

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

BOARD OPERATIONS COMMITTEE MEETING

Meeting Minutes for July 13, 2016
Northside Conference Room

MEMBERS PRESENT

Al French, Spokane County, *Board Operations Committee Chair*
Amber Waldref, City of Spokane, *Planning & Development Committee Chair*
Ed Pace, City of Spokane Valley, *Board Operations Committee Member*
E. Susan Meyer, Chief Executive Officer, *Ex-officio*

MEMBERS ABSENT

Tom Trulove, Small Cities Representative (Cheney), *Performance Monitoring & External Relations Committee Chair*

STAFF PRESENT

Karl Otterstrom, Director of Planning
Steve Blaska, Director of Operations
Lynda Warren, Director of Finance & Information Services
Beth Bousley, Director of Communications & Customer Service
Steve Doolittle, Director of Human Resources
Susan Millbank, Ombudsman & Accessibility Officer
Jan Watson, Executive Assistant to the CEO & Clerk of the Authority
Lynn Holmes, Financial Services Manager

PROVIDING LEGAL COUNSEL

None

GUESTS

Brad White, Spokane Audit Manager, Washington State Auditor's Office

1. CALL TO ORDER AND ROLL CALL

Chair French called the meeting to order at 1:33 p.m. and conducted roll call.

2. APPROVE COMMITTEE AGENDA

Committee members reviewed the agenda.

Mr. Pace moved approval of the July 13, 2016 agenda and Ms. Waldref seconded, and the motion passed unanimously.

3. 2015 STATE AUDIT

Ms. Warren thanked Lynn Holmes, Tammy Johnston and all STA staff for their work on the STA audits. Ms. Warren introduced Brad White, Spokane Audit Manager from the Washington State Auditor's Office.

Mr. White said that STA is required to undergo an Accountability, Financial Statement and Federal Grant Compliance Audit annually according to Government Auditing Standards. The audit also included an Independent Accountant's report on applying agreed upon procedures for the 2015 National Transit Database (NTD) report. This report was completed on April 20, 2016 and there were no exceptions or findings, and material compliance with all requirements was found.

No deficiencies in the design or operation of internal control or deficiencies that are considered to be material weaknesses were found in either financial reporting or major federal programs. No findings were reported in either financial statements or federal awards. There were no issues of non-compliance. The Governmental Accounting Standards Board (GASB) Statement 68 regarding pension liabilities was introduced in 2015 and STA did a great job. An unmodified opinion dated May 6, 2016 was issued; there were no concerns.

Ms. Waldref arrived at 1:40 p.m.

Mr. White said an accountability audit was performed and the following areas were examined:

1. Safeguarding of equipment, tools and parts inventory
2. Payroll/personnel
3. Non-revenue vehicle use
4. Fuel use
5. Self-insurance requirements

In the areas audited, STA complied with applicable requirements, provided adequate safeguarding of public resources and complied with state laws and regulations.

Ms. Meyer said that STA has had 11 consecutive years of clean audits.

Ms. Warren said she appreciated the assistance from the Auditor's office regarding GASB 68.

Mr. White said there was a clean report in all four audited areas and there were no concerns to report.

4. CHAIR'S COMMENTS

Mr. French said that the STA Board had a Board retreat with Eva Marquette, FreshVue, on Wednesday, June 29th to increase Board effectiveness. This foundational meeting went well and there is more work to be done.

Mr. Pace said that good discussions began towards the end of the session and he felt it was a good beginning.

Mr. French said follow-up sessions will be scheduled.

5. COMMITTEE ACTION/DISCUSSION

a. June 8, 2016 Committee Minutes

Ms. Waldref moved approval of the June 8, 2016 committee minutes and Mr. Pace seconded. There was no further discussion and the motion passed.

6. COMMITTEE CHAIR REPORTS

a. Amber Waldref, Planning & Development (P&D)

July meeting cancelled.

Ms. Waldref asked if the P&D Committee would be reviewing the Central City Line (CCL) Strategic Overlay recommendation.

Mr. Otterstrom said the P&D Committee will not be reviewing the recommendation as the City of Spokane primarily drives the decisions.

b. Tom Trulove, Chair, Performance Monitoring & External Relations (PM&ER)

None. July meeting cancelled.

7. APPROVAL OF 2016 TRANSIT DEVELOPMENT PLAN (TDP)

Mr. Otterstrom said that the final draft has been completed and includes a few data points that Washington State Department of Transportation (WSDOT) required. The components of the plan have been reviewed by the P&D Committee and the Board several times. Due to the cancellation of the July P&D meeting, this item has been included on the Board Operations agenda to review and recommend for action to the full Board at the July 21 meeting. Staff proposes that the TDP is approved by resolution, which is included in the packet. All the detail of the Capital Improvement Program has been provided in advance to the P&D Committee and Board. The deadline to submit the TDP to WSDOT is September 1.

Mr. French said that since the TDP is due on September 1 and there is no Board meeting in August, the Board will need to approve it at the July 21 meeting.

Ms. Waldref said the P&D Committee had no concerns regarding the TDP.

Mr. Otterstrom said that most comments at the public hearing on June 16 favored increased service.

Ms. Waldref moved to recommend the STA Board of Directors adopt, by resolution, the 2016 Transit Development Plan and forward to the Board agenda. Mr. French seconded and the motion passed unanimously 3-0.

8. FINAL RECOMMENDATION FARE (TARIFF) POLICY

Mr. Blaska said that due to the cancellation of the July PM&ER Committee meeting this item has been included on the Board Operations agenda to review and recommend for action to the full Board at the July 21 meeting. Staff requests guidance on material provided in the Board packet. The proposal is consistent with the fare philosophy which was reviewed in 2014. The Board policy is to achieve a 20% farebox return for fixed route and STA is currently at 18%.

Mr. Blaska reviewed the timeline and noted that the Board will review the final recommendation this month. There were two changes to the major objectives; adding "minimum" before farebox return of 20% and adding "no charge for first smart card". The Board approved the preliminary proposed fare structure for public outreach. STA complied with all aspects of Title VI. STA's proposed fare increases are in line with what other transit agencies are currently charging and compared nationally, STA is below average. STA's fare increase will be a phased approach. The outreach comments were reviewed. Generally, no fare increase is preferred but the public agreed that a 20% farebox return was reasonable and no fare increases for five years has been appreciated. If a fare increase will happen, it is too large at one time. STA

responded by a phased in fare increase over a two year period. The summer youth pass is still attractive for some, therefore STA will retain it at this time. Through June, 437 summer youth passes were sold. The outreach received supported the 7-day rolling pass, but not the 4-day. STA will introduce a 7-day pass. Council Member Mumm suggested a reference that shows the relative value of various fare options and a Fare Buyer's Guide is included. The student pass program is important according to the outreach responses so it will be retained. At the public hearing, comments were received regarding any increase in fares is very difficult to manage for those with extremely low incomes. STA has responded to this by a phase-in fare increase and collaborating with Health and Human Services providers to find comprehensive solutions for those groups. A working group has been formed and an initial meeting has been held. Mr. Blaska summarized the outcome:

- Phased implementation
 - Addresses most common requests
 - Ameliorates potential ridership impact
 - Delays achievement of farebox return objective until implementation of second phase.
 - Phase 1 (July 2017): Approximately 19% farebox return
 - Phase 2 (July 2018): Approximately 22% farebox return

Mr. Pace said that STA has done a good job responding to the feedback.

Mr. French agreed and said STA has come up with good solutions and this is a well-balanced package.

Mr. Pace moved to recommend the STA Board of Directors adopt, by resolution, the Spokane Transit Authority Tariff Policy and Procedures for Fixed Route and Paratransit Services and forward to the Board agenda. Ms. Waldref seconded and the motion passed by 3-0 vote.

Discussion ensued regarding material to be provided to the Board.

The Committee agreed that a short summary including fare comparisons, the Fare Buyer's Guide and new information that led to the recommendation would be important to share. The entire presentation shared at the Board Operations Committee will be in the Board packet.

9. APPROVAL FOR BOARD MEMBER TRAVEL TO AMERICAN PUBLIC TRANSPORTATION ASSOCIATION (APTA) ANNUAL MEETING

Ms. Meyer said that Mr. Trulove, Ms. Waldref and Mr. French have expressed interest in attending the APTA 2016 annual meeting in Los Angeles, California on September 11-14. STA has budgeted for this travel and Board approval is required. Ms. Watson has asked Board members of their interest in attending on two different occasions.

Mr. French suggested asking if additional Board members would like to attend the APTA annual meeting.

Discussion ensued regarding moving the item from Board consent Item 5D to Board Action – Other, 7A.

Mr. Pace requested a discussion with a Board member attending APTA to share his interests and requests for more information prior to the conference. He requested an APTA schedule and Ms. Watson provided that to him.

Ms. Waldref suggested a follow-up report to the Board on the conference.

Ms. Watson mentioned that the 2017 APTA annual meeting includes an EXPO, and is in Atlanta, Georgia in October.

10. CENTRAL CITY LINE (CCL) SCHEDULE UPDATE

Mr. Otterstrom said that the CCL Small Starts Schedule has been updated to show that the Small Starts Grant will be submitted in spring 2017. The important aspects of the schedule include community commitment, strategy and finance, engineering design, and land use/economic development. The community commitment piece speaks to letters of support and partnership, and stakeholder and community outreach. Strategy and finance speaks to elements of the financial plan. The Federal Transit Administration (FTA) has accepted STA's existing ridership data (approximately 6000 daily riders currently in the corridor) which means that any project \$50-\$100M is automatically rated. One of the key outputs of the engineering design aspect are the cost estimates. Delaying the grant application allows more time for the public process regarding types of improvements and station locations. The land use/economic development aspect includes the strategic overlay plan and actions/outreach to improve economic development rating. Working groups will be organized. No Board action is expected before November 2016. Any future actions will be contingent on the passage of Proposition 1. Updates will be provided to the Board. Input is being sought from the neighborhood councils and organizations along the corridor. Ultimately, decisions will be up to the City of Spokane Plan Commission because this is a land use planning document. This new schedule aligns well with implementation of the project in 2021, allows more time for public input and improves the quality of the grant application. FTA prefers that once a project is recommended for funding and is budgeted, that the project begins right away.

Ms. Waldref asked if the opening of the Central City Line will be affected.

Mr. Otterstrom said no.

Ms. Waldref commented that this information and update was very helpful.

11. NEW SERVICE AND POLICY CONSIDERATIONS

Mr. Otterstrom said new service was brought up at the May Board meeting and then deferred to the June P&D meeting. The P&D Committee then requested information be shared with the full Board at their June meeting. Information was provided at the June Board meeting, although lack of time prohibited discussion.

Mr. French clarified his recommendation from the May Board meeting. Decisions regarding service implementation have historically been vetted through a process at the P&D Committee and should continue this way. He will clarify this at the July Board meeting.

Mr. Otterstrom said that all of the requests for service received at the May Board meeting were organized in two categories; items to be addressed during the Comprehensive Plan update or items to be considered as part of the next Service Implementation Plan (2018-2020, developed in spring 2017).

Mr. French said his expectation is that it should be part of the Committee's normal work process. New service is requested on an ongoing basis.

Ms. Waldref said STA is not able to provide new service unless there is additional funding or if existing service is cut or re-aligned. She suggests looking at new service after November 2016 and asks how this will fit in with the 2017 TDP.

Mr. Blaska said in the process of adjusting service in STA Moving Forward, some of the requests could be accommodated in that process. The Service Improvement Plan is a narrower and refined focus on how the routes are structured. Every year this is reviewed.

Discussion ensued.

Mr. Otterstrom said that public input is received by the Planning Department on an ongoing basis. The input is collected and produced in a quarterly document. Most of the comments relate to STA Moving Forward. Policies and processes are in place to prioritize requests.

Ms. Waldref suggested a review of the quarterly document at the P&D Committee meeting. It is important to know if there will be new revenue.

Mr. French suggested to direct the Board to suspend use of staff resources to study any new service requests until after the ballot.

Both Ms. Waldref and Mr. Pace agreed.

Ms. Waldref said it is important to continue to collect information from the public regarding service.

Mr. Otterstrom said that normally these quarterly reports go to the PM&ER Committee, but staff will provide them to the P&D Committee also. He clarified with Committee members that the continuation of the outreach related to STA Moving Forward will continue as planned.

Mr. French said that there shouldn't be any changes to the STA Moving Forward Plan that has already been approved by the Board and is also on the November 2016 ballot.

Ms. Waldref said that after the November 2016 ballot, the plans could be adjusted. The Committee recommendation is to continue with the STA Moving Forward Plan, keep tracking new service requests and after the November 2016 ballot, new service requests can be addressed in the Service Implementation Plan.

12. BOARD OF DIRECTORS AGENDA JULY 21, 2016

Mr. French said that Item 5D *Approval for Board Member Travel to APTA Annual Meeting* will be moved to 7A – Board Action – Other.

Mr. Pace moved approval of the amended Board of Directors agenda for July 21, 2016 and Ms. Waldref seconded, and the motion passed unanimously.

13. CEO REPORT

A. Budget Calendar

Ms. Meyer said that for the past several years there has been a draft operating & capital budget in September both to the P&D Committee and the Board, with a public hearing in October and Board approval in November. Staff is requesting guidance as to the budget process; to proceed with the budget for regular existing service per the past schedule or wait until after the November 2016 ballot results and show both the budget for regular existing service and include the budget for STA Moving Forward. These budgets will not be dramatically different for 2017.

Ms. Waldref asked if amendments to budgets can be adopted.

Ms. Meyer replied yes. In addition, if the budget is presented in October, Ms. Warren said she can indicate what will change in that document.

Ms. Warren said changes could be indicated in a second column. Similar to a draft and final budget, what has changed would be noted.

Discussion ensued.

Ms. Meyer said a public hearing for the budget is not required but is held for public outreach and transparency.

Mr. French suggests the first presentation of the budget with a public hearing in November, followed by action in December. A public hearing in October could be confusing.

Ms. Waldref agreed.

Mr. French said any input received in November can be reflected in a budget that is passed in December.

Ms. Warren said the public hearing notice would state that materials would be available on November 9.

Mr. French suggested a comment period of two weeks prior to December Committee and Board meetings.

Mr. Pace and Ms. Waldref agreed.

B. WASHINGTON, D.C.

Ms. Meyer said that she and Mr. Otterstrom will be attending FTA training regarding Capital Investment Projects funded by FTA.

C. BROCHURES

Ms. Meyer handed out new public education brochures. Ms. Meyer thanked Ms. Waldref, Mayor Trulove and the entire Communications Team for putting it together. Public education officially begins July 13, 2016. Presentations are scheduled.

14. EXECUTIVE SESSION

At 2:56 p.m., Mr. French announced that the STA Board Operations Committee would adjourn for an Executive Session for the following purpose:

1. Considering the selection of a site, the acquisition of real estate by lease or purchase, or the sale of real estate when public knowledge regarding such consideration would cause a likelihood of increased or decreased price.

The STA Board Operations Committee will reconvene in open session at approximately 3:06 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 Operations Committee will reconvene.

If any action is to be taken as a result of discussions in the executive session, that action will occur at the open public session.

At 3:06 p.m., Ms. Warren announced the STA Board Operations Committee will reconvene at 3:09 p.m.

At 3:09 p.m., Ms. Warren announced the STA Board Operations Committee will reconvene at 3:11 p.m.

At 3:11 p.m., Ms. Warren announced the STA Board Operations Committee will reconvene at 3:14 p.m.

At 3:14 p.m., the STA Board Operations Committee reconvened and Chair French declared the meeting back in public session. No action was taken.

15. NEW BUSINESS

None.

16. ADJOURN

Chair French moved to adjourn the meeting and all agreed by consensus. With there being no further business to come before the Committee, Chair French adjourned the meeting at 3:16 p.m.

Respectfully submitted,

Merilee Robar
Executive Assistant to the Director of Finance & Information Services