

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

PERFORMANCE MONITORING AND EXTERNAL RELATIONS COMMITTEE

Minutes of the June 5, 2019, Meeting
Southside Conference Room

MEMBERS PRESENT

Lori Kinnear, City of Spokane *
Josh Kerns, Spokane County
Kate Burke, City of Spokane
Sam Wood, City of Spokane Valley
Veronica Messing, City of Airway
Heights (Ex-Officio)
Rhonda Bowers, Labor Representative
E. Susan Meyer, CEO (Ex-Officio)

MEMBERS ABSENT

Mike Kennedy, City of Liberty Lake (Ex-Officio)

* Chair

STAFF PRESENT

Roger Watkins, Chief Operations Officer
Karl Otterstrom, Director of Planning and Development
Lynda Warren, Director of Finance and IS
Nancy Williams, Director of Human Resources
Sam Guzman, Executive Assistant to the COO
Emily Arneson, Community Ombudsman and Accessibility Officer

PROVIDING LEGAL COUNSEL

Laura McAloon, McAloon Law PLLC

GUESTS

Heather Peterson, CPA, State Auditor Representative

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

Chair Kinnear called the meeting to order at 1:34 p.m. Introductions were made.

2. **PUBLIC EXPRESSIONS**

*Chair Kinnear deferred the public expressions until after agenda item 6A was presented.

Ms. Kristi Harvie, a Medicare broker, came to speak on behalf of her clients; explaining that Medicaid coverage varies based on income. Ms. Harvie said that Medicaid offers some transportation options for doctor appointments, but most have to find a way to pay for their transportation as well as partial medical, food, etc. She has had many people tell her that they are choosing between food and medicine. Ms. Harvie is requesting a lower fare than the \$30/month.

Ms. Abby Anderson, the Support Services Coordinator for Spokane Housing Ventures, assists residents seeking various resource information. Of the resource requests she receives, Ms. Anderson states that 51% are for transportation. This is the largest amount of requests she received, followed by food and clothing. She urged STA to consider the income-based transit access program to improve the quality and accessibility.

Ms. Sandra Dunham, with Spokane Housing Ventures, manages the Wilton Apartments and she wishes to advocate for her residents. She said that they would have liked to join her, but they didn't have enough money to ride the bus. Ms. Dunham said that transportation is a big issue for her residents, as about half of them are at zero income.

Ms. Charisse Pope, the Clinical Integration Director at Better Health Together, works on population health initiatives. She stated that the American Hospital Association (2017) social determinants, of which transportation is a huge component, made a 40% contributing factor to the health of individuals. Ms. Pope said that those who experience barriers to transportation experience poorer health outcomes, and increased health costs. She said that the Bureau of Labor and Statistics shows that people earning \$5,000-\$30,000 annually spend approximately 24% of their income on transportation. For middle class, it was approximately 12-14%.

3. COMMITTEE CHAIR REPORT

Chair Kinnear had no report at this time.

4. COMMITTEE APPROVAL

A. Minutes of the May 1, 2019, Committee Meeting

Mr. Kerns moved to recommend approval of the May 1, 2019, Committee meeting minutes. Ms. Burke seconded the motion and it passed unanimously.

5. COMMITTEE ACTION

A. Board Consent Agenda

1. Award of Contract and Budget Update for Moran Station Park and Ride

Mr. Otterstrom presented the recommendations that would go to the full Board later this month. The Moran Station Park and Ride is a facility STA is planning to build at 57th Ave and Palouse Hwy to accommodate both the commuter express and the Monroe-Regal line later this year.

The invitation to bid was advertised on April 28th, the pre-bid meeting was held at the project site on May 7th, and the due date was May 21, 2019. STA received bids from LaRiviere, Cameron-Reilly, and Halme Construction. LaRiviere was the low bidder at \$3.485M.

At the May PMER meeting Mr. Otterstrom had shared that this project was expected to be overbudget but wanted to wait for all the bids to come in before adjusting the total project costs. Mr. Otterstrom briefly went over some of the developments that contributed to the cost increase (i.e. incorporating the Ben Burr Trail, extensive site grading, added operations support building features, and the complexity of stormwater design).

The original project budget was \$2.570M for the design and construction components. Mr. Otterstrom proposed to increase the total budget to \$5.1M. The difference would come from STA Moving Forward (STAMF) dollars, and additional grant funding on future projects would offset this adjustment. There would be no impact on taxpayers with the assumption of a future grant.

Project Timeline:

- June 5, 2019 PMER Recommends Award of Contract
- June 20, 2019 Board Award of Contract
- July 1, 2019 Notice to Proceed
- December 31, 2019 Contract end date (subject to weather delays)

Mr. Otterstrom requested a recommendation for Board approval to award contract to LaRiviere, Inc and adjust the Capital Improvement Projects (CIP) #466 and #542 for a combined project total of \$5.1M as outlined in the report.

Discussion ensued about trail maintenance and subcontractor standards.

Mr. Kerns moved to approve item 5A1, Ms. Burke seconded the motion, and it passed unanimously.

2. 2021 Service Revisions: Public Outreach Plan

This item is also for Board approval on the consent agenda. Generally, the process for communicating services changes begins a year in advance, however with the magnitude of the 2021 changes STA is looking to start the process two years in advance. Any major service change requires a public outreach plan be prepared and approved by the Board.

Some of the major changes in 2021 are the Central City Line (CCL), improvements of service in Airway Heights and Fairchild AFB, the introduction of the Cheney High Performance line, improvements of

service in Hillyard and other parts of northeast Spokane, and other adjustments and improvements in Spokane Valley.

Part of the plan includes targeted outreach. STA will reach out to organizations that serve minorities, low-income, persons with limited English proficiency, and persons with disabilities. There will be targeted advertising on social media, and fully ADA assessable meetings.

Some of the strategies include:

- Rider roundtable
- Online open house
- Online survey
- Follow-up online survey
- Public Hearing
- STA Board and Committee involvement

The preliminary proposal will be presented this winter (Nov 2019-Jan 2020) and the final recommendation will be presented to the Board in September 2020; allowing for a year of implementation time before the service change takes effect.

Since this process is ahead of the standard one year window, there may be ideas that come out that would make sense to do sooner rather than later. If that's the case, certain small improvements may be brought forward and not require Board action. Such improvements would be identified early in the process.

Mr. Otterstrom requested recommendation to the Board to approve the draft 2021 Service Revisions Public Outreach Plan.

Mr. Wood moved to approve item 5A2, Mr. Kerns seconded the motion, and it passed unanimously.

B. Board Discussion Agenda

(no items being presented this month)

6. REPORTS TO COMMITTEE

*Chair Kinnear requested that agenda item 6C be presented first, followed by 6B and then 6A.

A. Income-Based Transit Access

Background:

During the community outreach phase prior to the STA Board's 2016 approval of a change in the fare (tariff) structure, staff met with human services providers to discuss the impact of a potential fare increase on those with extremely low income. This "working group" met several times throughout 2016 and 2017 to try to identify mitigation and collaboration opportunities. The result of the working group was the adoption by the STA Board of an 18-month \$150,000 grant program to subsidize all or part of the fare increase for existing riders. Although STA received five (5) responses to the request for proposals for this grant, all of the applicants identified a more substantial need and higher subsidy. STA staff met with several of the applicants to discuss the unique needs of the populations they serve, and then reported back to Board Operations Committee which referred the matter to this Committee. In February 2019, STA staff provided to this Committee information about income-based fare programs offered by other transit agencies, including how they are funded and how they identify qualified riders. Members of this Committee requested that staff provide an estimate of what a low-income fare policy would cost in this region.

New Findings:

In order to estimate the revenue impact of a low-income fare, staff first sought to identify the number of individuals who would qualify for such a program. According to the American Community Survey, 5-year estimate (2013-2017), 34.5% of residents in Spokane County live on an income at or below 200% of the Federal Poverty Line (FPL), which is \$33,820 for a family of two (2), and \$51,500 for a family of four (4).

This percentage of individuals (34.5%) is higher than several other regions in Washington which offer income-based fare programs for transit. In Kitsap County, 23.7% of the population lives at or below 200% of FPL; in King County it is 22.0%; and in Snohomish County it is 21.3%. However, the cost of living in those western Washington counties is higher—area median income, median home value, and fair market rent are all significantly higher outside of eastern Washington. These differences make it difficult to directly compare the data related to other Washington transit agencies' low-income programs with Spokane, and extrapolate potential revenue impact.

Although 34.5% of Spokane County's population lives at or below 200% of FPL, some portion of those individuals already qualify for fares at reduced rates through either the Universal Transit Access Pass (UTAP) or the Reduced Fare Program. The UTAP program provides access to transit for actively enrolled post-secondary students (in addition to some school employees and other employer-sponsored programs); the Reduced Fare Program allows riders to pay half fare on the fixed route system if they are 65 years of age or older, have a qualifying disability, or present a valid Medicare card.

Staff estimates that 49% of the individuals who live at or below 200% of FPL already have access to a UTAP program, and another 27% receive passes from social service organizations. Of the remaining 24% of individuals who would qualify for a low-income program, an unknown percentage are already enrolled in the Reduced Fare Program.

Staff estimates that based on 2018 revenue ridership of 8.3 million rides, 2.9 million rides were taken by individuals who would live at or below 200% of FPL. By removing 1.4 million rides taken by UTAP users and 800,000 rides taken with passes provided by social service agencies, it leaves 700,000 rides which were individually purchased by persons who would qualify for such a proposed program. However, an unknown portion of these rides are already reduced to half fare by the Reduced Fare Program.

Connect Spokane is STA's comprehensive plan, adopted in 2010. One of the policies included in the plan identifies an objective of "at least 20%" farebox recovery (i.e., the fraction of operating expenses which are met by the fares paid by passengers). Another section provides guidance on low income fares:

"STA supports opportunities for low-income individuals to use public transportation at a discounted cost. Opportunities for low-income individuals to use public transportation should be made available through community programs that subsidize the purchase of standard fare instruments rather than direct STA discounts or special fare structures. This strategy helps manage eligibility challenges and supports other strategic objectives." (Revenue and Fare Policy 2.5, p. 83).

Farebox recovery dipped in 2015 and 2016 with slight increases in 2017 and 2018. In 2018, farebox recovery was 17.6%. Assuming 2018 operating expenses (it is too early to forecast 2019 numbers), farebox recovery would drop 1% for every \$525,000 of lost revenue. If the 700,000 individually purchased rides plus the 800,000 rides made using passes from social service agencies all qualified for a half-fare rate, STA could potentially have experienced a \$1.5M revenue loss. This would have resulted in a 2018 farebox recovery of 14.8%. The cost to administer and supervise community partners to verify income is not included in this projection as it is unknown.

Discussion ensued about what numbers were used, what other sources could be considered (i.e. rider survey), what other information should be measured, etc.

Individual committee members requested that STA staff gather the following additional data:

- What percentage of household income is used on transportation?
- What have other transit agencies that have income-based fare programs seen in terms of ridership?
- What would be the estimated impact on farebox recovery assuming a fare increase and low-income fare implementation simultaneously?
- Would additional ridership from lower fares cause greater operational costs – more buses, routes, drivers, etc.?
- Chair Kinnear recommended that staff contact Dr. Patrick Jones for additional data.

B. Disadvantaged Business Enterprise Program and Proposed Goal for Federal Fiscal Years 2020, 2021, and 2022

Every three years the Federal Transit Administration (FTA) requires the Department of Transportation (DOT) regulated the adoption of the Disadvantaged Business Enterprise (DBE) program goal, which needs to be completed by August 1, 2019.

A DBE is a for-profit small business where socially and economically disadvantaged individuals own at least a 51% interest and also control management and daily business operations. It is a federally mandated program and is meant to level the playing field in the competitive bidding process. The projected DBE goal for Federal Fiscal Years (FFY) 2020, 2021 and 2022 is 1.13%.

STA's goal for FFYs 2017, 2018 and 2019 is 0.49%. That goal has been exceeded and the current utilization is 1.03%. Currently there are 22 certified DBE firms of varying crafts operating in Spokane County.

Timeline:

- May 26th – Notice of proposed 3-year DBE goal and request for public comments
- June 5th – PMER Committee received information of proposed goal
- July PMER/Board – Request Board adoption
- August 1st – Goal submitted to FTA as mandated

C. 2018 Audit Exit

Ms. Warren introduced the Audit Lead, Heather Peterson, CPA, who gave a presentation about the results of STA's 2018 audit.

Ms. Peterson supplied a brief overview of the areas of the audit and their results.

- National Transit Database Reporting - Ensure the financial information that is reported to FTA is supported by STA documentation and systems. No issues were found.
- Internal Controls over Financial Reporting – No deficiencies found in the design or operation of internal controls or instances of noncompliance material to the financial statements.
- Auditor's Report on Financial Statements – Make sure the statements are prepared in accordance with general accepted accounting principles (GAAP). No issues found.
- Report on Major Federal Programs – Federal Transit Cluster Capital Investment Grants and Formula Grants audited according to Uniform Guidance. No deficiencies found.
- Accountability Audit – Look at state laws, regulations and policies to make sure assets are being safeguarded. Areas are audited for risk, and STA's internal controls were found adequate.

Ms. Warren concluded by thanking Heather since this was the last year, she will be representing the State Auditors as STA's auditor. Ms. Meyer mentioned that this is also Ms. Warren's last audit with STA. Ms. Warren had many years of clean audits before coming to STA and continued them once here. It is a fine legacy of financial accountability and stewardship.

7. CEO REPORT

- Ms. Meyer went over the May 2019 Sales Tax information (item 8C).
- May 22nd was the groundbreaking for Spokane Falls Community College Station.
- May 28th STA staff attended the Geiger Blvd Build Grant celebration. STA contributed about \$0.2M to the project.
- June 4th was the groundbreaking for Spokane Community College Transit Center. This Transit Center will house charger station for the Central City Line electric buses.
- June 20th will be the ribbon cutting on for the Boone NW Garage. The garage was designed to be fitted with all the charging infrastructure needed for the Monroe-Regal ad Central City Line coaches.
- The Association of Washington Cities Meeting is on June 26th. The Joint Transportation Committee created a project about the fiscal impact of capital expenditures for transit that will be reported at this meeting.

8. COMMITTEE INFORMATION

- April 2019 Operating Indicators – *as presented*
- April 2019 Financial Results Summary – *as presented*
- May 2019 Sales Tax Revenue Information – *as presented*
- 1st Quarter 2019 Safety and Loss Summary – *as presented*

7. JULY 10, 2019 - COMMITTEE PACKET DRAFT AGENDA REVIEW

- Add Income-Based Transit Access if update is ready
- Remove Equal Employment Opportunity Policy and Affirmative Action Plans
- Disadvantaged Business Enterprise: Adoption of Proposed 3-Year Goal will move to Committee Action

8. NEW BUSINESS

(No new business at this time)

9. COMMITTEE MEMBERS' EXPRESSIONS

- Mr. Wood asked what the bottom line/goal is for all the data gathering about income-based transit. Discussion ensued.

10. ADJOURN

Chair Kinnear adjourned the meeting at 3:04 p.m.

11. NEXT MEETING – WEDNESDAY, JULY 10, 2019, 1:30 P.M, STA SOUTHSIDE CONFERENCE ROOM, 1230 WEST BOONE AVENUE

Respectfully submitted,



Sam Guzman, Executive Assistant