legislative agenda will include two transit-related projects: High Performance Transit Network and Central City Transit Alternatives Analysis.

Ms. Waldref said she agreed with Mr. Rush that transit projects should be on the SRTC list.

Mr. Rushing asked if this could be delayed in view of the upcoming elections.

Ms. Meyer said SRTC requires an answer by Monday, October 25.

Mr. Snyder asked about the cost of the annunciator portion of the Smart Bus project.

Ms. Meyer said staff can obtain a range of costs and the project would require a 50% match.

Mr. Richard asked if STA can match this.

Ms. Meyer said it is in the 2012/2013 budget.

**Mr. Snyder moved to submit the Smart Bus annunciator project to the SRTC list of priorities as well as articulation of the Central City Line as the beginning portion of a greater High Performance Transit Network. Ms. Mager seconded.**

**Mr. Richard made a friendly amendment to include the South Valley Corridor project as a portion of the High Performance Transit Network. This project has been under consideration for years. Mr. Snyder and Ms. Mager agreed to the amendment. The amended motion passed unanimously.**

7. STAFF REPORTS:

A. Draft 2011 Operating and Capital Budgets/Capital Improvement Program  
Draft 2011 Operating and Capital Budgets

Ms. Meyer said there will be a public hearing on the budgets at the November Board meeting with Board adoption in December. Public and employee meetings will be held during this time. On October 7 the Board held a workshop to discuss the budgets. The staff recommended budget guidance for 2011 is the same as 2010: Sustain quality; preserve essential capital projects; maintain flexibility; continue with sustainable plan; and, implement phased service reduction plan.

Mr. Plaster said revenue assumptions include fare increases in 2011 and 2012 with more in 2015 and 2018. Service reductions of 3% in 2010, 7% in 2011 and 7% in 2012 are also assumed with a reduction of \$22.3M in capital projects.

Mr. Richard asked what the fare increases would be in 2015 and 2018.

Mr. Plaster said 25 cents each year.

He explained the objective is to have a sustainable plan since the economy is worse than anticipated. The year 2010 is projected to end with a -2.8% sales tax growth which is lower than assumed. Local and state financial advisors have indicated that the economy has weakened in the past three months.

Staff has changed the growth projection for 2011 from 2.0% to -2.0%, for 2012 from 3.0% to 0.0% and for 2013 from 3.0% to 2.0% based on guidance from the Board at the workshop.

Board members discussed the Board designated reserves for self insurance and emergency operating costs. Ms. Meyer said the remaining cash is designated for capital or operating costs.

Mr. Richard said the savings are used to pay for projects in cash rather than incur debt.

Ms. Meyer said the proposed service reductions for 2012 may be deferred or mitigated due to cost containment savings.

Mr. Plaster outlined the following cost containment initiatives:

- Favorable operating expense variance of between \$4.0 and \$4.5M for 2010
- \$1M in savings from First Transit two-year contract extension
- \$22.3M reduction in Capital Plan due to deletion of vehicle purchases and facility expansion
- Reduce 50 positions by 2013 due to service reductions
- 2010 Salary Adjustments (0.0% to 1.5% increases)
- Increase employee medical premium share
- Negotiated medical and retirement plans to achieve long-term savings
- Cancel capital projects and vehicle replacements
- Extend vehicle replacement timeframe
- Defer Smart Bus and Plaza Internal Improvements
- Defer facility and maintenance projects and document management system
- Defer 9 essential positions

The strategic plan for 2011 is to reduce service by 7% and retain 85% of the 2009 ridership level (9.4M rides). Paratransit service would be modified to reflect the fixed route changes with ridership growth contained to zero and five vans added to the Special Use Vanpool Program. The vanpool program would deploy ten new vans. Major projects include:

- Central City Alternatives Analysis
- Smart Bus Program (Cameras)
- Business Systems Upgrade
- Plaza Improvement Program (External)
- In-Person Assessment for Paratransit Eligibility
- Radio System Project (FCC required)
- Facility Master Plan
- Trapeze Operations and Customer Service Modules
- Vanpool Software
- Extended Vehicle Replacement Plan

Constraints include: No new positions in 2011; reduce scope of Phase 2 of facility camera project; reduce travel and training costs.

Mr. Plaster said the proposed operating budget for 2011 is \$58.2M, down 4% from the 2010 budget. Fixed route operations account for 67%, paratransit at 19.5%, administration 10%, Plaza operations 2.2% and vanpool 1.1%. A total of nine positions have been deferred. Revenue for 2011 is estimated at \$60M with 65.5% from sales tax, 17.8% from fares, 13.4% from federal preventive maintenance grant, 2.7% investment income and 0.6% state grant. Capital expenditures are \$15.6M including 42.4% for customer service and technology projects, 24.2% for maintenance, 20.8% for planning, 10.5% for revenue vehicles and 2.2% for non-revenue vehicles. To balance the budget a decrease of \$10.2M in cash will be required. It is projected that a cash balance of \$20.7M will remain at the end of 2011 after reserves.

Ms. Meyer said the management and administrative employee group, which is not represented, did not receive a wage adjustment in 2010. The bargaining groups received wage increases in 2010 of between 1.5% and 2.5% and are anticipated to receive increases of between 1.0% and 1.5% in 2011.

She asked if the Board would consider an adjustment of 1.0% for 2011 for the management and administrative group.

Mr. Rushing asked what this would add to the budget.

Mr. Plaster said it is included at approximately \$20K - \$25K. He added that the group consists of approximately 36 staff. The Chief Executive Officer has chosen to forego any adjustment for 2011 and she did the same in 2010.

Mr. Snyder said a decision does not have to be made on this until the budget is approved.

Mr. Richard said he would find it difficult to support an increase considering the service reductions.

Mr. Grafos agreed.

Ms. Meyer said STA has always been conservative and has worked with the unions to achieve low wage adjustments in consideration of the poor economy. The largest union, ATU #1015, will begin negotiations at the beginning of 2011 and have already bargained and increase of 1.5% through April.

Mr. Rushing asked the Board to consider the issue of a zero wage adjustment for the non-represented group since two years without an adjustment could cause morale to suffer.

Mr. Richard said he has been an outspoken fan of STA employees. He asked that unions join the effort and accept no increases. He commended Ms. Meyer for leading by example.

Ms. Mager asked for the salaries of the non-represented group.

Ms. Meyer promised to provide this information. She added that the restructure of the health and retirement benefits has resulted in savings for STA.

Ms. Waldref said this was a good discussion and she appreciates all STA employees.

The Capital Budget was reviewed. Mr. Snyder said at the workshop Board members asked if capital projects were cancelled what service could be retained.

Ms. Meyer said if a capital project was cancelled it would be eliminated, not deferred. If cancelled, every \$1M of capital projects would result in approximately 1,600 service hours per year for five years. For example, if a project of \$2M were to be cancelled, half the service to Medical Lake could be sustained for five years.

Mr. Snyder said this was good information. He added that since a third of capital projects are set to take place in two years, could any of them be stretched out further.

Ms. Meyer replied that if the projects were deferred to beyond 2015 they would be unfunded since the money set aside for them would be used for operations.

Mr. Rush said capital projects help the quality of the system.

Ms. Waldref asked if the \$22.3M reduction in the capital plan involved cancelled or deferred projects.

Ms. Meyer said this includes vehicle replacement and facility expansion, neither of which will be needed in the short term due to service reductions but both need to be planned for the future. She added that STA is on a 15-year vehicle replacement cycle which is already higher than the federally recommended term of 12 years.

#### Capital Improvement Program

Mr. Otterstrom said this is the first year a Capital Improvement Program has been done. It is a six year plan incorporated into the Comprehensive Plan. It will serve as a public process for comment on projects and streamline the grant application process. Highlights of the plan include:

- Fixed Route Hybrid Coaches
- Smart Bus
- Business System Replacement
- Radio Narrow Banding
- Right of Way Preservation
- Plaza Renovation
- Central City Line of the HPT Network

The draft will be updated in early 2011 and available in the spring. Future Capital Improvement Programs will come to the Board in the summer prior to budget discussion.

B. Central City Transit Alternatives Analysis

Mr. Otterstrom said the title of this project has changed; it was formerly known as the Downtown Transit Alternatives Analysis. There are 28,000 residents in the Central City, 10% of who live in the downtown core. The area includes the university district, hospitals, convention center, Riverpark Square and more. Downtown businesses rely on transit for their employees, for example 38% of Sterling Savings Bank employees ride the bus. This drops to between one and ten percent of workers outside the core. Project goals include stimulation of new economic development downtown; enhance the pedestrian environment; compliment recreational activities; connect major activity modes within the downtown area; connect neighborhoods, and more. The alternatives under analysis are the alignment and the modes. Alignments include Browne's Addition to U-District; Kendall Yards to U-District; Kendall Yards to south medical district; and, U-District to south medical district. Mr. Otterstrom added that the Gonzaga University area is also a possibility. Modes vary from enhanced bus to streetcar and electric trolley. The next step is an Open House on October 26 at WSU Bookie, 410 E. Spokane Falls Blvd from 3:30 pm to 6:30 pm.

C. Supplemental Paratransit Fare Subsidy Pass Application Program Update

Mr. Blaska provided an update on this program which was initiated at the time of the initial fare increases in 2009. At that time concern was shown about the affordability of paratransit fares by advocacy groups. STA offered a fare subsidy grant program to meet the potential need for low income paratransit riders. A service provider to act as a broker to determine financial need was solicited. No service provider agencies have submitted an application. The program will be kept on hold until after the January, 2011 fare increase. Staff remains committed to working with other agencies to seek alternatives for low income paratransit customers.

Mr. Snyder asked for a list of the service provider agencies.

D. Three Position Bike Racks

Mr. Rushing noted from the report that there are two routes that have experienced a number of bikes that have been turned away for lack of room on the rack. If the three position rack is warranted it should be for those two routes only.

Ms. Meyer said routes are served by different buses. However the bike/transit interface is bigger than just racks. Staff is working with the bicycle community on a full strategy plan.

Mr. Snyder said he was very pleased.

Mr. Rush said some workers have late hours and use their bikes to go home. He urged drivers to not abandon bikes on the last run. Mr. Blaska said operators do all they can to ensure that does not happen.

Ms. Mager thanked staff for all their work on the paratransit subsidy pass program.

8. CEO REPORT

State Health Plan Application

Ms. Meyer informed the Board that the Public Employees Benefit Board (PEBB) has denied STA's application to join the health plan. This plan contained significant long-term savings for STA and had been negotiated with the unions. Staff will appeal the decision and continue with Premera and Group Health in health plans that mirror the PEBB plan. Apparently they only allow one catastrophic claim (over \$100,000) is allowed in a year and STA had two. This is inconsistent with healthcare reform removing pre-existing conditions.

2011 Service Reductions Outreach

There are five months left for public comment. Presentations will be made in October and November to many groups in all jurisdictions. There is a display at the Plaza, a special Hotline number to call with questions 343-1653, and a survey on the website. Medical Lake officials are concerned about losing bus service and the impacts on paratransit. Some said they would pay more for the service.

More meetings are set up with Fairchild Air Force Base and Eastern State Hospital. Alternative service modes include vanpools and special use vans.

Spokane Police Department Grant

SPD is applying for a grant to identify people driving badly around transit vehicles. Fewer than 20% of accidents experienced by STA are coach operator-related. The police department will offer defensive driving training for coach operators.

White Cane Safety Day

Susan Millbank attended this event arranged by the Inland Northwest Lighthouse organization. Ms. Meyer showed photos of Mr. Snyder and Mr. Rush navigating a course blindfolded with a cane.

In Passing

Beloved paratransit driver, Kevin Lukes, passed away. Kevin joined STA in 2001 and was a very special person to his fellow employees and to his customers. He died during a charity bike ride for diabetes. He will be greatly missed.

9. NEW BUSINESS – None.

10. BOARD MEMBERS' EXPRESSIONS

Mr. Snyder said he was traveling westbound on East Sprague on his bike when bus # 2907 came by and gave him a wide berth. He really appreciated this and thanked the operator. Ms. Meyer said this comment would be put on STA's Stay Informed monitor.

Mr. Rush said he was impressed by the detailed reports and presentations tonight. He also appreciated the outreach on the paratransit fare item. He thanked staff and added that Mr. Plaster is very thorough.

Ms. Waldref attended the Minnehaha neighborhood service reductions presentation where elected officials commented and listened. No major concerns were raised except that the Board should consider a sales tax increase. She added that she is trying to get the STA Board meeting back to being live on Channel 5. Currently it is being taped since the channel broadcasts another program at the same time. Ms. Waldref thanked the Board for allowing her to attend the American Public Transportation Association's Annual Meeting in San Antonio, Texas. She found it very educational and valuable training for her role as incoming Chair.

11. BOARD INFORMATION

- A. Committee Minutes
- B. Miscellaneous Correspondence
- C. August 2010 Financial Results Summary
- D. Quarterly Procurement Report
- E. August 2010 Operating Indicators
- F. 2010 Third Quarter Travel Report
- G. Paratransit Services Van Rider Satisfaction Survey
- H. Pilot Study to Aid in Determination of ADA Paratransit Eligibility
- I. Human Services Transportation Public Transit Coordinated Plan
- J. September 2010 Ridership Report
- K. August 2010 Financial Highlights

12. EXECUTIVE SESSION

At 8:37 p.m., Ms. McAloon announced that the Board would adjourn for an Executive Session for the purpose of reviewing the performance of a public employee.

The STA Board of Directors will reconvene in open session at approximately 8:47 p.m. If it becomes necessary to extend the executive session, a member of the staff will return to announce the time at

which the STA Board will reconvene. If any action is to be taken as a result of discussions in the executive session, that action will occur in open public session.

At 8:47 p.m., Ms. McAloon returned to announce the Board would reconvene at 8:52 p.m.

At 8:52 p.m., the Board of Directors reconvened and Chair Pro Tempore Waldref declared the meeting back in open public session.

13. CABLE 5 BROADCAST DATES AND TIMES OF THE OCTOBER 20, 2010 BOARD MEETING:

Saturday, October 23, 2010	4:00 p.m.
Monday, October 25, 2010	10:00 a.m.
Tuesday, October 26, 2010	8:00 p.m.
  
14. NEXT COMMITTEE MEETINGS (STA Southside Conference Room, 1229 West Boone Avenue, Spokane, Washington):

Operations & Customer Service	November 3, 2010, 1:30 p.m.
Citizen Advisory Committee	November 10, 5:00 p.m.
  
15. NEXT BOARD MEETING: Wednesday, November 17, 2010, 5:30 p.m., City Hall Council Chambers, 808 West Spokane Falls Blvd, Spokane, Washington.
  
16. NEXT PUBLIC HEARING: Wednesday, November 17, 2010, 5:30 p.m., City Hall Council Chambers, 808 West Spokane Falls Blvd, Spokane, Washington, to discuss:  
Draft 2011 Operating and Capital Budgets
  
17. ADJOURNED  
With no further business to come before the Board, Chair Pro Tempore Waldref adjourned the meeting at 8:55 p.m.

Respectfully submitted,

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