

09 4/28/22

BOARD OF DIRECTORS

Draft Minutes of the March 17, 2022, Board Meeting
Via WebEx Video Conference

MEMBERS PRESENT

Chris Grover, Small Cities Representative (Airway Heights) *Chair*
Pamela Haley, City of Spokane Valley
Josh Kerns, Spokane County
Karen Stratton, City of Spokane
Lori Kinnear, City of Spokane, *Chair Pro Tempore*
Tim Hattenburg, City of Spokane Valley
Zack Zappone, City of Spokane
Dan Sander, Small Cities Representative (Millwood)
Ex Officio
Veronica Messing, Small Cities Representative
(Cheney) *Ex Officio*
Rhonda Bowers, Labor Representative, *Non-Voting*

MEMBERS ABSENT

Al French, Spokane County
Betsy Wilkerson, City of Spokane
Dan Dunne, City of Liberty Lake

STAFF PRESENT

E. Susan Meyer, Chief Executive Officer
Monique Liard, Chief Financial Officer
Karl Otterstrom, Chief Planning & Development Officer
Brandon Ropez-Betty, Chief Operations Officer and
Interim Chief Communications & Customer Svc. Officer
Nancy Williams, Chief People Officer
Dana Infalt, Clerk of the Authority

PROVIDING LEGAL COUNSEL

Laura McAloon, McAloon Law PLLC

1. Call To Order and Roll Call

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

2. Approve Board Agenda

Ms. Meyer noted a New Business item added to the Agenda as item 12.A Recruitment and Retention Plan Action.

Ms. Stratton moved to approve the agenda as presented. Ms. Haley seconded, and the motion passed unanimously.

3. Public Expressions

There were no public expressions.

4. Recognitions And Presentations

A. Bert Simmons, Paratransit Van Operator – Retirement

Mr. Ropez-Betty recognized Mr. Simmons for his 30 years of service to STA as a Paratransit Van Operator. He noted that Bert joined STA in 1991 less than two months after the Americans with Disabilities Act (ADA) was established. He discussed Bert's contributions throughout the years and wished him a very happy retirement.

On behalf of the Board, Chair Grover thanked Bert for his years of service to STA and extended best wishes for the future.

B. 4th Quarter 2021 Employee Recognition Awards

Ms. Williams advised that the employees who received recognition awards are nominated by their peers and selected by the Employee Recognition Committee for embodying and displaying STA's core values. She advised that Ronette Richardson, Fixed Route Coach Operator, was the winner of the 4th quarter award. Runners up included Dan Eakin and Adam Reid, both Fixed Route Coach Operators.

Ms. Williams congratulated the winner, the runners up, and the employees who took the time to nominate their coworkers for an award.

Chair Grover offered his congratulations to all.

5. Board Action – Consent Agenda

A. Approval of Minutes of February 17, 2022, Board Meeting

B. Approval of the following February 2022 Vouchers:

DESCRIPTION	VOUCHER/ACH NUMBERS	AMOUNT
Accounts Payable Vouchers (February)	Nos. 615981 – 616358	\$ 2,963,508.76
Worker's Comp Vouchers (February)	ACH – 2286	\$ 109,149.65
Payroll 2/11/2022	ACH – 2/11/2022	\$ 2,004,100.86
Payroll 2/25/2022	ACH – 2/25/2022	\$ 1,426,194.14
WA State – DOR (Excise Tax)	ACH – 1767	\$ 4,137.84
FEBRUARY TOTAL		\$ 6,507,091.25

- C. Division Bus Rapid Transit Work Order Approval – Authorize the CEO negotiate and execute a work order for the Division BRT initiation of preliminary engineering, design, and environmental phase with Parametrix, Inc. under existing contract #2021-10610 for an amount not to exceed \$1.18 million, and to provide for 10% contingency for unforeseen additional requirements or services.
- D. Fuel Facility Project: Budget Adjustment & Award of Contract - Approve, by motion, the award of contract for the Fuel Facility project to Halme Construction, Inc. for \$5,222,000 plus applicable Washington State sales tax, and allow the CEO to apply contingency funds, as necessary. Further recommend the Board approve, by motion, an increase to the overall project budget of \$5,008,000 for a revised total of \$8,008,000.
- E. U-District Layover Contract: Final Acceptance - Accept the contract with Corridor Contractors for the University District Layover project as complete and subject to the receipt of such certificates of release as are required by law which will then allow payment of retainage funds.
- F. Swiftly Software: Award of Contract - Authorize the CEO to execute a software agreement with Swiftly to encompass two new software modules and three existing modules for a three-year term ending February 2025 for \$375,280 not including sales tax.
- G. Boone South Energy Savings Contract: Final Acceptance - Approve a motion to accept the contract, made by DES on behalf of STA, with McKinstry Essention, LLC for the Boone South Energy Savings Project as complete subject to receipt of such certificates and releases as required by law.
- H. Fleet Electrification Expansion: Recommendation - Approve: 1) the replacement of 9 diesel buses with battery electric buses, 2) the purchase of an additional battery electric bus for the City Line project, and 3) the required charging infrastructure, at an incremental cost of \$4.9 million as part of its 2023 capital budget.

Mr. Hattenburg moved to approve Consent Agenda 5A through 5H. Ms. Stratton seconded, and the motion passed unanimously.

6. Board Action – Other: *No items presented this month.*

7. Board Operations Committee

A. Chair Report (*Chris Grover*)

Mr. Grover mentioned the trip to Washington DC and the great connections made with FTA and others. He expressed how much he appreciated the high regard that Board and Staff of STA are held in by FTA officials and others. He then introduced Ms. Meyer to provide an update on the May Service Change.

- i. 2022 May Service Change Update: Ms. Meyer noted she and Karl presented this report to the Board Operations Committee. She provided background and reviewed the May 2022 service revisions that were to take effect May 15th which included a 3.6% increase in fixed route service hours and related expansion of the Paratransit boundary.

Ms. Meyer said that STA has not been immune to labor trends and recruitment efforts have not yielded the employees required for the planned service growth. As such, additional time is needed to allow for expanded recruitment and retention strategies to reach targeted staffing levels. Staff are postponing Service Revisions Package 1 from May 15, 2022, to August 28, 2022. This date allows time for additional operator recruitment and training, including two additional coach operator training classes.

Mr. Otterstrom reviewed the improvement package highlights and the plan revisions that included a new Route 36 to North Central, a new Route 35 on Francis/Market, extended Route 27 Crestline, new service to Ridgeline High School in Liberty Lake though revised Route 98 Greenacres/Liberty Lake, new service to Spokane Valley Northeast Industrial area, a near-term investment selected by the Board in December 2021, and a revised Route 95 Mid-Valley. He noted planned changes to Route 74 Mirabeau/Liberty Lake to access I-90 using Hamilton Street have been deferred due to changed traffic operation conditions with the new ramp metering in place.

Mr. Otterstrom offered to answer questions. Mr. Zappone asked about the North Central route and if it were going to go by the new Northeast Middle School? Mr. Otterstrom confirmed it would travel on Perry and Foothills.

Ms. Meyer said staff will be communicating with involved parties now that the Board has been informed. She advised Mr. Rapez-Betty would help to get the news out and she asked if there were any questions. None were forthcoming.

8. Planning & Development Committee

A. Chair Report (*Al French*)

Chair Grover asked Mr. Otterstrom to provide an update in Mr. French's absence. Mr. Otterstrom reviewed the items recommended under the Board Consent Agenda. He advised staff presented on upcoming grant opportunities through SRTC and said we are looking to submit up to four grant requests – Division BRT, I-90 Valley HPT, early design & preliminary engineering work for Wellesley HPT, and Sunset Blvd. HPT – above and beyond STA Moving Forward but listed and identified in Connect Spokane. He noted this represents early planning work for Wellesley and Sunset grants if we are successful.

He advised the committee was also updated on the Coordinated Public Transit Human Services Transportation Plan and said SRTC is taking lead role. STA is partnering with them on an ongoing basis and will be sharing a draft plan with the Board in the fall.

Chair Grover asked if there were any questions. None were forthcoming.

9. Performance Monitoring & External Relations Committee

A. Chair Report (*Pam Haley*)

Ms. Haley said she appreciated the opportunity to attend the APTA Legislative Conference in Washington, DC. She said it was very informative and she enjoyed hearing all the wonderful feedback about STA, Susan, and the team. She turned over the report to Mr. Ropez-Betty to provide additional detail of the March meeting.

Mr. Ropez-Betty advised the Committee approved a Scope of Work for an On-Call Geotechnical Environmental and Special Services. He briefly reviewed the items approved under the Board Consent Agenda today and then he advised Ms. Liard would provide an update.

i. 2021 Unaudited Year-End Financial Report

Ms. Liard gave a report on the 2021 unaudited year-end financial results.

Ms. Liard provided a Revenue summary. STA ended the year 49.4% over budget/\$47.9M, and she provided detail and context of the variances.

She said STA did not meet budget in Fares and other Transit Revenue. The primary contributor to the \$1.4M shortfall in fares to the Revenue budget was that we budgeted a stronger recovery in 2021 for ridership. As reported, 8.5M budgeted turned into actual ridership of 5.6M.

Ms. Liard reviewed the additional categories of Sales Tax which came in a 36.7% better than budget/\$107.3M; Federal and State Grants which recorded \$20.3M improvement to the budget due to CRSSA not being included in the budget as that had not been awarded at the time the budget was completed; Miscellaneous revenue which represented a view of the average invested cash balance throughout the year.

Ms. Liard reviewed the different categories that impacted the 2021 operational performance of STA.

The 2021 Capital Budget Status summary was examined. STA finished the year with \$52M compared to the \$71.9M budget. The \$20M underspent will be rolled over into 2022 as STA continues to execute projects started during 2021. She reported on key highlights and cooperative projects.

She advised the financial statements throughout the year are shown on a cash basis. As we work and prepare to work with state auditors, everything must be reported on an accrual basis – the basis of accounting under which we are audited. A few of the items seen throughout the year get updated for purposes of presenting this year-end report – primarily around truing up the timing for sale tax distribution, grants expended but not yet been reimbursed, and expenses incurred in 2021 but paid in 2022.

The 2021 cash and reserve analysis were reviewed, which represented a recap from a cash perspective of the operational performance for 2021, on an unaudited basis. She showed a graph of the historical cash balances and noted the green bars represent our fleet replacement fund. She talked about the future capital & operating balances as well as the designated reserves.

Ms. Liard wrapped up by advising the report had been presented to the Performance Monitoring & External Relations Committee and the Board of Directors. The next steps include the 2021 Single Audit with the Office of the Washington State Auditor in March-May 2022, and a 2021 Audit Exit conference with the Performance Monitoring & External Relations Committee on July 6th.

Chair Grover asked for questions from members. None were forthcoming.

10. CEO Report

Ms. Meyer responded to a question posed by Ms. Wilkerson in a prior meeting this month wherein she asked about languages available for users on our website. Ms. Meyer advised that the Beta version of the new STA website has a drop-down menu that you can choose from languages of Arabic, Chinese, Dutch, English, French, German, Italian, Portuguese, Spanish, Russian, and Vietnamese. She thanked Emily Arneson for providing her with the information.

Ms. Kinnear asked if we are talking about all of the eastern European countries or just Russian? Ms. Meyer advised just the languages she identified and agreed that it would be amazing to have every available language to convert. Ms. Meyer advised she would follow up with Ms. Arneson on percentages of population for various languages and would follow up with the board after she receives it.

Ms. Meyer reported February ridership increased 29.8% in Fixed Route, with on-time performance of 96%. Paratransit ridership grew 36.9% in February, with 96% on-time performance. Vanpool posted a 4.2% increase in ridership in February and 3.4% year-to-date. They reported 61 vans versus 60 the prior month and 62 in February 2021.

Monthly Fare Revenue by service type graph was shown for the period January 2021 through February 2022.

February 2022 voter-approved Sales Tax Revenue, collected on December 2021 retail sales, were \$9.8M compared to budgeted of \$9.1M. As of February 2022, sales tax was approximately 11.4% above the February 2022 actual, 15.5% year-to-date above 2022 actual, and 12.2% year-to-date above budget.

Ms. Meyer discussed the changes in categories on the City Line Finance Update between January and March. In addition to the financial update, Ms. Meyer shared City Line construction underway with photographs of Station 13 at Riverside & Stevens, Station 15 at Riverside & Bernard; and Station 17 at Riverside & Division. She reported on the upcoming construction of City Line as well as other activities.

Ms. Meyer provided an update on Move Ahead Washington. She reviewed the sources and uses of funds included in the revenue package for transportation. She reported the Climate Commitment Act was passed last year and is expected to generate \$5.4B over the 16 years of the program. She reported federal and other funding did not require a gas tax increase.

Ms. Meyer reported Move Ahead Washington was passed by the conference committee and is expected to have the governor's signature within a week. She talked about the spending summary of the Climate Commitment Act Spending (including Transit Programs & Projects), resulting in a direct distribution to transit agencies, noting it carries two or three obligations for the Board of an agency to decide on. She said staff will come to STA's Board next month and the month after with a recommended strategy for considering whether STA would like to access this funding for use that we would decide, but it would include providing zero fare service to youth up to age 18.

The transit projects include Division BRT \$50M; and a number of other grants, including special needs which is a formula distribution. As it is currently understood, STA will receive approximately double what is currently being received of \$3.5M per biennium. There are grants to compete for, with bus and bus facilities being new, along with a green transit grant.

Ms. Meyer discussed the Direct Distribution Formula of \$6.4M annual amount from direct distribution or support grants. This is what happened in the supplemental budget. There is 33.6M which starts with the next biennium. This 2022 supplemental budget provides \$33.6M that is not an increment of the number of months. For the first year, if everyone accepted this grant, maintained or increased sales tax rate, had zero fare transit to age 18 and documented their service to underserved communities, \$2.396M is what STA is estimated to receive. However, if other agencies don't accept their distribution, that would go back into the fund and be redistributed amongst the participating agencies.

Ms. Meyer said that Mr. Otterstrom took the pictures on the slides for the APTA Legislative Conference report while in DC. She advised of the attendees and the purpose of the trip and talked about keynote conference speakers and the meetings attended by STA staff and guests

- US DOT Secretary Pete Buttigieg; FTA Administrator Nuria Fernandez; Congressman Peter DeFazio; Mike Murphy, Speaker, Republican political consultant
- STA Meetings during the conference:
 - Kendall Dehnel, Legislative Assistant to Congresswoman McMorris-Rodgers
 - FTA: Associate Administrators Paul Kincaid, Jamie Pfister, Regional Administrator Linda Gehrke
 - Cardinal Infrastructure, Sherry Little, Anja Graves

Ms. Meyer shared conference highlights and key takeaways that included:

- Funding from Bipartisan Infrastructure Law (aka IIJA) comes with big expectations for delivering transportation projects and benefits.
- Multiple speakers opined the biggest risk to future authorization is if IIJA funding is under or poorly utilized; Significant expected turnover in Congress highlights importance of continued education and advocacy in DC; Management/labor collaboration on workforce development with the transition to zero emission vehicles, is expected; Racial equity will continue to be an important focus of the Biden Administration in prioritizing and awarding funding; FTA is supportive of and pleased with STA's projects and progress and expressed interest in attending the City Line ribbon cutting

Spokane Transit's Rides for Seniors has been very successful during the pandemic as it was created in 2020 to help utilize the available capacity of the Paratransit vans. The plan allowed people aged 60+ to ride paratransit vans even if they didn't have eligibility. STA planned and communicated to end the program on March 31st in anticipation of the mask mandate being lifted, but that has been extended and STA is extending the deadline until April 20, 2022. There have been 295 unique riders who have taken just under 15,000 trips since the program's inception.

Ms. Meyer touched on the open positions and encouraged everyone to see the website for position details at <https://www.spokanetransit.com/employment/job-listings>

Chair Grover thanked Ms. Meyer and asked if anyone had questions. There were none.

11. Board Information – *no action or discussion*

- A. Committee Minutes
- B. January 2022 Financial Results Summary
- C. February 2022 Sales Tax Revenue
- D. January 2022 Operating Indicators

- E. 2021 State Audit Timeline
- F. 2023-2028 Transit Development Plan: Develop Mid-range Planning Guidance
- G. 2022 Spokane Regional Transportation Council Call for Projects Grant Applications
- H. Human Services Transportation Plan

12. New Business

- A. Recruitment & Retention – Ms. Meyer noted the theme of the meeting is staffing. She reminded of the discussion for the May Service change needing to be moved to late August and said staff have been working to prepare a strategy where we can retain and recruit employees during this difficult time.

She shared a service reliability challenge table which was completed a month or so ago which detailed the need for operators. Ms. Meyer said we can make good on all commitments and current service if we don't have this exact number of operators, but this table reflects the optimal number for providing a good, stable, predictable system of fixed route services.

The proposed retention and recruitment strategy is grounded in this being a highly competitive market and unemployment rates being low. STA's attrition, especially amongst operators, has been counterproductive. We have launched a campaign called "DRIVE YOUR CAREER!" This is a recruitment primarily aimed at coach operators but with links to the entire system.

Incentives are a means of attracting and retaining employees. Ms. Meyer said she is here to advise our incentive approach results in staff asking the board to approve an amendment to the 2022 budget to fund this retention & recruitment focus. She reviewed the proposed plan:

- Retention – four \$2,000 incremental incentive payments for dates worked between March 18, 2022, through November 30, 2023 – which aligns with current needs and future anticipated City Line needs - \$8,000 maximum payout per employee over 2 years. She clarified the March date was not a payment date, but the beginning of the program.
- Employee Referral – When an employee refers a candidate who is hired, that referring employee will receive \$1,000 after the new hire's successful completion of probation. For the initial referral only, the referring employee will receive \$500 upon hiring the candidate and the second \$500 at completion of probation of the new employee.
- Hiring Bonus – \$3,000 with 50% at hire and 50% after successful completion of probation

Ms. Meyer reviewed the financial summary for retention & recruitment plan in detail, showed the current year budget amendment, and the 2023 amount which will be included in the 2023 budget cycle. She reviewed the retention phases, the recruitment plan, and the \$3,139,039 Amendment to the 2022 budget.

Chair Grover expressed his agreement with the proposed plan and Ms. Kinnear said she was in support of this plan. She expressed her opinion regarding the living wage requirements in Spokane and discussion was held about the starting wage of Coach operators. Ms. Kinnear said she absolutely supports hiring bonuses. Ms. Meyer reinforced that the retention plan is for every employee. Ms. Kinnear thanked her for the clarification.

Mr. Kerns said he likes the referral, the concept of incentive, and the hiring bonus – as a follow up question, he clarified that the \$21.24 was salary, not including benefits? Ms. Meyer advised he was correct. There was discussion about exit interviews and if most of the people leaving were retiring. Ms. Williams advised there are a variety of reasons, but the biggest reason seen in the last several years is retirement.

Mr. Kerns asked if she thought the \$8,000 over two years would have enticed some of those people to extend their retirement date or if it was targeted more towards people leaving for reasons other than retirement? There was additional discussion regarding retirement and reasons for people leaving.

Mr. Kerns said he was wondering if people are leaving STA at a higher rate than they were pre-pandemic? He wasn't sure the incentive would delay a retirement.

Ms. Meyer noted that during the 2021 year, 31 coach operators left and was a combination of discipline related separation, separations based on someone getting a job someplace else, and retirements. Ms. Williams added that 13 of 31 separations of coach operators left during their first year had to do with the civility piece and the fact they didn't fully understanding the environment in which they would be working.

Mr. Dunne congratulated staff and said it was a good starting point.

Ms. Meyer reminded we are discussing the 2022 Budget and staff are asking to amend it by adding \$3,139,039 to Operating Budget. She advised that staff are proposing the funds come from the one-time American Rescue Plan Act (ARPA) which is apportioned to STA. It is intended to ensure transit service continues across the United States and can be used on compensation. She provided the background on ARPA funding. The balance of the ARPA funding is included in the long-range planning that the Board is currently working on that included \$18M of near-term improvements and will be finishing Phase I of the new strategic plan by the end of the year. That's where this revenue will be considered for investment in the community. She said she is looking forward to seeing this funding tangibly go to work and for the community to be able to see it.

Ms. Meyer reviewed the Plan Impact to the 2022 Adopted Budget as created by Ms. Liard which showed the 2022 Adopted Budget, the Recruitment & Retention Plan Impact, and the Proposed Amended Budget.

Mr. Zappone asked Ms. Meyer about the American Rescue Act Funds used to date of the \$30M and if she was referring to the amount that STA received? Ms. Liard responded that STA will be drawing down about \$16M in 2022 and will have \$19 or \$20M in 2023. Because we are currently drawing down the CRRSA funding, STA will not start accessing any of the ARPA funding until April/May timeframe. Mr. Zappone thanked Ms. Liard.

Ms. Meyer reviewed the recommendation and reviewed Resolution 793-22 for the members prior to the motion.

Chair Grover said it was a great discussion and congratulated staff. He asked for any further questions for Ms. Meyer or staff? None were forthcoming.

Ms. Kinnear moved to amend, by Resolution, the adopted 2022 Operating & Capital Budgets to reflect the proposed retention & recruitment plan cost of \$3,139,039. Mr. Hattenburg seconded, and the motion passed unanimously.

13. Board Members' Expressions: *5 minutes*

Chair Grover invited members to provide expressions. There were none. He thanked everyone for their continued support and leadership on the board and expressed his gratitude to everyone.

14. Executive Session (*McAloon Law PLLC*): (*none*)

15. Adjourn

With no further business to come before the Board, Chair Grover adjourned the meeting at 3:04 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Dana Infalt".

Dana Infalt
Clerk of the Authority