

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

## **BOARD OF DIRECTORS**

Draft Minutes of the September 18, 2014, Meeting  
Spokane Transit Boardroom  
1229 West Boone Avenue, Spokane, Washington

### **MEMBERS PRESENT**

Amber Waldref, City of Spokane, Chair  
Al French, Spokane County  
Ed Pace, City of Spokane Valley  
Chuck Hafner, City of Spokane Valley  
Mike Allen, City of Spokane  
Candace Mumm, City of Spokane  
Richard Schoen, Small Cities Representative  
(Millwood)  
Tom Trulove, Small Cities Representative  
(Cheney)  
Rhonda Bowers, Labor Representative

### **STAFF PRESENT**

E. Susan Meyer, Chief Executive Officer  
Steve Blaska, Director of Operations  
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

### **MEMBERS ABSENT**

Shelly O'Quinn, Spokane County

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

Chair Waldref called the meeting to order at 1:30 p.m. and conducted roll call.

#### 2. **APPROVE BOARD AGENDA**

**Mr. French moved to approve the agenda, Mr. Hafner seconded and the motion passed unanimously.**

#### 3. **PUBLIC EXPRESSIONS**

Jack Wheeler is a regular bus rider. He suggested expanding bus service to 24 hours including weekends and raising the fare to \$2 to pay for it. He likes the park and ride option and also appreciates that STA is bicycle-friendly.

#### 4. **RECOGNITIONS AND PRESENTATIONS**

##### A. **Mary Sampson, Coach Operator - Retirement**

Mr. Blaska said Mary Sampson earned 29 years of safe driving awards and drove the #25 North Division route for 20 years. She has been very active and engaged in Spokane Transit during her career.

##### B. **Second Quarter 2014 Years of Service Awards**

Mr. Doolittle remarked that the length of service shows the commitment of STA employees. He read the names of the employees with 5, 10, 20, 25 and 30 years' service. Brent Mayer and Doug Brown were in attendance for their 25 year awards, and Ron Scouton and Darroll Woelk were present for their 30 year awards.

##### C. **Second Quarter 2014 Employee Recognition Awards**

Mr. Doolittle read the names of those who won the employee recognition awards for the second quarter of 2014. This program was approved by the Board to acknowledge employees who go the extra mile in the course of their work.

D. Wall of Fame Honorees

Mr. Doolittle explained that the Washington State Department of Transportation (WSDOT) recognizes exemplary employees from across the state through their Wall of Fame Awards. He reported the following STA honorees: Dave Schultheis, Coach Operator; Bruce Curran, Facilities & Grounds Foreman; and, the CAD/AVL Vehicle Maintenance team of Steve Caro, Steve Williams, Darroll Woelk, Terry Wilke, and Chuck Bercier. These Wall of Fame recipients are nominated by their fellow employees and selected by a panel of last year’s winners.

Ms. Waldref congratulated all these employees.

5. BOARD ACTION – CONSENT AGENDA

Mr. Allen noted that the “Free Ride Day” is scheduled for the day after Thanksgiving.

Ms. Bousley said that is usually a low ridership day so this will be an opportunity to boost ridership and work with the shopping malls to distribute discount coupons.

**Ms. Mumm moved to approve the following consent agenda items 5.A - F. Mr. Hafner seconded and the motion passed unanimously.**

- A. Approve the minutes of the July 24, 2014 Board meeting.
- B. Approve the minutes of the July 9, 2014 Board workshop.
- C. Approve the following vouchers and payroll for July and August 2014:

<u>DESCRIPTION</u>	<u>VOUCHER/ACH NUMBERS</u>	<u>AMOUNT</u>
Accounts Payable Vouchers (July)	Nos. 581572-581970	\$ 3,921,609.82
Workers Comp Vouchers (July)	Nos. 213264-213346	\$ 129,407.81
Payroll 07/11/2014	ACH – 07/11/2014	\$ 1,077,244.77
Payroll 07/25/2014	ACH – 07/25/2014	\$ 1,015,874.99
WA State – DOR (Use Tax)	ACH – W0640	\$ 6,425.44
Travel Advances	Nos. 2009 & 2010	\$ 532.80
<b>JULY TOTAL</b>		<b>\$ 6,151,095.63</b>
<u>DESCRIPTION</u>	<u>VOUCHER/ACH NUMBERS</u>	<u>AMOUNT</u>
Accounts Payable Vouchers (August)	Nos. 581971-582277	\$ 3,195,674.78
Workers Comp Vouchers (August)	Nos. 213347-213530	\$ 62,468.48
Payroll 08/08/2014	ACH – 08/08/2014	\$ 1,016,366.64
Payroll 08/22/2014	ACH – 08/22/2014	\$ 1,036,869.76
WA State – DOR (Use Tax)	ACH – W0640	\$ 6,223.46
<b>AUGUST TOTAL</b>		<b>\$ 5,317,603.12</b>

- D. Accept project and pay retainage in the amount of \$24,929.80 for 1212 Sharp Tenant Improvement.
- E. Approve a suspension of fare collection from Fixed Route and Paratransit riders on November 28, 2014.
- F. Approve appointment of Mr. Brad Gile, Caterpillar Logistics Center Manager, to Core Stakeholder Group for the West Plains Transit Center project.

6. BOARD ACTION – COMMITTEE RECOMMENDATIONS:

Board Operations Committee:

- A. Approval of Contribution to Employees’ Existing Health Reimbursement Account.

Ms. Waldref commented that the Board Operations Committee recommended this item to the Board for approval.

Ms. Meyer said an 8% to 12% increase in healthcare premiums is projected by the insurance broker for 2015; the 10 year average being 10%. STA has a reserve account with Premera that is used to offset increases and has experienced 0% increases as a result over the past few years. It is doubtful whether this will be sustainable and in 2018 the Affordable Care Act (ACA) is scheduled to impose an excise tax on high cost "Cadillac" plans. Most STA employees (79%) are enrolled in a Premera plan which matches Washington State's Public Employees Benefits Board (PEBB) plan. A new Group Health consumer-directed health plan (CDHP) which is similar to a Preferred Provider Plan with a high deductible for 2015. This plan would be offered on a voluntary basis to all employee groups (with union approval for employees who are members of one of three unions) and would save both STA and employees in premium costs. As an incentive to employees who decide to move to the new plan, staff recommends a contribution of \$1,400 for employees only coverage and \$2,800 for employees and dependents coverage; these amounts match the deductible.

**Ms. Mumm moved to authorize the creation of the VEBA Incentive Program, the 2015 VEBA/HRA contributions of \$1,400 or \$2,800 (employee only or employee plus dependents respectively) for those employees who enroll in the new CDHP, and direct the CEO to establish procedures for implementation. Mr. Hafner seconded the motion.**

Ms. Bowers asked if STA's current healthcare plans will be considered "Cadillac" under the ACA.

Ms. Meyer said one of them will since it will be over the limit that has been set.

The union groups have not agreed to the new plan under their collective bargaining agreements; however, members of the Management & Administration group can choose it immediately.

Mr. Schoen asked for confirmation that employees are not forced into the new plan and that the current Premera plan will continue.

Ms. Meyer confirmed this. Only the year 2015 is being considered currently and every year the employees are offered open enrollment with an option to change plans.

**The motion passed unanimously.**

B. Transit Leadership Summit

Ms. Waldref said this has been discussed by the Board Operations Committee and is not an action item. She suggested it be moved to the Chair's Report.

7. BOARD ACTION – OTHER: None.

8. BOARD OPERATIONS COMMITTEE:

A. Chair's Report

Ms. Waldref said the Board Operations committee discussed the VEBA Incentive Program and STA Moving Forward public outreach in addition to the Plaza Taskforce meeting and Transit Leadership Summit.

Plaza Taskforce

Ms. Waldref said she attended the first meeting with downtown business groups on September 10, 2014 with Mr. French, Ms. Meyer, Mr. Blaska and Mr. Otterstrom. A presentation was made about STA Moving Forward, planning for the future, and the Plaza renovation project.

The Taskforce is having another meeting on Friday, September 19 but STA representatives have not been invited to attend.

Mr. Pace said the stakeholders are represented by the downtown business groups but what about representation from bus riders and others who are the cause for concern.

Ms. Waldref said there has been considerable media dialog and conversations about putting the Plaza renovation on hold.

Mr. Pace said he has concerns about the delay which will cost the taxpayer money. All stakeholders need to participate. He added that he left the July 24, 2014 Board meeting early and was not present on the vote to delay the Plaza renovation.

Ms. Waldref added that about 300 petitions were sent to STA in recent weeks from people who want the Plaza to remain at its current location.

Ms. Mumm commented that many downtown businesses have employees who ride the bus.

Ms. Waldref agreed and added that some businesses have relocated downtown because of the access to transit among other reasons.

Mr. Hafner advised Board members to read the Nelson/Nygaard Downtown Transit Alternatives report. It is the same scenario now as it was when the report was written in 2009. The STA Board took that guidance and agreed to leave the Plaza where it is and renovate it.

#### Transit Leadership Summit

Ms. Waldref said the Board Operations Committee agreed to a meeting with a large number of community leaders about STA Moving Forward. Each Board member will nominate 10 people each to be part of the group.

Mr. Otterstrom said there will be a facilitator; the meeting will take place during the week of November 10, 2014, and will last approximately three hours including a bus tour. Nominations from Board members should be sent to Karl Otterstrom by Thursday September 25.

Since the October Board meeting will take place at a different time than regular scheduled meetings, Ms. Waldref asked Ms. Watson to read the meeting information.

Ms. Watson said the next STA Board meeting will take place Thursday, October 23, 2014 at 4:30 p.m. with a public hearing on the 2015 Budget beginning at 5:30 p.m.

#### 9. PLANNING & DEVELOPMENT COMMITTEE:

##### A. Chair's Report

Mr. French reported that the committee members discussed the draft 2015 Operating & Capital Budgets and he invited Ms. Meyer to summarize that presentation.

##### i. Draft 2015 Operating & Capital Budget

Ms. Meyer said this is the first viewing of the 2015 budget. She reiterated the agency's vision and mission statements, organizational priorities, and the Board guidance on budget assumptions.

#### Sales Tax Revenue

Accounts for 70% of STA's funding. A chart was prepared at Mr. Allen's request to show the sales tax trend over 20 years and the average is 3% growth per year. At the Board's direction, staff is using a conservative growth of 2.5% for 2015 budgeting purposes.

#### Fare Revenue

Based on a ridership increase of 0.5% for Fixed Route, 0.0% for Paratransit and 0.0% for Vanpool.

#### Miscellaneous Revenue

Includes bus advertising revenue of \$250,000 and Plaza lease revenue of \$115,000.

Investment income is assumed to be a rate of 1.15%, based on the Spokane County Treasurer's estimate.

#### Federal & State Grants

Federal grants are expected to total \$7.7 million and state grants \$847,369.

### Staffing

STA employees numbered 528 in 2014. Seven positions are recommended in 2015 for a total of 535. The seven include five coach operators, one Assistant Facilities & Grounds Manager and one PC Specialist. The current Facilities & Grounds Foreman is retiring and his work over the last 30 years has been outstanding. The PC Specialist will work on the new Computer Aided Dispatch/Automated Vehicle Locator (CAD/AVL) system which is part of the Smart Bus technology initiative. Even with the addition of the five coach operators, there will be 19 fewer than in 2011.

### Compensation

Of the four employee groups, three are represented by one of three unions. Since there are ongoing contract negotiations, wage increases are not budgeted for these employees. For the non-represented Management & Administrative group (65 employees), a wage increase of 2% in 2015 is assumed.

### Benefits

An 8.0% increase in medical and dental premiums is anticipated based on the broker's estimate and a voluntary Consumer Driven Health Plan (CDHP) with lower premiums and higher deductibles will be introduced in an effort to lower costs. STA's contribution to the Public Employees' Retirement System (PERS) is expected to be between 9% and 11%. The employees' contribution ranges from 5% to 15% depending on their specific plan.

### Fuel

Diesel and gasoline fuel increases for 2015 are anticipated to be 0.3% and 1.1% respectively, based on the Energy Information Administration forecast plus an additional 10% to be conservative.

### Budget Comparison

Operating revenues (revenue from all sources) are expected to be 3.9% higher in 2015 than in 2014 while operating expenses are expected to be 2.9% higher. The estimated operating revenues for 2015 are \$68,839,296.

Mr. French commented that state grants may decrease according to the State Supreme Court.

Ms. Meyer commented that STA's revenue from the state at \$800,000 is quite small.

Mr. Allen noted that federal grants are anticipated to be \$2.7 million less than 2014.

Mr. Otterstrom said there will be fewer projects in 2015 and added that over \$20 million in discretionary grants have been secured in the past five years.

Mr. Allen said he would like to see that grant report.

Ms. Meyer said cash, not debt, is used to fund capital projects such as fleet replacement.

### Operating Expenses

Ms. Meyer said that labor and benefits account for 66% of the budget with services at 13%, materials at 16% and utilities at 5% approximately. She added that federal accounting standards require that "labor" includes wages for work time only and "benefits" include wages for paid time off.

Fixed Route is the largest division at nearly 66% of the budget, with Paratransit at 18.6%, Administration at 12.2%, Plaza at 2.1% and Vanpool at 1.3%. The estimated operating expenses for 2015 are \$64,737,584.

### Capital Budget

The total draft 2015 Capital Budget is \$18,648,333, including vehicles, facilities, technology, and High Performance Transit. These projects are funded by local, state and federal funds and require a planned draw from cash of \$16.5 million.

### Next Steps

As in the past two years, a narrated video will be posted on STA's website (September 27) and will be shown at the October 23 public hearing. The Board is scheduled to take action on the Proposed 2015 Operating & Capital Budget at the November 20, 2014 Board meeting.

According to the 20 year forecast model, the cash balance will cross the Board-established reserve line in the third quarter of 2017, indicating a need for additional revenue or a reduction in service.

Mr. Allen asked about the fare increase assumptions.

Ms. Meyer said the assumptions include fare increases in 2016 and 2018 with a farebox recovery of 20%.

Ms. Waldref thanked staff for all their hard work on the Budget.

### ii STA Moving Forward: Implementation Plan & Public Outreach

Mr. Otterstrom introduced a new presentation format called "PREZI" which is a more dynamic form of presentation. There is a growing population in the Spokane region and a bigger interest in transit. The younger generation does not consider cars to be as important as their parents did. STA is experiencing its highest ridership ever and its cost effectiveness (cost per hour) is lower than in 2005.

The draft STA Moving Forward Plan has multiple features including later night and more weekend service; new and improved Park & Rides; Transit Centers; and, facility improvements. A brochure will be published describing the projects and their timeframe. Funding assumes a three-tenths of one percent (0.003) increase in sales tax which is not imposed on fuel or groceries.

Ms. Waldref said the increased funding will make STA sustainable and asked how the extra revenue would be used.

Ms. Meyer said there are two decision points: Board action on the proposed Moving Forward Plan; and, action on a ballot measure to fund the plan. She added that about half the new funds would go towards sustainability and the other half to new projects.

Ms. Mumm said she liked the presentation and saw it at the recent Council of Governments meeting.

Ms. Mumm left at 3:07 p.m.

Ms. Bousley said there is an upcoming telephone town hall meeting hosted by Ms. Meyer. Ms. Waldref will send a pre-recorded message to 55,000 people in the Public Transportation Benefit Area (PTBA). Mr. Otterstrom will present the proposed projects and there will be a Question & Answer session with Ms. Meyer, Mr. Blaska and Mr. Otterstrom involving the public. Other outreach efforts include presentations to jurisdictions and groups.

### 10. PERFORMANCE MONITORING & EXTERNAL RELATIONS COMMITTEE:

#### A. Chair's Report

Mr. Allen said the committee recommended a Lifetime Achievement Award be given to Bill Luke; however Mr. Luke was unable to attend the Board meeting so he will be honored in October

### 11. CEO REPORT

#### Ridership – August 2014

Fixed Route:	0.2% increase over August 2013; 1.9% increase year-to-date
Paratransit:	5.5% decrease over August 2013; 1.5% decrease year-to-date
Vanpool	7.4% decrease over August 2013; 2.3% increase year-to-date

#### Non-Capital Revenue through July 2014

5.1% (\$1.9 million) over budget

6.0% (\$2.2 million) above 2013 actual

August 2014 Sales Tax Revenue (June retail sales)

9.6% (\$380,000) over August 2013

4.8% (\$1.8 million) year-to-date over budget

Operating Expenditures through July 2014

7.1% (\$2.6 million) below budget

12. BOARD INFORMATION:

- A. Committee Minutes
- B. July 2014 Semi-Annual Financial Reports
- C. July 2014 Financial Results Summary
- D. August 2014 Sales Tax Summary
- E. June 2014 Operating Indicators
- F. July 2014 Operating Indicators
- G. Second Quarter 2014 Performance Measures
- H. Six Month Ridership Analysis
- I. September 2014 Minor Service Change

13. NEW BUSINESS – None.

14. BOARD MEMBERS' EXPRESSIONS

Ms. Waldref said she and Mayor Trulove are attending the APTA Annual Meeting and EXPO in October and will have the opportunity to look at new vehicles and technology.

15. EXECUTIVE SESSION

At 3:18 p.m., Ms. McAloon announced that the Board would adjourn for an Executive Session for the following purposes:

- 1. Review the performance of a public employee.
- 2. Discussing, planning or adopting the strategy or position to be taken by the STA Board of Directors during the course of ongoing collective bargaining.

The STA Board of Directors will reconvene in open session at approximately 3:30 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 3:30 p.m., the Board of Directors reconvened and Chair Waldref declared the meeting back in public session. No action was taken.

16. ADJOURNED

With no further business to come before the Board, Chair Waldref adjourned the meeting at 3:32 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](http://www.spokanetransit.com) the week after the meeting.

Cable 5 Broadcast Dates and Times of September 18, 2014 Board Meeting:

Saturday, September 20, 2014	4:00 p.m.
Monday, September 22, 2014	10:00 a.m.
Tuesday, September 23, 2014	8:00 p.m.

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

Planning & Development	Oct 1, 2014, 10:00 a.m. (Southside) 1229 West Boone
Performance Monitoring & External Relations	Oct 1, 2014, 1:30 p.m. (Southside) 1229 West Boone
Board Operations	Oct 8, 2014, 12:30 p.m. (Northside) 1230 West Boone

Next Board Meeting: Thursday, **October 23, 2014, 4:30 p.m.**, STA Boardroom, 1229 West Boone Avenue, Spokane, Washington.

Next Public Hearing: Thursday, **October 23, 2014, 5:30 p.m.**, STA Boardroom, 1229 West Boone Avenue, Spokane, Washington, to discuss:

*Proposed 2015 Operating & Capital Budget*

***NOTE: The October Board meeting on October 23 is a week later than usual and will begin at 4:30 p.m.***