

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

BOARD OF DIRECTORS

Draft Minutes of the October 22, 2015, Meeting
Spokane Transit Boardroom
1229 West Boone Avenue, Spokane, Washington

MEMBERS PRESENT

Tom Trulove, Small Cities Representative
(Cheney), *Chair*
Steve Peterson, Small Cities Representative
(Liberty Lake)
Steve Lawrence, Small Cities Representative
(Airway Heights)
Shelly O'Quinn, Spokane County
Al French, Spokane County
Amber Waldref, City of Spokane
Candace Mumm, City of Spokane
Chuck Hafner, City of Spokane Valley
Ed Pace, City of Spokane Valley
Rhonda Bowers, Labor Representative

MEMBERS ABSENT

John Higgins, Small Cities Representative
(Medical Lake) *Ex Officio*
Kevin Freeman, Small Cities Representative
(Millwood) *Ex Officio*

STAFF PRESENT

Steve Blaska, Director of Operations & Interim CEO
Lynda Warren, Director of Finance & Information Services
Karl Otterstrom, Director of Planning
Steve Doolittle, Director of Human Resources
Beth Bousley, Director of Communications & Customer
Service
Susan Millbank, Ombudsman & Accessibility Officer

PROVIDING LEGAL COUNSEL

Laura McAloon, K & L Gates LLP

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1. **CALL TO ORDER AND ROLL CALL**
Chair Trulove called the meeting to order at 4:30 p.m. and conducted roll call.
 2. **APPROVE BOARD AGENDA**
Mr. Hafner moved to approve the agenda, Mr. Pace seconded and the motion passed unanimously.
 3. **PUBLIC EXPRESSIONS** – None.
 4. **RECOGNITIONS AND PRESENTATIONS** – None.
 5. **BOARD ACTION – CONSENT AGENDA**
Mr. Pace moved to approve the following consent agenda items 5. A through C. Mr. French seconded and the motion passed unanimously.
 - A. Approve the minutes of the September 17, 2015 Board meeting.

B. Approve the following vouchers and payroll for September 2015:

<u>DESCRIPTION</u>	<u>VOUCHER/ACH NUMBERS</u>	<u>AMOUNT</u>
Accounts Payable Vouchers (September)	Nos. 586727 - 587031	\$ 3,849,449.66
Workers Comp Vouchers (September)	Nos. 215602 - 215722	\$ 49,064.76
Payroll 09/04/2015	ACH – 09/04/2015	\$ 1,110,229.33
Payroll 09/18/2015	ACH – 09/18/2015	\$ 1,099,096.49
WA State – DOR (Use Tax)	ACH – W0640	\$ 8,819.06
SEPTEMBER TOTAL		\$ 6,116,659.30

C. Authorize a two-year extension to the STA Property Management contract with NAI Black due to the remodel of the Plaza for a total cost of \$67,200.

6. BOARD ACTION – COMMITTEE RECOMMENDATIONS:

Planning & Development Committee

A. Approval of Draft 2016 Strategic Plan

Mr. French said this item has been reviewed and recommended for Board approval by the Planning & Development Committee.

Mr. Blaska said the final 2016 Strategic Plan is in the Board packet with no substantive changes. The section entitled *Fare Collection Update* has been revised to better explain that it is more about a fare collection system than a fare change.

Mr. Hafner asked if operating costs are 95% below the state urban average.

Mr. Blaska confirmed that they are. STA is compared with other urban agencies such as Everett, Pierce, Community, King County, Ben Franklin, and C-Tran.

Mr. Hafner asked if the proposed West Plains Transit Center will require more funding for completion.

Mr. Otterstrom replied that this project is included in the approved STA Moving Forward plan. It has an \$8.7M grant but will rely on other funding sources and staff will come back to the Board when those are forthcoming.

Mr. Hafner said the Central City Line (CCL) is another project which does not have enough funding for completion. An additional \$4.1M in operating costs will be required.

Mr. Blaska said the strategic plan states that those projects will continue in the planning process even though they are not completely funded.

Mr. Pace moved to approve the 2016 Strategic Plan, Mr. French seconded and the motion passed unanimously.

7. BOARD ACTION – OTHER: None.

8. BOARD OPERATIONS COMMITTEE:

A. Chair’s Report

Mr. Trulove said most of the items discussed by the Board Operations Committee are included in the Board agenda. He said he would like to set goals for ending the year. The budget is the most important item for October and November with the public hearing today and approval set for next month. He would like to begin discussing the STA Moving Forward ten year plan in November and December. He suggested that priorities be reviewed in November and December discussion can be about solidifying priorities and establishing how they can be funded. Improving service requires additional resources so the option of going for a sales tax initiative should also be part of the conversation. With this discussion at the end of the year, Board members will be well positioned to make the decisions in early 2016.

He added that the committee also discussed a Request for Proposals for general legal services. He has appointed an evaluation committee including staff and the following Board members: Tom Trulove; Shelly O'Quinn; and, Candace Mumm, with Steve Lawrence and Ed Pace as alternates. The evaluation committee will make its recommendations to the Board Operations Committee in December with Board action on December 17, 2015.

Ms. Waldref thanked Mr. Trulove for his leadership and the end of the year summary and timeline. She asked if the goal in December is to decide on a ballot measure in 2016.

Mr. Trulove said he would like a decision about Moving Forward and a possible ballot initiative for 2016 to be made at the December meeting if possible.

Ms. Waldref said the Spokane City Council and the previous ballot campaign supporters are wondering about the timeline.

Ms. Mumm agreed and added that there will be other issues going to the ballot next year.

Mr. Hafner asked if the Board has made a decision on Moving Forward projects.

Mr. Otterstrom said the plan has many elements that still need to be prioritized.

Mr. Trulove said additional service could be a priority and the field of projects can be narrowed down.

Mr. Peterson commented that there will be no fare increase in 2016; however, additional funds are needed. He said bus passengers should pay more so any sales tax increase should not occur without a fare increase.

Ms. O'Quinn said this conversation can be continued in November and December but it's probably too soon to talk about the actual ballot proposal.

9. PLANNING & DEVELOPMENT COMMITTEE:

A. Chair's Report

Mr. French said the Planning & Development Committee decided to separate the budgets from the forecast assumptions and came to an agreement on high, medium and low assumptions.

Ms. O'Quinn said the operating budget can go forward without assumptions but the capital budget cannot. The Transit Development Plan (TDP) was adopted with the caveat that capital budget assumptions need to be discussed further.

i. Proposed 2016 Operating & Capital Budgets

The public hearing is scheduled for 5:30 p.m. today.

ii. Forecast Assumptions

Ms. Warren said the slides presented to the Board in September form the basis of what the Planning & Development Committee reviewed on October 7. They saw that the sales tax trends over the past 20 years averaged 3%. They also compared these with those of other transits statewide and nationwide over the same period. STA's expense trend at 3.4% is similar; however, its operating cost per revenue hour is approximately 25% below other Washington State comparables and 14% below the average for all transit agencies nationwide. The committee agreed to shorten the forecast timeframe to six years to match the TDP and remove the negative portion of the timeline graph. The committee also recommended reviewing low, medium and high options for sales tax and expenditure growths and start the expenditure growth forecasting in 2018.

	<u>Sales Tax</u>	<u>Expenditure</u>
LOW	2.5%	3.5%
MEDIUM	3.0%	3.0%
HIGH	3.5%	3.5%

Ms. Warren said the low option is the status quo and the reserves line will be crossed in 2020.

The medium option moved that line to 2022 with a cash balance of \$20.5M.

The high option moves that line to 2022 with a cash balance of \$20.9M (similar to the medium option).

Mr. Hafner asked if these charts were presented last month.

Ms. Warren said they were similar but the Planning & Development Committee suggested other options.

Discussion ensued about the options.

Mr. Hafner asked why the 3.0% and 3.5% would even be an option when the expenses are more than the income.

Ms. O'Quinn said it drives the conversation to discuss additional revenue to fund the system. Last year Board talked about sustainable service and it all depends on the assumptions.

Ms. Mumm commented that when she was at the American Public Transportation Association (APTA) Annual Meeting earlier in the month with Mr. French and Mr. Otterstrom she realized that Spokane Transit is in a better financial situation than other transits nationwide. She added that there is no longer a recession and Spokane needs to get ready for more public transit.

Ms. O'Quinn said the Board reviews sales tax and expenses on a monthly basis and if a worst case scenario happens, such as the recession in 2008, there is the ability to adjust the numbers the same year.

Ms. O'Quinn moved to accept all the recommendations of the Planning & Development Committee, using 3% sales tax and 3% expenditures as a basis for forecasting assumptions. Mr. Pace seconded the motion.

Ms. Bowers said she did not fully understand the long term expenditure trend.

Ms. O'Quinn said it is STA's responsibility to live within its income and urban transit agencies in Washington State have a growth of 3.0%.

Ms. Warren pointed out that other transits started off much higher than STA in the 1990's and kept growing at a similar level. She added that STA's administrative costs are lower than theirs.

Mr. Otterstrom said the trend lines are looking to the past; the proposed 2016 budget is less than one percent different from 2015.

Ms. O'Quinn concluded the discussion by saying the model can be adjusted annually.

The motion passed unanimously.

10. PERFORMANCE MONITORING & EXTERNAL RELATIONS COMMITTEE:

A. Chair's Report

Ms. Waldref said the committee recommended consent agenda item 5. C. to the Board for approval.

Mr. Blaska gave part two of a presentation on alternative fuels; the top two fuels are diesel and electric with electric costing slightly less. In recent years diesel has become much cleaner.

Ms. Waldref added that the committee also discussed the Central City Line (CCL) preliminary engineering and design project and added that the new steering committee will meet on November 12.

Ms. O'Quinn commented that she heard a report on National Public Radio (NPR) about electric trolleys in Washington, D.C. and China. The demand is very high in China and they use super powered batteries on their vehicles. The demand in the U.S. is growing and some bus manufacturers are making fully electric buses.

Mr. Pace suggested that the demand in the U.S. is from large cities.

Ms. O'Quinn said the report focused on the fact that there would be no catenary system, since people think the overhead wires are ugly, and costs associated with putting an electric charge in the road. She added that the report is interesting and timely. The following is a link to that report:

<http://www.npr.org/2015/10/22/450583840/in-d-c-and-china-two-approaches-to-a-streetcar-unconstrained-by-wires>

Ms. O'Quinn referred to agenda item 12.E. – Central City Line Preliminary Engineering & Design Update report and requested clarification on the last paragraph on the first page regarding the Board

approved resolution. “On September 17, 2015 the Board approved a resolution in collaboration with the City of Spokane to implement the Central City Line . . . and establish a steering committee . . .”

She said the word “implement” should not be included and asked that the report be revised to reflect this.

Mr. Otterstrom said it was an oversight and the report will be changed to reflect that the CCL is in a development phase.

Mr. Peterson said electric buses are estimated to save only a small amount of money over 15 years considering the cost of a new fuel facility, and the CCL will be totally reliant on electricity. He suggested looking at a diesel start up instead.

11. CEO REPORT

Ridership

In Ms. Meyer’s absence, Mr. Blaska reported that fixed route bus ridership in September decreased by 2.7% over September 2014 for a year-to-date decrease of 3.6%. This follows the national trend.

The biggest decrease has been from college students; probably due to decreased fuel costs.

Paratransit ridership increased 2.6% over September 2014 for a 1.5% decrease year-to-date.

Vanpool ridership decreased by 10.1% over September 2014 for a year to date decrease of 10.5%.

There are the same number of vans in service (95); however some vans have fewer passengers than last year but there is no impact on revenue.

It should be noted that September 2015 had one more weekday than September 2014.

Non-Capital Revenue

Non-capital revenue through August 2015 was 2.8% (\$1.2M) above budget and 1.2% above 2014 actual.

Sales Tax Revenue

September 2015 sales tax revenue (collected on July retail sales) increased by 7.5% (\$314K) above September 2014 for a year-to-date increase of 5.3% over budget. The change is mainly due to higher auto sales.

Operating Expenditures

Operating expenditures through August 2015 were 8.4% (\$3.6M) under budget, mostly due to lower than anticipated fuel costs at 46.8% below budget and the timing of expenditures for contracted transportation for paratransit, computer materials and services, and vehicle repairs.

12. BOARD INFORMATION

- A. Committee Minutes
- B. August 2015 Financial Results Summary
- C. September 2015 Sales Tax Summary
- D. August 2015 Operating Indicators
- E. Central City Line Preliminary Engineering & Design Update
- F. Preparation for Fixed Route Fleet Replacement Program: Part 2 Alternative Fuel Analysis
- G. 2015 Bus Passenger Survey

13. NEW BUSINESS – None.

14. BOARD MEMBERS’ EXPRESSIONS

Mr. Hafner commended Mr. Blaska for the alternative fuels report.

Discussion followed regarding the date of the November Board meeting since three Board members will not be able to attend in person.

Ms. Mumm said she will send her alternate.

Mr. Blaska suggested the November Board agenda include regular business and a substantive discussion on STA Moving Forward could begin at the December meeting.

Mr. Hafner also pointed out that Veterans Day is the same day, November 11, as the Board Operations Committee meeting.

Mr. Blaska said STA employees do not have that holiday off.

It was decided to keep the Board meeting and the Board Operations Committee meeting as scheduled.

Ms. O'Quinn said she agreed with having the Moving Forward discussion in December.

Mr. Hafner suggested that Board members could have a preliminary discussion on the Moving Forward priorities in November and follow it up in December.

Mr. Trulove said the Board Operations Committee will take these suggestions into account when reviewing the November Board agenda.

15. EXECUTIVE SESSION – None.

16. PUBLIC HEARING

A. Proposed 2016 Operating & Capital Budgets

Mr. Trulove opened the public hearing at 5:49 p.m.

Mr. Pace left at 5:50 p.m.

Ms. Warren said, as in previous years, staff created an 8 minute narrated video presentation on the budgets.

This video can be viewed on the STA website at the following link:

<https://www.spokanetransit.com/about-sta/view/proposed-2016-budget>

The narrated video was presented to the Board.

Ms. Warren said action on the budgets will be taken at the November 19, 2015, Board meeting and no questions or comments have been received.

Mr. Trulove asked three times for comments from the public.

Hearing none, he closed hearing at 5:58 p.m.

Mr. Hafner inquired as to Ms. Meyer's health.

Mr. Blaska said she is recovering well.

17. ADJOURNED

With no further business to come before the Board, Chair Trulove adjourned the meeting at 6:00 p.m.

Respectfully submitted,

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

A video of the Board meeting may be viewed on STA's website
www.spokanetransit.com the week after the meeting.

Cable 5 Broadcast Dates and Times of October 22, 2015 Board Meeting:

Saturday, October 24, 2015	4:00 p.m.
Monday, October 26, 2015	10:00 a.m.
Tuesday, October 27, 2015	8:00 p.m.

Next Committee Meetings (STA Conference Rooms, West Boone Avenue, Spokane, Washington):

Planning & Development	Nov 4, 2015, 10:00 a.m. (Southside) 1229 West Boone
Performance Monitoring & External Relations	Nov 4, 2015, 1:30 p.m. (Southside) 1229 West Boone
Board Operations	Nov 11, 2015, 12:30 p.m. (Northside) 1230 West Boone

Next Board Meeting: Thursday, November 19, 2015, 1:30 p.m., STA Boardroom, 1229 West Boone Avenue, Spokane, Washington.