

Spokane Transit Authority  
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## **BOARD OPERATIONS COMMITTEE MEETING**

Minutes of the November 9, 2016, Meeting  
Spokane Transit 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*

### **STAFF PRESENT**

Beth Bousley, Director of Communications & Customer Service  
Steve Blaska, Director of Operations  
Steve Doolittle, Director of Human Resources  
Karl Otterstrom, Director of Planning  
Lynda Warren, Director of Finance & Information Services  
Susan Millbank, Ombudsman & Accessibility Officer  
Jan Watson, Clerk of the Board

### **PROVIDING LEGAL COUNSEL**

Laura McAloon, Workland Witherspoon

### **GUESTS**

Eva Marquette, FreshVue

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

Chair French called the meeting to order at 1:37 p.m. He said thank you to all Staff and Committee members for a successful ballot. Roll call was conducted.

### **2. APPROVE COMMITTEE AGENDA**

*Mr. Pace moved approval of the November 9, 2016 agenda and Ms. Waldref seconded, and the motion passed.*

### **3. CHAIR'S COMMENTS**

Mr. French said the Board directed the Board Operations Committee to do a 360 review of the CEO. There was some confusion at the Board meeting regarding the goals of the 360 review. Is a 360 the right tool?

Mr. Pace said he does not share this goal. He said the CEO has a contract and an annual performance review process. There have been no issues or problems in the past that he is aware of. No issue has been brought up and if there is a specific issue then objectives could be set. The focus should be on STA Moving Forward now. Tell the Board no, a 360 is not needed. STA is performing better or as good as any other transit in the State.

Ms. Waldref said she was also confused at the end of the Board meeting. A 360 review is to give feedback to the CEO from a variety of sources both from outside and inside the agency to help grow leadership skills and identify areas of improvement, but it is not a performance review. The annual performance review should be completed based on objectives and goals that were set a year ago. She recommends doing the 360 after the performance review is completed. She said she voted no at the Board meeting because she felt the outcome of a 360 was not clear.

Mr. French said the Board made a decision to adopt a process before a problem was identified. The motion from the Board meeting was reviewed. *The motion to direct the Board Operations Committee to negotiate a new contract with the CEO; establish a process and timeline for a 360 review of the CEO; and bring back a recommendation to the Board for approval passed 6 votes to 3.* The original motion and amendment were reviewed.

Ms. Watson will review the vote on the amended motion from the meeting.

Mr. French suggests asking the Board their goals for the 360 review and then determine the process to achieve those goals. A goal needs to be determined before a consultant can be hired. A 360 is a management tool and resources need to be available to assist the CEO to achieve identified goals.

Ms. Waldref said the first step should be the annual performance review. The Board could identify items for the CEO to work on for 2017. Following that, if more input is needed, then a process can be developed.

Mr. Pace agreed.

Mr. French said that based on conversations he has had, Mr. Trulove is in agreement with these steps. He suggests focusing on the first part of the motion, to negotiate a contract with the CEO and finish the 2016 performance review. In

the past, two members of the Board Operations Committee have negotiated a contract with the CEO and returned to the Committee to review and recommend to the full Board for approval.

***Mr. Pace moved to appoint Commissioner French and Council Member Waldref to work on a draft contract for the CEO and return to the Board Operations Committee for review. Ms. Waldref seconded the motion.***

Mr. French said he has asked legal counsel to collect similar contracts from other agencies.

Ms. Waldref summarized the process. She and Mr. French will return to the December 7 Board Operations Committee with a draft contract for review. A draft contract will be reviewed by the full Board on December 17.

***No further discussion on the motion. All voted in favor.***

Ms. Meyer said she is receptive to input and appreciates the Board's interest in her professional development. She is very willing to take part in whatever process the Board decides and will look forward to it.

Mr. Pace stated that the motion at the Board meeting had another motive. It is important to do the evaluation and the contract first and then if someone had a specific issue it could be brought up at that time.

Mr. French said the Committee needs to be more deliberative about the expectations, outcomes and commitment to next steps.

Ms. Marquette agreed that a 360 is a growth tool, with long term support and coaching; it is not an assessment. Clarification of the Board's objective for the 360 is first, along with clarification of what the 360 is. It should be confidential for those participating.

Discussion of reviews and confidentiality ensued.

#### **4. COMMITTEE ACTION/DISCUSSION**

##### **a. October 12, 2016 Committee Minutes**

***Ms. Waldref moved approval of the October 12, 2016 committee meeting minutes and Mr. Pace seconded. There was no further discussion and the motion passed.***

#### **5. COMMITTEE CHAIR REPORTS**

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

Ms. Waldref said the Committee reviewed the P&D Committee 2017 Work Program. Next year will include the Comprehensive Plan Update, Title VI Update and much of STA Moving Forward (STAMF) will shift to the Performance Monitoring & External Relations Committee.

Mr. Otterstrom said the Committee will be working on the Small Starts Grant agreement until spring 2017.

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

In Mr. Trulove's absence, Mr. Blaska said that all items on the consent agenda including Jefferson Lot, Spokane Regional Transportation Management Center Interlocal Agreement, Voice Radio System Replacement Project and Hope Works Spokane were forwarded to the Board consent agenda. The Recommendation for Year 5 of the Paratransit Contract Services Modification with MV Transportation, Inc. (MV) was forwarded to the Board consent agenda by the majority of the committee. There was discussion around transportation network companies and flexible service designs, not regarding the contract itself. Mayor Peterson may wish to take the item off the consent agenda so that the Board is able to have that discussion.

Ms. Waldref asked for clarification of contract terms.

Mr. Blaska said MV has been unable to fulfill the operational tasking assigned by STA because of staffing shortages. Recruiting and retention due to low wages is the issue. MV requested to negotiate a contract modification to the current contract in order to rectify the problem and STA agreed to consider a proposal if the request was bundled with favorable terms over a three year extension period.

Discussion ensued.

Mr. Blaska said that staff has reviewed the proposal in depth and believes it is beneficial to STA to extend the existing contract with MV by three years as well as provide the increase in Year 5 (2017) rate to allow for increase wages to van operators. There are two advantages to STA with the proposal: 1) STA has leverage to lock in more favorable terms in the extension years and 2) By extending the contract one additional year, it maximizes the life of the vehicle fleet.

Ms. Waldref says the hope is to resolve the on-time performance issue.

Mr. Blaska said the Committee did recommend and forward to the Board the contract modification to the change in the per revenue hour rate for Year 5 (2017) to \$49.02 and enter into three one-year contract extensions with MV Transportation, Inc. with 2018 at a price of \$50.12 per revenue hour, 2019 at a price of \$51.25 per revenue hour and 2020 at a price of \$52.28 per revenue hour.

Also, Mr. Blaska added that the 2017 service revision plan was reviewed and will be the subject of a public hearing at the Board meeting.

Ms. Meyer commented that Mayor John Higgins, City of Medical Lake, Pam Haley, Councilmember, City of Spokane Valley and Aspen Monteleone, Councilmember, City of Airway Heights attended the November 2 PM&ER meeting.

## **6. 2017 DRAFT ANNUAL STRATEGIC PLAN**

Ms. Meyer began by saying that on November 8 voters approved funding for STA's bold vision contained in the 10 year Moving Forward plan which includes two dozen projects beginning in May 2017. STA is guided by its vision, mission and priorities. Year 2016 focused on delivering cost effective and efficient service, an annual audit performed by the State produced no findings for the 11<sup>th</sup> straight year, and ridership, though lower than expected, continues to beat other areas of the state except King County Metro in numbers of rides per hour of service. Operating costs are below budget and actual sales tax revenue is about 5.5% higher than budget. Two essential projects will be completed in 2016; Smart Bus project (which includes real-time traveler information, cameras and automated annunciators) and the STARS project (new organization wide business system).

The 2017 plan includes:

- 1) New Service: Later Saturday night service system wide, more trips and service on weekend in Airway Heights, a new route in Spokane Valley to serve destinations on Indiana Avenue and Broadway east of Sullivan, better weekend service on Wellesley Avenue, an upgrade to HPT-Lite service between Spokane and Liberty Lake including more mid-day weekday trips and new night & weekend service and new Sunday service on North Nevada;
- 2) Increasing Ridership: New and improved bus service is projected to add between 50,000 and 120,000 rides;
- 3) Increasing Paratransit ridership 0.5% over 2016 and sustaining Vanpool ridership;
- 4) STAMF Capital Projects - the Valley/I-90 East corridor, Central City Line corridor, Cheney corridor, Division corridor improvements, Monroe-Regal corridor improvements and Sprague corridor improvements.

Mr. French asked how far east the Sprague corridor improvements are planned and will there be a bus stop at City Hall in City of Spokane Valley.

Mr. Otterstrom said improvements are planned out to University Road in Spokane Valley. There are bus stops near City Hall, but pedestrian improvements are planned as part of that same project to be completed in 2023.

Ms. Meyer continued with the 2017 plan:

- 5) Updating Connect Spokane, STA Comprehensive Plan which includes looking at new trends in technology and transportation;
- 6) Finalizing Emergency Operations and Business Continuity Plans; and
- 7) Maintaining essential capital projects which includes Fare collection, Plaza renovation and Boone Northwest garage. The Boone Northwest garage is essential for existing fleet and growth of additional vehicles.

Ms. Meyer stated that adult fares will increase from \$1.50 to \$1.75 in July 2017. A second increase to \$2.00 will go into effect in July 2018. After the second increase, the farebox recovery is expected to meet the Board's objective to cover 20% of the cost per trip.

Ms. Waldref said that is a good plan.

Ms. Meyer said that STA is preparing for the Federal Transit Administration's Triennial Review, now called a Comprehensive Review, which audits compliance with federal regulations and is a requirement for those transit agencies receiving federal funds. Also, in 2017 a number of long-tenured senior employees are retiring or otherwise leaving. This presents a significant challenge as the majority of positions are in the Operations division.

Mr. French asked that a calendar be prepared to share with all Board members that would include timeframe and steps for replacement of senior staff.

## **7. PROPOSED CAPITAL IMPROVEMENT PROGRAM AMENDMENT**

Mr. Otterstrom said the Capital Improvement Program (CIP), part of the Transit Development Plan (TDP), is proposed to be amended in order to 1) execute STAMF capital projects for which local funding has been secured through voter

approval of PTBA Proposition 1, 2) reflect the recently awarded grant funding to construct the West Plains Transit Center, and 3) add the newly identified Spokane Falls Community College (SFCC) Transit Station project to the unfunded projects list. The current CIP is \$73.7M and the total amended CIP is \$221M. A large portion is tied to grants. Most of the big projects are complete or will be underway by 2022. The High Performance Transit (HPT) programs are included, but projects would not begin until funding is received. STA will begin phasing in electric fixed route coaches and federal grants will most likely cover the differential in purchasing those vehicles. The funding sources and outlay by years was reviewed, with years 2019 and 2020 as the largest due to Central City Line construction costs. A public hearing is scheduled for the November 17 Board meeting with Board action on December 15, 2016. The TDP is updated annually as information changes.

Ms. Waldref asked about the cost of the unfunded SFCC project.

Mr. Otterstrom said that it is estimated at \$2.8M. There are no other unfunded projects as all projects have moved into the TDP due to Proposition 1. As part of the Comprehensive Plan process, more projects could be added.

Ms. Waldref asked about the Boone Northwest Garage. The current plan shows completion in 2019.

Mr. Otterstrom said the current plan is to accommodate all future growth in the next ten years with that new facility. The SFCC facility would come in the future.

Mr. Blaska said that based on capacity, the Boone Northwest Garage could be used today.

Mr. French asked about the new Proterra electric bus.

Discussion ensued.

## 8. **PROPOSED 2017 OPERATING & CAPITAL BUDGETS**

Ms. Warren said the proposed budget consists of Current Service Level (CSL) with STAMF added at the end of the presentation. The presentation in December will show a combined budget. There will be a narrated budget video posted to the STA website on November 10. The CSL operating budget for 2017 is \$2.4M above 2016. Most of the change is in labor and benefits and, in particular, increased medical and dental premiums. Five additional personnel are planned for the 2017 CSL. These positions are a vehicle technician, general repair technician, facilities & grounds laborer, security manager and contract compliance specialist. AFSCME 3939 (Paratransit) and ATU 1598 (Fixed Route and Paratransit Supervisors) have a 1.5% general wage increase built in for 2017 and a 1.5% increase was also included for Management & Administrative employees. STA is currently in negotiations with ATU 1015 as that contract ends March 2017. A 20% increase was built into the budget for Premera Medical premiums and a 14% increase for Group Health. The employee share for Premera will increase from 7% to 10% and employee share for dependents from 17% to 20%. Dental premiums will increase 5%. Retirement contribution rates will go up to 12.52% effective July 1, 2017. In 2017, STA will plan for a 12.9% decrease in fuel. STA's fuel assumptions are based on the Energy Information Administration (EIA) data. The operating expenses by division have similar percentages as 2016. The administration piece, 12.5%, includes Information Services (27% of that 12.5% total which includes software licensing and computer replacement). Labor and benefits are the largest portion of expenses. Benefits include paid time off. The percentages of expenses are similar to 2016. 2017 operating revenue budget is expected to be \$1.9M greater than 2016. Ms. Warren said that the value of 1/10<sup>th</sup> of a cent sales tax rate is projected to be above the trend line. Sales tax revenue growth assumption is based on Board direction of a 3.0% trend. STA has added \$500,000 one-time addition to reflect current economic conditions. The 2017 proposed operating budget assumptions are:

1. Fare revenue
  - a. Sustaining 2016 ridership levels for Fixed Route
  - b. Paratransit growth of 0.5% over 2016
  - c. Sustaining 2016 vanpool ridership
  - d. Fare increase effective July 1, 2017
2. Grant and miscellaneous revenue includes:
  - a. Federal grants of \$7.9M
  - b. State grants of \$1.4M
  - c. Interest rate assumption of 1.0%

Ms. Warren said the CSL Capital budget is \$19.5M including vehicle replacement and the West Plains Transit Center which is primarily grant funded. In 2017, the estimated end of year cash balance after reserves is \$21M. STA expects \$4.5M in revenue over operating expenses. \$11M of local cash will be used for capital activities.

Ms. Warren reviewed the next steps:

- November 17 Board Meeting – Public Hearing on Proposed Budget (Comments will be received until November 30)
- November 30 Planning & Development Committee Meeting – Recommendation of 2017 Final Proposed 2017 Budget
- December 15 Board Meeting – Adoption of 2017 Budget

Ms. Warren said that the expenses for STAMF in 2017 are expected to be \$1.3M. This increase is mainly in labor and benefits to begin planning and implementation of new service. The personnel specific to STAMF include:

- 8 Coach Operators for May markup
- 3 Coach Operators for September markup
- 1 Associate Building Maintenance Specialist
- 1 Paratransit Customer Support Specialist
- 1 Transit Planner I
- 1 Transit Planner IV
- 1 Project Coordinator (Planning)
- 1 Human Resources Specialist
- 1 Sr. Capital Program Manager (Planning)

There is a possibility of an additional position or two.

Ms. Meyer said that Hill International has been engaged to assess STA's capacity and expertise to determine what will be required for overall management of STAMF. In December, Hill International will provide STA with recommendations.

Ms. Warren said that operating revenue assumptions for 2017 include sales tax collection that begins in April 2017 and distributed in June 2017. The additional sales tax revenue for 2017 is estimated at \$5.1M. Also included is fare revenue of 20% of fixed route costs for the new service at \$0.1M. The changes to 2017 capital for STAMF are \$2.9M. In summary, the total proposed budget with STAMF is \$77.3M operating revenue and \$68.9M operating expenses.

Ms. Waldref appreciates that the STAMF budget is separate from the CSL budget and asked if the public would see this version.

Ms. Warren said yes that this version is on the STA website.

Committee members commented that the budget presentation was well done.

#### **9. BOARD OF DIRECTORS AGENDA NOVEMBER 17, 2016**

Mr. French asked if the topic regarding the 360 review of the CEO should be on the November 17 Board agenda or wait until December.

Mr. Pace suggested waiting until December.

Ms. Waldref suggested that the Board Operations Committee complete the CEO contract negotiation and performance review first, then move on to the 360 discussion.

Committee members agreed.

Ms. Watson asked if the *2017 Draft Annual Strategic Plan* could be added to *9A Board Operations Chair Report* since the Board will approve it in December.

Committee members agreed and time was adjusted.

*Mr. Pace moved approval of the Board of Directors amended agenda for November 17, 2016 and Ms. Waldref seconded, and the motion passed unanimously.*

#### **10. CEO REPORT**

##### **Sales Tax**

Ms. Meyer said that sales tax for October was 13.1%. A portion of that 13.1% was from an unusual collection dating back to 1998.

Ms. Warren said that \$100K was STA's portion of the proceeds collected from a litigated audit that covered the period 1998 – 2008. Without this portion, the month of October would have been 7.9% over October 2015 and 6.2% YTD. September 2016 was extremely low at 1.9%. The average of September and October would be 4.9% without the extra portion.

Ms. Waldref commented that the City of Spokane's October sales tax was higher also.

Ms. Warren said it impacted the pool for everyone.

##### **Proposition 1**

Mr. Otterstrom said that this Proposition 1 ballot measure received the largest number of votes for a transit measure in Spokane's history. The preliminary results show that all jurisdictions approved Proposition 1. Of the past 8 tax measures in Spokane, 3 have failed which shows that Spokane is generally supportive of transit funding measures.

##### **Citizen Advisory Committee (CAC)**

Ms. Meyer said that she, Ms. Bousley and all the Directors have been discussing a role for the CAC regarding accountability following the success of the ballot measure. That committee's most satisfying work has been on the fare recommendation and the sustainability plan. The CAC's fare recommendation to the Board was important. Since that time, the CAC has primarily been recipients of information.

Ms. Waldref said it sounds like a great idea and diverse citizen committees are valuable.

#### **11. EXECUTIVE SESSION**

Chair French announced that reviewing the performance of a public employee will occur at the December 7 Board Operations Committee meeting.

At 3:37 p.m., Mr. French announced that the STA Board Operations Committee would adjourn for an Executive Session for the following purpose:

1. Discussion with legal counsel representing STA in litigation or potential litigation to which STA, the STA Board of Directors, or STA employees are, or are likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to STA.

The executive session will consist of Committee members, Ms. McAloon, Legal Counsel, and Ms. Meyer. The STA Board Operations Committee will reconvene in open session at approximately 3:40 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 3:40 p.m., Ms. Waldref announced the STA Board Operations Committee will reconvene at 3:42 p.m.

At 3:42 p.m., the STA Board Operations Committee reconvened and Chair French declared the meeting back in public session. No action was taken.

#### **12. NEW BUSINESS**

None.

#### **13. 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 3:45 p.m.

Respectfully submitted,

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