

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

## **BOARD OF DIRECTORS**

Minutes of the September 17, 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)  
Amber Waldref, City of Spokane  
Jon Snyder, City of Spokane (*Alternate*)  
Chuck Hafner, City of Spokane Valley  
Shelly O'Quinn, Spokane County (*phone*)  
Al French, Spokane County  
John Higgins, Small Cities Representative  
(Medical Lake) *Ex Officio*

### **MEMBERS ABSENT**

Ed Pace, City of Spokane Valley  
Kevin Freeman, Small Cities Representative  
(Millwood) *Ex Officio*  
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

### **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 1:30 p.m. and conducted roll call. Ms. O'Quinn participated by telephone.

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

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

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

**Thomas Leighty, President/Business Agent, Amalgamated Transit Union (ATU) Local 1015**

Mr. Leighty read from a letter from Lawrence Hanley, ATU International President, to Michael Melaniphy, President of the American Public Transportation Association (APTA).

The letter alleged design flaws in transit buses that led to accidents for pedestrians and bicyclists. These flaws include the side mirrors and pillar on the driver's left side causing blind spots where pedestrians crossing the street could be hidden from view. It is understood that the Federal Transit Administration has the authority to issue safety regulations and the letter strongly urges APTA to initiate federal rulemaking to address these issues as soon as possible.

Mr. Leighty asked that Spokane Transit put pressure on APTA and the bus manufacturers to make the appropriate safety precautions.

Mark Richard, President, Downtown Spokane Partnership (DSP)

Mr. Richard supports the Central City Line (CCL) Steering Committee and added that DSP has been a supporter and partner in this venture since its inception. The idea of a steering committee comprised of stakeholders is a good one; 55% of employees in downtown Spokane live in other areas and the connection to downtown is critical. DSP Board members held a retreat and confirmed their commitment to the CCL and multi-modal transit in general. He urged the STA Board to approve the establishment of the steering committee.

4. RECOGNITIONS AND PRESENTATIONS

A. Jon McDavid – Retirement

Mr. Blaska said Mr. McDavid served Spokane Transit as a Coach Operator for 28 years with 26 years of safe driving and he was never late for work. He spent most of his time driving Spokane Valley routes and received numerous customer compliments.

B. Wall of Fame Awards

Mr. Doolittle explained that the Washington State Department of Transportation (WSDOT) recognizes exemplary employees from across the state through their Wall of Fame Awards. The following honorees were recognized at the Awards Banquet held in Vancouver, WA on August 25, 2015: Claudia Davis, Coach Operator; Lonnie Olson, Customer Service Representative; and, the Vehicle Maintenance (Body Shop) team of Ron Scouton, Jeff Smith, Al Stewart, Lorena Vensel, and Veniamin Astapenko. These Wall of Fame recipients are nominated by their fellow employees and selected by a panel of last year’s winners. Ms. Davis, Mr. Olson, Mr. Scouton, Mr. Smith, and Mr. Astapenko were present to accept recognition by the Board.

5. BOARD ACTION – CONSENT AGENDA

**Mr. Peterson moved to approve the following consent agenda items 5. A through J. Mr. French seconded and the motion passed unanimously.**

- A. Approve the minutes of the July 16, 2015 Board meeting.
- B. Approve the minutes of the July 8, 2015 Board workshop.
- C. Approve the following vouchers and payroll for July and August 2015:

<u>DESCRIPTION</u>	<u>VOUCHER/ACH NUMBERS</u>	<u>AMOUNT</u>
Accounts Payable Vouchers (July)	Nos. 585959 - 586420	\$ 3,504,160.37
Workers Comp Vouchers (July)	Nos. 215156 - 215430	\$ 82,307.40
Payroll 07/10/2015	ACH – 07/10/2015	\$ 1,217,404.64
Payroll 07/24/2015	ACH – 07/24/2015	\$ 1,093,656.62
WA State – DOR (Use Tax)	ACH – W0640	\$ 8,732.37
Travel Advances	Nos. 2015 - 2016	\$ 568.00
<b>JULY TOTAL</b>		<b>\$ 5,906,829.40</b>

<u>DESCRIPTION</u>	<u>VOUCHER/ACH NUMBERS</u>	<u>AMOUNT</u>
Accounts Payable Vouchers (August)	Nos. 586421 - 586726	\$ 3,234,231.03
Workers Comp Vouchers (August)	Nos. 215431 - 215601	\$ 59,173.42
Payroll 08/07/2015	ACH – 08/07/2015	\$ 1,093,506.98
Payroll 08/21/2015	ACH – 08/21/2015	\$ 1,076,496.19
WA State – DOR (Use Tax)	ACH – W0640	\$ 7,071.47
<b>AUGUST TOTAL</b>		<b>\$ 5,470,479.09</b>

- D. Award a five-year contract to Galls, LLC (Blumenthal) to provide uniforms for coach and van operators, paratransit dispatchers, and supervisory personnel effective October 1, 2015 for an estimated \$103,000 per year.
  - E. Approve a suspension of fare collection from Fixed Route and Paratransit riders on Friday, November 27, 2015, and also approve the 2016 Special Events fare structure for First Night, Bloomsday, and Hoopfest only. The proposed 2016 Special Event fare for Valleyfest will be placed on the October 7, 2015, Performance Monitoring and External Relations Committee meeting agenda.
  - F. Forward a recommendation to the SRTC Board that “Transit Ridership (% increase in number of unlinked fixed route trips, paratransit and vanpool trips)” be included in the *Horizon 2040 Implementation Tool Kit Study* Performance Measures.
  - G. Adopt by resolution, the 2015 Transit Development Plan subject to revision to the adopting resolution, Section 2, as follows: “The STA Board of Directors hereby authorizes the CEO to administer the 2015 Transit Development Plan, with the exception of the 2016 Capital Improvements included in the Capital Improvement Program, which are subject to further consideration and approval in the 2016 Capital Budget.”
  - H. Ratify the appointment of City of Spokane Valley Council Member Chuck Hafner to the Board Operations Committee.
  - I. Ratify the appointments of Mayor Kevin Freeman, City of Millwood, to the Planning & Development Committee and Mayor John Higgins, City of Medical Lake, to the Performance Monitoring & External Relations Committee as ex-officio, non-voting members subject to written confirmation of their appointments to the STA Board by their City Councils.
  - J. Ratify the fourth amendment to single site license agreement with Pinnacle Towers, LLC and the amendment to site license agreement from SBA Towers II, LLC signed by STA’s Chief Executive Officer.
6. BOARD ACTION – COMMITTEE RECOMMENDATIONS:
- A. Establishment of Central City Line (CCL) Steering Committee

Mr. Otterstrom said this item has been reviewed and recommended for Board approval by the Planning & Development Committee. The committee will provide a forum for key decision-making and public input on the project. Estimated project funding for the CCL is \$72M, all of which is anticipated to be forthcoming from state and federal funding. The Steering Committee members will include representatives from: neighborhoods/residents along the corridor; universities and colleges; Avista; Downtown Spokane Partnership (DSP); Greater Spokane Inc. (GSI); Visit Spokane; the business community; organizations representing low income and/or disabled residents; Spokane Transit; Spokane City Councilmember; Public Facilities District; and a Member at Large.

Mr. Hafner is opposed to the CCL committee, considering it premature and said there are too many unknowns about the project such as the type of vehicle and the anticipated operating expenses.

Mr. Peterson asked Mr. Richard if the list of stakeholders met his expectations.

Mr. Richard said it did and suggested that people for and against the project should be included.

Ms. O’Quinn said there is no representation from the greater community; mostly there are representatives from the downtown area. However the Public Transportation Benefit Area (PTBA) is regional and its areas fund transit.

Mr. Snyder said it is a good list and some of the organizations are regional.

Ms. O’Quinn said she worked at GSI and the public perception is that GSI, DSP, Visit Spokane, and Avista are all focused on the downtown area. She would like to see more regional representatives.

Mr. Trulove said the steering committee is very important. The West Plains Transit Center project also has a steering committee with representatives from Spokane County and surrounding areas.

Mr. French suggested that the “Member-at-Large” could be designated as outside of the CCL alignment boundaries.

Ms. Waldref said it is important to include people who live, work and own property on the alignment. Ms. O'Quinn said the "Member at Large" should be from outside the Spokane City limits.

**Mr. French moved to amend the list of participants in the Steering Committee and re-designate the "Member at Large" position to be identified as a member outside the City of Spokane boundaries; with specifics at a later date based on applicants.**

Mr. Peterson agreed and added that this is a large group of 19 or 20 members and the regional representatives would add balance.

**Mr. Peterson made a friendly amendment to Mr. French's motion adding "two members outside the City of Spokane boundaries, one from the east and one from the west." Mr. French agreed to the amendment.**

Mr. Otterstrom confirmed that the steering committee list would increase to 21 members.

**The motion to amend passed with Mr. Snyder opposing.**

**The amended motion passed unanimously.**

7. BOARD ACTION – OTHER: None.

8. BOARD OPERATIONS COMMITTEE:

A. Chair's Report

Mr. Trulove said the committee discussed the budget and performance expectations of Board members. The latter will continue to be discussed. He added that a lot of time has been spent this year to ensure that all Board members understand the budget and STA's financial situation. It is important to have the 2016 budget approved in November and after that discussions can follow regarding the Moving Forward ten-year plan and its funding.

9. PLANNING & DEVELOPMENT COMMITTEE:

A. Chair's Report

Mr. French said the committee reviewed the Transit Development Plan (TDP) and recommended it for approval today following an update of the Capital Improvement Program (CIP). The committee also suggested that it would be best to separate the budget from the forecast assumptions. It was recommended that a 3% trend line be used for the 2016 budget.

Ms. O'Quinn commented that she agreed with separating the budget from the forecast assumptions. She said further discussion is necessary on the projects included in the 2016 capital budget. She added that the STA Bylaws give the Board authority to set the budget and she requested additional details from staff. She said STA has plenty of funding. She apologized for having to end the phone conversation in order to attend another meeting.

Ms. O'Quinn left at 2:33 p.m.

i. Draft 2016 Strategic Plan

Ms. Meyer outlined STA's vision, mission and organizational priorities.

The plan assumes maintaining current service levels and increase ridership which has declined nationwide this year. She added that growth in ridership was experienced last year from the community colleges' participation in the Universal Transit Access Pass (UTAP) program.

The plan also assumes maintaining operating costs at 95% below the average of large urban transit systems; STA has the lowest costs in Washington State; maintaining capital projects such as the Plaza renovation; fare collection upgrade; business systems replacement; and planning for the West Plains Transit Center and Central City Line.

Passenger fares will remain the same for 2016.

The plan proposes the addition of two positions – a trainer and a security officer. Many employees are due to retire in 2016. All three labor contracts have already been approved. The Management & Administration employees are not represented and it is proposed to provide a 2.5% general wage

increase to that group in 2016; over the past eight years their average increase has been 1.86% and salaries for many positions still remain under market. The retirement plan will remain stable through mid-2016 having just undergone an increase in contributions in July of 2015.

ii. Draft 2016 Operating & Capital Budgets

Ms. Warren explained that this is the first look at the 2016 budgets; there will be another in October with the public hearing, and adoption in November.

Operating Budget

There will be 502 full-time and 35 part-time employees at STA in 2016. No labor contracts need to be renewed in 2016.

Mr. French asked if there are any changes in benefits.

Ms. Warren said premium sharing has increased for employees and will do so again in 2016.

Ms. Meyer added that a high deductible, lower premium, health plan has also been introduced as a cost-cutting measure.

Ms. Warren said there were savings in fuel prices this year and assumptions for 2016 have been lowered based on the Energy Information Administration.

Operating expenses are anticipated to be \$100K higher than in 2015 for a total of 65.6M.

Revenues are estimated to be \$70.2M based on a growth assumption of 3% trend recommended by the Planning & Development committee. Other revenue assumptions include federal grants of \$7.7M; state grants of \$1.1M; and, and interest rate of 1% (per Spokane County Treasurer).

Capital Budget

The Planning & Development committee reviewed the budget in detail at their August 20, 2015 special meeting.

The 2016 draft capital budget includes vehicles; facilities; technology; and high performance transit projects for a total of \$14.6M.

Mr. French said Board members may request detailed line items; some projects are ongoing and were approved by previous boards.

Budget Comparison 2015 to 2016

The total revenue increases by 2% over 2015.

The total expenses decreases by 9.6% over 2016

2016 draft budget is \$81.8M versus \$90.4M in 2015

The 2016 estimated end-of-year cash balance after reserves is \$17.3M.

Ms. Warren offered Board members the opportunity to attend one-on-one or small group meetings during the next two months. She advised that the automated budget presentation will be available online when the public hearing notice is published at the end of September.

She thanked her staff for their efforts in preparing and assisting with this budget: Lynn Holmes; Tammy Johnson; and, Merilee Robar.

iii. Introduction to Financial Forecast & Assumptions Discussion

2015 Projections & Historical Financial Information

Ms. Warren explained that the change in 2015 revenue projections is 1% for an increase of \$700K.

Sales tax revenue increased by 5% year-to-date.

Projected operating expenses are \$3M less than budgeted, due mostly to lower fuel costs, vehicle repairs and contracted services.

Historically between 2005 and 2014 the budget versus actual for revenue averaged 3% higher; some years were higher and some lower. During the recession beginning in 2008 through 2011 the agency

experienced a cumulative loss of sales tax of \$23M. At this time STA took steps to contain expenses. Budget versus actual for expenses averaged a 4% savings from 2005 through 2014. STA has no debt and no funding other than sales tax, fares and grants.

Forecast assumptions

The sales tax revenue trend between 1993 and 2013 has been 3%. Assuming 3% instead of 2.5%, which was initially suggested for the 2016 budget, makes a significant difference. Expenditure trends on U.S. transit agencies nationwide (per ABBG: American Bus Benchmarking Group) and other Washington State transit agencies were also reviewed. It was found that the trends are similar to STA's at about 3.4% but the operating cost per revenue hour is significantly higher elsewhere with STA's being 25% lower than others in Washington State and 14% lower than systems nationwide. Ms. Warren suggested three approaches: Conservative; Moderate; and, Optimistic.

Option A - Conservative

Status Quo with 2.5% sales tax revenue trend and 3.5% operating expenditure growth. This option takes the agency to 2019 before crossing the reserves line.

Options B, C & D - Moderate

- B. 3% sales tax revenue trend/3.5% operating expenditure growth  
Starting the first year after the budget year  
Reserves line crossed in 2019
- C. 3% sales tax revenue trend/3.5% operating expenditure growth  
Starting the second year after the budget year  
Reserves line crossed in 2022
- D. 3% sales tax revenue trend/3.0% operating expenditure growth  
Starting the first year after the budget year  
Reserves line crossed in 2020

Ms. Warren met with finance officers from other jurisdictions in the PTBA and found that most made their financial projections between zero and three years ahead, not ten years as STA does. She suggests shortening the timeframe to match the TDP - six years. Another suggestion was to make some assumptions for non-formula grants.

Mr. Trulove said the budget must be balanced every year to ensure sustainable service. He added that there are different ways of forecasting.

Mr. French said the issue of forecasting came up in the early 2000's when there were two ballot initiatives for more transit funding. It was to ensure that transit could be sustained and relied upon. Access to transit is important and people consider changing their lifestyle and where they live in order to ensure that access.

Mr. Trulove said a lot of good information has been presented and anyone with questions should contact Lynda Warren. He added that the Planning & Development Committee will come back to the Board with recommendations.

Mr. Snyder left at 3:22 p.m.

10. PERFORMANCE MONITORING & EXTERNAL RELATIONS COMMITTEE:

A. Chair's Report

Ms. Waldref said the committee reviewed, discussed, and recommended for approval consent agenda items 5, D, E, and F. and postponed a presentation on alternative fuels.

11. CEO REPORT

Ridership

Ms. Meyer reported that fixed route bus ridership in August decreased by 5.7% over August 2014 for a year-to-date decrease of 3.7%. This follows the national trend.

Paratransit ridership increased 0.7% over August 2014 for a 2.0% decrease year-to-date.

Vanpool ridership decreased by 8.3% over August 2014 for a year to date decrease of 10.5%. There is one additional van in service; some vans have fewer passengers than last year.

It should be noted that August 2015 had the same number of weekdays as August 2014.

Non-Capital Revenue

Non-capital revenue through July 2015 was 2.8% (\$1M) above budget and 0.6% above 2014 actual.

Sales Tax Revenue

August 2015 sales tax revenue (collected on June retail sales) increased by 9.3% (\$405K) above August 2014 for a year-to-date increase of 4.3% over budget. The change is mainly due to auto sales and some construction.

Operating Expenditures

Operating expenditures through July 2015 were 8.5% (\$3.2M) under budget, mostly due to lower than anticipated fuel costs at 47% below budget and the timing of expenditures for contracted transportation for para, computer materials, and vehicle repairs.

12. BOARD INFORMATION

- A. Committee Minutes
- B. July 2015 Semi-Annual Financial Reports
- C. July 2015 Financial Results Summary
- D. August 2015 Sales Tax Summary
- E. June 2015 Operating Indicators
- F. July 2015 Operating Indicators
- G. Second Quarter 2015 Performance Measures
- H. In-Person Assessment Program & Mobility Training Updates

13. NEW BUSINESS – None.

14. BOARD MEMBERS' EXPRESSIONS – None.

15. EXECUTIVE SESSION – None.

16. ADJOURNED

With no further business to come before the Board, Chair Trulove adjourned the meeting at 3:28 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 17, 2015 Board Meeting:

Saturday, September 19, 2015	4:00 p.m.
Monday, September 21, 2015	10:00 a.m.
Tuesday, September 22, 2015	8:00 p.m.

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

Planning & Development	October 7, 2015, 10:00 a.m. (Southside) 1229 West Boone
Performance Monitoring & External Relations	October 7, 2015, 1:30 p.m. (Southside) 1229 West Boone
Board Operations	October 14, 2015, 12:30 p.m. (Northside) 1230 West Boone

Next Board Meeting: **Thursday, October 22, 2015, 4:30 p.m.**, STA Boardroom, 1229 West Boone Avenue, Spokane, Washington.

Next Public Hearing: **Thursday, October 22, 2015, 5:30 p.m.**, STA Boardroom, 1229 West Boone Avenue, Spokane, Washington, to discuss:

*Proposed 2016 Operating & Capital Budget*

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