

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

BOARD OF DIRECTORS

Draft Minutes of the November 18, 2009, Meeting
City Council Chambers
808 West Spokane Falls Blvd., Spokane, Washington

MEMBERS PRESENT

Dick Denenny, City of Spokane Valley, Chairman
Nancy McLaughlin, City of Spokane
Richard Munson, City of Spokane Valley
Wendy Van Orman, City of Liberty Lake
Al French, City of Spokane
Richard Rush, City of Spokane
Matthew Pederson, City of Airway Heights

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 & Administration
Steve Doolittle, Human Resources Manager
Susan Millbank, Ombudsman
Molly Myers, Communications Manager

MEMBERS ABSENT

Bonnie Mager, Spokane County
Mark Richard, Spokane County

PROVIDING LEGAL COUNSEL

Laura McAloon, K & L Gates LLP

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

Chairman Denenny called the meeting to order at 5:32 p.m. and conducted roll call.

2. **RECOGNITIONS AND PRESENTATIONS**

A. **Jim McGrath, Coach Operator – Retirement**

Mr. Blaska recognized Jim McGrath for his 37 years of employment as a Coach Operator. Mr. McGrath amassed an enviable record of 33 years of safe driving awards and will be greatly missed.

3. **PUBLIC EXPRESSIONS** – None.

4. **PUBLIC HEARING:**

A. **Draft 2010 Operating and Capital Budgets**

Mr. Plaster presented an overview of the budgets. He said there have been a number of meetings on the budgets to employees, the Board and the public. The Board held two financial and planning workshops on October 7 and November 17, 2009. A year ago economic recovery was hopeful for 2010 but the reality is worse than expected and staff has lowered the sales tax assumptions (2008: -3.5% vs. 3%; 2009: -9% vs. -3.5%; 2010: -1% vs. 0%). This was based on input from the first Board workshop and the Board agreed to sustain quality regardless of service level; preserve essential capital projects; maintain flexibility; develop a sustainable plan; complete short and long term plans; and, implement a reduction of approximately 2% in fixed route service in September, 2010.

Mr. Plaster said a sustainable plan, one which allows STA to continue operating at the current levy rate of 0.6% sales tax, assumes the equivalent of three phased estimated fixed route service reductions: 2010 – 2%; 2011 – 7% and, 2011 – 7%. Also included is a \$22.3M reduction in the capital budget for bus purchases and facilities expansion as a result of these service reductions. He said the sales tax revenue assumption for 2010 is \$40.7M (67.3% of the total vs. 70% in 2009). Operating revenue is projected at \$9.5M which is an increase from 2009 due to the fare increase. A federal preventive maintenance grant, state grant and miscellaneous investment income makes up the remainder for total revenue of \$60.4M.

Fixed Route Bus operations consume almost 68% of the budget with paratransit operations at 20% and the balance in the Plaza, Administration and Vanpool. Projected total expenditures are \$60.8M.

Mr. Plaster said that labor and benefits account for 67% of operating expenses. Capital expenditures are budgeted at \$16.7M for 2010. These include the purchase of vehicles; facilities and maintenance equipment; customer service and technology projects; and, planning projects. The latter includes the Plaza exterior enhancements, High Capacity Transit right of way preservation and environmental impact study for the south valley corridor. Mr. Plaster said there will be a decrease of \$15.3M in cash in order to balance the budget. The estimated 2010 end-of-year cash is \$17.3M and is designated for capital projects. This does not include the Board designated reserve for self-insurance and operating reserves.

Mr. Plaster said the capital plan will sustain quality regardless of the service level and preserves essential capital projects. Many projects have been cancelled or extended until 2012 and beyond. Essential capital projects that staff recommends moving forward, with the staffing required in parentheses, are:

- Smart Bus: Phase 1 Cameras on Buses and Paratransit Vans (Mechanic and Security Officer)
- Implement Trapeze Operations Module (Fixed Route Supervisor and Operations Analyst)
- Replace Old and Inefficient Business Systems for Finance, Human Resources, Payroll and Maintenance (Financial Analyst will offset unfilled position)
- Plaza Enhancements Design and Operational Improvements (Capital Projects Manager for 3 years)

It is estimated that this staffing will increase the budget by approximately \$349K including benefits.

Ms. Meyer said the recent newspaper article about STA's proposed budget incorrectly quoted the cash balance at \$59M; the correct amount is \$47M. These funds are dedicated to projects and reserves (including self-insurance and Board designated operating reserve).

Mr. French complimented Ms. Meyer, Mr. Plaster and his staff for doing a fine job on this budget. Mr. Denenny reiterated this and also commended the Board members for their participation in the workshops adding that they have taken the budget discussion very seriously.

Mr. Denenny opened the public hearing at 5:55 pm. He called for public comment three times and hearing none he closed the hearing at 5:56 pm.

5. BOARD ACTION: CONSENT AGENDA

Ms. McLaughlin moved to take item 5.E off the consent agenda to facilitate discussion. Mr. Pederson seconded and the motion passed unanimously. Ms. McLaughlin moved to approve the

following consent agenda items 5.A-D. Mr. French seconded and the motion passed unanimously.

- A. Minutes of the October 21, 2009 Special Board Meeting.
- B. Minutes of the October 7, 2009 Board Workshop.
- C. Motion to approve Accounts Payable Voucher and Warrant nos. 558946 through 559472, and Worker's Compensation Warrant nos. 203680 through 203855 totaling \$2,906,034.11 for the period October 1 through October 31, 2009.
- D. Motion to award a contract to Spokane House of Hose to provide hose and fitting supplies and services to Spokane Transit effective January 1, 2010. Price adjustments for years four and five will be tied to the percentage in the Consumer Price Index for all Urban Customer (CPI-U); U.S. City Average.

E. Renewal of Police Department Contract

Mr. French moved to approve renewal of the Police Department Contract as presented. Mr. Rush seconded. Mr. Pederson wanted an update on this contract since he was not familiar with it. Ms. Meyer said the contract began in 2005 and the Spokane Police Department (SPD) provides two full time police officers based at the Plaza; one paid by SPD and the other by STA. The contract cost for 2010 is \$86,912.62; an increase of approximately 2.5% over 2009. Ms. Meyer explained that there are no other police officers dedicated to the downtown core and the two officers cover a wider area than just the Plaza. They have been very speedy in their response to incidents and it is important to have a visible police presence in this location. Mr. Pederson said he did not see why STA should pay for this service when other businesses downtown do not. Ms. Meyer said the Plaza is a hub of downtown activity and it is in the interest of the entire transit system to have a crime free area. She added that the Downtown Spokane Partnership paid for a police bicycle patrol in the summer months. Mr. French said that in 2004 there were cutbacks in the police and fire departments, leaving the downtown area vulnerable. He agreed that STA should pay for the service. **The motion passed unanimously.**

5. BOARD ACTION: OTHER ITEMS – None.

6. BOARD INFORMATION

- A. Committee Minutes
- B. Miscellaneous Correspondence (*E. Susan Meyer*)
- C. STA Holiday Service and Office Hours (*E. Susan Meyer*)
- D. September 2009 Financial Results Summary (*Jim Plaster*)
- E. Third Quarter 2009 Capital Budget Status Report (*Jim Plaster*)
- F. Third Quarter 2009 Statement of Net Assets and Federal Grants (*Jim Plaster*)
- G. September 2009 Operating Indicators (*Steve Blaska*)
- H. Third Quarter 2009 Operating Indicators (*Steve Blaska*)

7. STAFF REPORTS:

A. Draft Procurement Policy

Ms. Meyer explained that the current procurement policy was originally adopted in the 1980's and the most recent minor update was in 2005. Staff proposes revisions to streamline the process and ensure compliance with the Federal Transit Administration's new regulations. A presentation was made by staff to the Executive Committee on October 1, 2009. The most significant change to the policy is the proposed update to the contract award authority levels and the addition of the Executive Committee as

an approving body. The Executive Committee recommended the following contract award authority levels to the Board:

Chief Executive Officer :	Contracts up to \$200,000
Executive Committee:	Contracts in excess of \$200,000 but not more than \$500,000
Board of Directors:	Contracts in excess of \$500,000 and any contracts in excess of \$200,000 not presented to the Executive Committee

Mr. Rush asked who comprises the Executive Committee. Ms. Meyer said it is the current Board Chairman, the Chair Pro Tempore and the previous Chairman. If there is no past Chairman serving on the Board, the Board may appoint a Board member to serve on the Executive Committee.

Ms. Van Orman said she has a problem with only three Board members having the authority to approve contracts worth up to \$500,000. Mr. Rush agreed and said there would not be enough accountability. Mr. Denenny said these are not new projects; they would have already been approved by the Board in the annual budget. Ms. Meyer said staff has withdrawn their other recommendation to the Executive Committee – Annual Capital Project Approval.

The next step is Board action at the December meeting and, based on Board input, staff may revise the proposal to withdraw the proposed authority for the Executive Committee. It should be noted that the Operations and Customer Service Committee has no such authority. Mr. Rush asked if increasing the authority of the CEO to \$200,000 would streamline the procurement process and cover most contracts. Mr. Plaster said it would. Higher cost contracts such as vehicle purchases will continue to be approved by the Board. Discussion followed about former committees at STA and their responsibilities. Mr. Pederson said he shares Ms. Van Orman and Mr. Rush's concerns about proposed authority for the Executive Committee. Ms. Meyer said any comments should be forwarded to Mike Volz, Assistant Director of Finance and Administration.

B. Winter Contingency Plan

Mr. Blaska reported that STA has reviewed and updated its winter contingency plans following the harsh weather last winter. A new plan document will be produced and disseminated to all jurisdictions and will be included on the STA website. The bulk of the plan includes standing detours that will be implemented if snow and ice conditions force the modification of normal bus routes. The plan has been drafted in conjunction with the City of Spokane's snow removal plan. Ms. Meyer commended staff in the City and County for their proactive efforts, STA's Communications team for all the maps, and Steve Blaska for putting this together in advance of upcoming winter weather. Mr. Blaska thanked Frank Bezemer, Monte DeChenne and Andrew Overhauser in the Operations Department for their work on this project.

C. Downtown Transit Alternatives Analysis

The focus of the analysis is to improve connectivity between centers such as the University and Medical Districts, Downtown Core, North Bank, Gonzaga, Kendall Yards and adjoining neighborhoods. The purpose is to develop alternatives for improving transit downtown based on the effective movement of people, improvement of economic vitality, fiscal responsibility and environmental sustainability. A locally preferred alternative will be selected to integrate into the High Performance Transit Network (HPTN). Potential transit modes may include: bus; electric streetcar; electric trolley; aerial tram; light rail; and/or bus rapid transit. The project executive team consists of the Mayor of Spokane and the CEO of Spokane Transit. Core stakeholders include the City of Spokane, STA, Downtown Spokane Partnership (DSP), Washington State University, Avista, Public Facilities District and Spokane Regional Transportation Council (SRTC). The project manager is

STA's Director of Planning. A Technical Advisory Group will include technical staff from core stakeholder organizations and a Sounding Board will be created from a broad range of interest groups and stakeholders. The goal is to present two or three alternatives in 2010. Federal and state grants are providing the funding for the study. Mr. French asked how to apply for a position on the Sounding Board. Mr. Otterstrom said applications will be posted on the STA website and informational postcards will be sent to addresses in the downtown area. The deadline for Sounding Board applications is December 10. It is anticipated that the Sounding Board will meet twice a month.

D. October 2009 Ridership Highlights

Mr. Blaska reported that October ridership has decreased 8.5% over October, 2008. However October 2009 had one less weekday than the previous year. Year-to-date figures show an increase of 0.7%. There were one million in rides in October, 2008 which was a record. October 2009 still produced one million rides. Paratransit ridership was down 5.9% over October, 2008 and a year-to-date increase of 1.6%.

E. September 2009 Financial Highlights

Mr. Plaster reported that operating (fare) revenue for September was \$6.2M with a budget variance of -4.6%. Total revenue was \$44.7M with sales tax revenues down by \$2.9M from the previous year. Operating expenses were \$40.6M with a favorable variance of 8.5% and a decline of \$1.5M from the previous year based primarily on fuel prices. Capital expenditures were \$1.9M; however this will increase once the new coaches arrive by the end of the year and are paid for. The combined year-to-date summary of favorable total revenue and expenditures is \$2,290,420. Sales tax receipts for October are down by 5.4%.

8. NEW BUSINESS

A. Spokane Regional Transportation Council (SRTC) Interlocal Agreement

Ms. Van Orman reminded the Board that Ms. Wilhite, City of Spokane Valley Councilmember, briefed them in July on the proposed changes to the SRTC Board composition. The last interlocal agreement was dated April, 2003. STA's proposal to SRTC was to have two voting positions; one STA Board member appointed by the Chairman; and, the CEO. The SRTC proposal eliminates the restriction that the STA Board member must be a Small Cities representative but retains only one voting position. The CEO position would be ex-officio. The changes also include an additional Small Cities representative, creates a Transportation Advisory Group (TAG) (with a voting position for its Chairman on the Board), creates a Citizen Advisory Committee reporting to the TAG and adds four non-voting positions including a representative from STA, rail, air and SRTC's Transportation Technical Committee. Other changes include enabling SRTC to own real estate, language updates regarding the responsibilities of a Metropolitan Planning Organization, and adding advocacy to their responsibilities.

Discussion followed regarding the change allowing SRTC to purchase real estate. Mr. French pointed out that SRTC gets all its funding from the partners in the jurisdictions outlined in the interlocal agreement. Should the interlocal agreement be dissolved how would the member agencies be compensated for any real estate purchases made with their funds. He added that not all parties participate in the funding of SRTC. Any real estate purchase is an asset and upon liquidation should be returned to those who funded it. This needs to be specified in the new agreement. Ms. McLaughlin asked if this aspect had been discussed at a recent SRTC Board meeting. Ms. Van Orman said it had been discussed at the Board retreat in October.

The Board members agreed that it was disappointing STA still only has one voting member on the SRTC since the request was for two. Ms. Meyer said STA pays the same amount in funding as other

jurisdictions with two voting members but there was no support for a change. The current SRTC Board consists of ten voting members including seven elected officials. The proposed Board would have 16 members; 12 voting and four non-voting. Out of the 12 voting members, eight would be elected officials. Mr. Denenny said even though STA would still have only one voting member, there are other STA Board members on the SRTC Board representing their own jurisdictions that could play a positive role in the promotion of public transportation.

Mr. Pederson referred back to the real estate discussion and said if the real estate purchasing power was granted to SRTC, they could purchase right-of-way and easements. Ms. Meyer said she believed they wanted to purchase the building they currently lease for office space. Ms. McLaughlin asked if the Board members had any suggestions to offer on this subject that Ms. Van Orman could bring back to the SRTC Board in December. Ms. Van Orman suggested Ms. McAloon speak to Mr. Schwartz, SRTC's legal counsel, about the real estate issue. Ms. McAloon said she would and also indicated that the terms "Council" and "Board" in the proposed agreement need to be clarified.

9. CEO REPORT – None.
10. BOARD MEMBERS' EXPRESSIONS – None.
11. EXECUTIVE SESSION – None.
12. CABLE 5 BROADCAST DATES AND TIMES OF THE NOVEMBER 18, 2009 BOARD MEETING:

Saturday, November 21, 2009	4:00 p.m.
Monday, November 23, 2009	10:00 a.m.
Tuesday, November 24, 2009	8:00 p.m.
13. NEXT COMMITTEE MEETINGS (1230 West Boone Avenue, Spokane, Washington):

Operations & Customer Service	December 2, 2009, 1:30 p.m. (Southside Conference Room)
Citizen Advisory Committee	December 9, 2009, 5:00 p.m. (Northside Conference Room)
14. NEXT BOARD MEETING: Wednesday, December 16, 2009, 5:30 p.m., City Hall Council Chambers, 808 West Spokane Falls Blvd, Spokane, Washington.
15. NEXT PUBLIC HEARING: Wednesday, December 16, 2009, 5:30 p.m., City Hall Council Chambers, 808 West Spokane Falls Blvd, Spokane, Washington to discuss:

Draft 2010 – 2015 Transit Development Plan

16. ADJOURNED
With no further business to come before the Board, Chairman Denenny adjourned the meeting at 7:45 p.m.

Respectfully submitted,

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