

Spokane Transit Authority  
1230 West Boone Avenue  
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## **BOARD OF DIRECTORS**

Draft Minutes of the July 9, 2014, Board Workshop  
Spokane Transit Boardroom  
1230 West Boone Avenue, Spokane, Washington

### **MEMBERS PRESENT**

Amber Waldref, City of Spokane, Chair  
Candace Mumm, City of Spokane  
Mike Allen, City of Spokane  
Ed Pace, City of Spokane Valley  
Shelly O'Quinn, Spokane County  
Al French, Spokane County  
Tom Trulove, Small Cities Representative  
(Cheney)  
Rhonda Bowers, Labor Representative

### **STAFF PRESENT**

E. Susan Meyer, Chief Executive Officer  
Karl Otterstrom, Director of Planning  
Lynda Warren, Director of Finance & Information Services  
Steve Doolittle, Director of Human Resources  
Beth Bousley, Director of Communications & Information  
Services  
Lynn Holmes, Financial Services Manager

### **MEMBERS ABSENT**

Chuck Hafner, City of Spokane Valley  
Richard Schoen, Small Cities Representative  
(Millwood)

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1. **CALL TO ORDER AND ROLL CALL**  
Chair Waldref called the meeting to order at 11:44 a.m.

2. **Strategic Plan Assumptions**  
The powerpoint presentation is attached for ease of reference.

Ms. Meyer introduced the workshop and said it takes place every July to prepare the Annual Strategic Plan and Budget for the following year. The draft plan and budget will be presented in September to the Planning & Development Committee and the Board. Public outreach will be held in October with a public hearing on the budget and adoption of the plan. The final budget will be adopted at the November Board meeting.

Ms. O'Quinn arrived at 11:53 a.m.

### **2015 Major Projects**

- Smart Bus: Introduction of real-time information
- Marketing/Promotion of existing service
- Boone Facilities Master Plan
- HVAC Update
- Plaza Renovations
- Radio Replacement
- Business System Replacement
- STA Moving Forward/High Performance Transit

### **STA Moving Forward Program Review**

Phase I began in 2012 with project screening. Phase II followed with the analysis of a short list of projects and Phase II began in late 2013 with a prioritization of projects and implantation scenarios. Corridor Advisory Panels consisting of 60 citizens met to review the High Performance Transit corridors.

Ms. Meyer said the last service reduction planned for 2012 was postponed indefinitely and sales tax has continued to grow. A ballot measure requesting an additional 2/10ths of one percent would sustain existing service. Three tenths would sustain service and add the STA Moving Forward/High Performance Transit plan components.

Mr. Allen asked about the Central City Line proposed in the Moving Forward plan. He said without details of a vehicle, power system and its impact on STA's overall budget, he is not comfortable supporting it.

Ms. Waldref said more information will be available at the July 24 Board meeting.

Mr. French asked Mr. Allen what level of detail he needs to know.

Mr. Allen said he would like to see the vehicle, power source, operating costs and how it impacts the overall system. He added that he supports the overall concept.

Mr. French suggested to Mr. Allen that he may prefer the catenary system.

Mr. Allen said he does not know enough about that mode of power either.

Mr. French said the Board is not making a decision until later in the year on a ballot measure. At present staff is developing alternatives since the catenary method is too expensive.

Mr. Allen said the alternatives need to be vetted and a vehicle identified to provide the service.

Mr. French said the WAVE induction technology is currently being developed in Utah and a prototype vehicle is in use at a university campus. Several bus manufacturers are working with this new technology.

Mr. Allen asked for the operating costs of a vehicle and the WAVE propulsion.

Ms. Meyer said assuming a catenary system is not used, a lot of money can be saved and for a sense of permanence, streetscape improvements can be made and level boarding stations built.

Ms. O'Quinn agreed that she would like to get more information at the July Board meeting.

Ms. Meyer said at the July meeting, the Board will be asked to approve an amendment to the Central City Line Locally Preferred Alternative (LPA) to extend the route to Spokane Community College (SCC) following a public hearing.

Mr. French said the current LPA stops at Gonzaga University.

Mr. Allen said he supports the extension to SCC.

Ms. Meyer added that only \$15M will be from local funding for the project, 80% would come from federal funding.

Mr. Allen said the source of the \$15M needs more clarity.

Ms. Meyer said it assumes grants and added that using the WAVE technology for the 5.5 mile route from Browne's Addition to SCC will cost approximately \$12M.

### **Board members concurred on the Strategic Plan.**

### 3. 2015 Budget Guidance

**Mr. French moved to approve the 2015 Budget Guidance as follows:**

- Sustain quality – regardless of service level.
- Preserve essential capital projects.
- Maintain flexibility – add revenue or reduce service when required.
- Continue with a sustainable plan by avoiding long-term commitments that may not be funded.

**Ms. Mumm seconded and the motion passed unanimously.**

### Revenue

Ms. Meyer said the economy is improving, but jobs and home sales are not back to 2008 levels yet.

Revenue for 2014 is projected to be 2.6% higher than budgeted.

Budget assumptions in the past were based on comparisons with the previous year; however the trend is an average growth of 3% between 1993 and 2013.

Staff recommends using this trend line for future budget assumptions and proposes a growth of 2.5% from 2014 forward in future sales tax revenue.

Board members concurred with using the trend line as a base.

Ms. O'Quinn asked if last year's budget assumptions were 1.5%.

Ms. Warren said 1.5% was used for 2015 and 2016 and 2% for 2017 and beyond.

Mr. French commented that he is not optimistic if 2.5% is used for 2015.  
Mr. Allen said he likes the sustainable pattern shown by the trend line graph.  
Mr. Trulove said what is not spent can be saved for years of lower revenue.

Ms. Meyer said 2015 fixed route ridership is assumed at a 0.5% increase with no increase in paratransit or vanpool. A fare evaluation will be completed in 2014 with changes effective in 2016. The last fare increase was in 2011.  
Mr. French said a proposed fare increase would need to be clearly communicated if there is a ballot measure in 2015.  
Mr. Trulove commented that if fares are raised, ridership may decrease and so would fare revenue.  
Discussion followed about the raising of fares in the same year as a ballot measure takes place.  
Ms. Meyer said other revenue from advertising is projected to be \$250K in 2015, revenue from Plaza leases at \$115K and interest income at 1.15%.

**Board members concurred with these assumptions.**

Expenses

Ms. Meyer said operating expenses for 2014 are projected to be 2.9% below budget (\$1.8M).  
The assumption for expenses on the trend line graph is 3.5%.  
Ms. Warren said generally expenses are less than the trend line.  
Mr. Trulove asked what constitutes a “revenue hour.”  
Ms. Meyer replied that a revenue hour is when the vehicle operates with paying passengers and 93% percent of time outside the garage. She explained that STA has lower costs than other transit agencies in the state.  
Fuel projections are based on the Energy Information Administration’s forecast and remain stable.  
Mr. Allen asked about fuel hedging.  
Ms. Meyer said this has been researched and would not be appropriate for STA since it is used for cash flow purposes. STA does not pay tax on fuel.  
Mr. Otterstrom said fleet replacement begins in 2018 and staff will be looking at some electric vehicles.

Compensation & Benefits

Ms. Meyer said the largest union, ATU 1015, is still in bargaining, their contract having expired in March, 2014. ATU 1598’s contract expires in January, 2015.  
AFSCME 3939’s contract expires in June, 2015. This union was awarded an increase of 3.5% by binding arbitration for the year July 1, 2014 – June 30, 2015.  
Management & Administration (non-represented employees) compensation will be determined at a later date.  
Healthcare costs are increasing at a rate of 8% to 12% on a national trend.  
Ms. Meyer said STA is introducing a Consumer-Driven Health Plan with a Voluntary Employees’ Benefit Association (VEBA) contribution. It is a Group Health plan similar to that offered to state employees under the Public Employees Benefits Board (PEBB) program and premiums are lower.  
Pension rates for 2015 are projected to be between 9% and 10%.

Ms. Meyer added that major capital projects in the Transit Development Plan for 2015 total \$18.6M.  
She concluded by thanking Ms. Warren and her staff for their work in streamlining the budget process.

4. ADJOURN

With no further business to come before the Board at this workshop, Chair Waldref adjourned the meeting at 1:22 p.m.

Respectfully submitted,

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