

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

BOARD OF DIRECTORS

Draft Minutes of the April 21, 2016, Meeting
Spokane Transit Boardroom
1229 West Boone Avenue, Spokane, Washington

MEMBERS PRESENT

Al French, Spokane County, *Chair*
Shelly O'Quinn, Spokane County
Amber Waldref, City of Spokane
Candace Mumm, City of Spokane
Chuck Hafner, City of Spokane Valley
Ed Pace, City of Spokane Valley
Tom Trulove, Small Cities Representative
(Cheney)
Aspen Monteleone, Small Cities Representative
(Airway Heights)
Keith Kopelson, Small Cities Representative
(Liberty Lake)
Rhonda Bowers, Labor Representative
Kevin Freeman, Small Cities Representative
(Millwood) *Ex Officio*

MEMBERS ABSENT

John Higgins, Small Cities Representative
(Medical Lake) *Ex Officio*

STAFF PRESENT

E. Susan Meyer, Chief Executive Officer
Steve Blaska, Director of Operations
Lynda Warren, Director of Finance & Information Services
Karl Otterstrom, Director of Planning
Steve Doolittle, Director of Human Resources
Beth Bousley, Director of Communications & Customer
Service
Susan Millbank, Ombudsman & Accessibility Officer

PROVIDING LEGAL COUNSEL

Laura McAloon, Workland Witherspoon PLLC

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

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

2. **APPROVE BOARD AGENDA**

Mr. Pace moved to approve the Board agenda, Ms. Mumm seconded and the motion passed unanimously.

3. **PUBLIC EXPRESSIONS**

John Lemus – Skilskin, supports the ballot measure for the Moving Forward plan. He added that Skilskin is one of the largest employers in Airway Heights and improved service there is needed. He said he had to wait for an hour for a bus back to downtown Spokane following an Airway Heights City Council meeting.

Jennifer Bates – Spokane Falls Community College student, said she strongly supports the Moving Forward plan even though students at SFCC will not benefit from it and encouraged the Board members to put it on the ballot.

4. **RECOGNITIONS AND PRESENTATIONS**

A. **John “Scotty” Mundy, Coach Operator – Retirement**

On the occasion of his retirement, Mr. Blaska congratulated Mr. Mundy for his 24 years of service in paratransit and fixed route. He is an excellent operator with a great sense of humor.

B. Karl Youngren, Coach Operator – Recognition

Mr. Blaska recognized Mr. Youngren for his 22 years of dedicated service to the community as a fixed route coach operator and said he has received numerous compliments from his customers over the years.

C. First Quarter 2016 Years of Service Awards

Mr. Doolittle read the names of the employees with 5, 10, 15, 20, 25 and 30 years of service. Fixed Route Supervisor, Pamela Tonhofer, was in attendance and received a pin for her 30 years of service.

D. First Quarter 2016 Employee Recognition Awards

Mr. Doolittle read the names of those who won the employee recognition awards for the first quarter of 2016. This program was approved by the Board to acknowledge employees who go the extra mile in the course of their work.

Mr. French thanked all the employees for their service.

5. BOARD ACTION – CONSENT AGENDA

Ms. O’Quinn asked that item 5.H – Central City Line Alignment and Mode Refinements – be removed from the consent agenda.

Mr. Trulove moved to approve the following consent agenda items 5. A through G. Mr. Pace seconded and the motion passed unanimously.

A. Approve the minutes of the March 17, 2016 Board meeting.

B. Approve the following vouchers and payroll for March 2016:

<u>DESCRIPTION</u>	<u>VOUCHER/ACH NUMBERS</u>	<u>AMOUNT</u>
Accounts Payable Vouchers (March)	Nos. 588791 - 589113	\$ 2,359,510.64
Workers Comp Vouchers (March)	Nos. 216583 - 216844	\$ 122,416.68
Payroll 03/04/2016	ACH – 03/04/2016	\$ 1,491,901.23
Payroll 03/18/2016	ACH – 03/18/2016	\$ 1,057,412.09
WA State – DOR (Use Tax)	ACH – W0640	\$ 6,943.17
MARCH TOTAL		\$ 5,038,183.81

C. Accept the on-site construction contract for the Boone Tenant Improvement Project as complete and conditionally authorize release of \$11,867 in retainage to Kaski Construction, Inc. Release of retainage is conditioned on pending certificates approving release from the Department of Revenue, Employment Security Department, and Department of Labor and Industries.

D. Approve Spokane Police Department Interlocal Agreement.

E. Approve an exception to the Board approved Van Grant Program policy to award one additional van in 2016, for a total of 11.

F. Approve, as amended, the 2016 Mid-Range Guidance Statements for inclusion in the 2016 Transit Development Plan.

G. Approve the revised design approach to the West Plains Transit Center and endorse the submittal of a TIGER and/or Section 5339 Bus and Bus Facilities grant application(s) to the United States Department of Transportation (USDOT) for grant funding for the construction of the West Plains Transit Center.

6. BOARD ACTION – COMMITTEE RECOMMENDATIONS: None.

7. BOARD ACTION – OTHER:

A. **Deferred Motion:** “Do not put anything on the ballot in 2016 but continue the conversation towards a ballot in 2017 and ask staff to address service level needs and improve service throughout the region.” (This motion was made by Ms. O’Quinn at the March 17, 2016 Board meeting).

Ms. Bowers said she does not have a vote but would like to speak about the ballot measure.

Mr. French said the deferred motion must be addressed first.

Mr. Freeman said he is favor of putting the measure on the ballot for the transit Moving Forward plan now with a further discussion on funding in May.

Ms. O’Quinn said she would like to withdraw her deferred motion.

Mr. French said it has to be discussed first.

Ms. Bowers said she is in favor of a ballot in November 2016 since it is a presidential election. She strongly recommends the Board take action now.

Mr. Trulove said the Cheney Free Press is in favor of a ballot measure for transit.

The deferred motion failed 8 to 1 with Mr. Pace voting in favor.

B. STA Moving Forward Ten Year Plan & Funding Discussion

Mr. French said after the March Board meeting he spoke with Ms. O’Quinn who suggested another alternative to her deferred motion. She wants to ask staff to provide financial information showing what happens if the funding request were to be split in half – one tenth on the November 2016 ballot, funding for which would be received in 2017, and another tenth at a future date.

Ms. O’Quinn moved to put the measure on the ballot in November 2016 and take a vote in May 2016 as to the actual amount after the Board has an opportunity to review financial information today and has a discussion at the May committee meetings. Mr. Hafner seconded the motion.

Ms. O’Quinn said the reason for a delay is to change the dynamics of the dialog and, rather have an information and question session. She added that the Board has not had a chance to review the financial ramifications.

Ms. Bowers said rather than at a committee meeting, she would like the full Board to discuss and review.

Ms. Waldref agreed and said Ms. O’Quinn originally was not in favor of a November 2016 ballot but brought forward that date with a staging amount.

Mr. Trulove said he wanted to see the financial presentation now and then decide on the motion.

Mr. Pace commented that last month’s deferred motion was not to do the ballot this year and now it is the opposite. He asked Ms. O’Quinn what has changed.

Ms. O’Quinn said she spoke with Board members and recognized that the majority wants the ballot to be in November 2016. She added that she would prefer the amounts be discussed next month.

Ms. Mumm thanked her for changing it to November 2016 and asked if the Board could vote on that aspect and then discuss amounts.

Mr. Kopleson said he would like to see a financial presentation since the information has just been provided.

Mr. Pace said he is against any tax increase and he would like to hear Ms. Warren’s financial presentation.

Mr. Hafner said he agrees he needs time to analyze the financial information but would vote against the motion because of the Central City Line.

Ms. O’Quinn said the Board was handed a resolution for the ballot and is not ready to approve it.

The motion failed 7 to 2 with Ms. O’Quinn and Mr. Hafner voting in favor.

Mr. French introduced Ms. Warren's presentation on the staged sales tax scenarios.

Ms. Warren said if the measure were to pass in November 2016, the first one tenth of one percent sales tax would be levied in April 2017 and collected in June 2017.

Scenario 1

Comparison of 1/10th versus 2/10th at the November 2016 election with an April 2017 rate change and a June 2017 collection with a ten year projection through 2027.

One tenth

Revenue over Expense: -\$83.9M

Two Tenths

Revenue over Expense: \$23.3M

Ms. Warren added that the cash balance keeps current operations and capital sustainable through 2022 but keep in mind the need for \$80M in fleet replacement costs.

Scenario 2

Comparison of 1/10th and 2/10th at the November ballot staged with an April 2017 rate change and an April 2018 rate change with a ten year projection through 2027.

One tenth in April 2017/One tenth in April 2018

Revenue over Expense: \$14.5M

Scenario 3

Comparison of 1/10th and 2/10th at the November ballot staged with an April 2017 rate change and an April 2019 rate change with a ten year projection through 2027.

One tenth in April 2017/One tenth in April 2019

Revenue over Expense: \$5.5M

Scenario 4

Comparison of 1/10th and 2/10th at the November ballot staged with an April 2017 rate change and an April 2020 rate change with a ten year projection through 2027.

One tenth in April 2017/One tenth in April 2020

Revenue over Expense: -\$3.8M

Ms. Waldref asked if the second tenth were to be activated in 2019; does it still fund the Moving Forward projects within the ten year period.

Ms. Warren said yes and added that the projects could be staggered over several years. These scenarios also include a farebox recovery of 20%.

Mr. Freeman asked if this incorporates fare increases.

Ms. Warren said it incorporates fare increases every 3 years to keep to the 20% farebox recovery objective.

Mr. French explained that he sent the Board a memo several weeks ago clarifying his own views on the ballot measure and Moving Forward plan. He has since spoken with Board members who are expecting to take a vote on the ballot measure today and so he provided a resolution with wording based on the 2015 version but with a staggered timeframe for the collection of sales tax.

He added that instead of the entire two tenths now, delay the second tenth for one, two, or three years. He suggested two years; April 2019.

Ms. O'Quinn thanked him for the clarification and said requesting the two tenths immediately is too much and leaves \$23M unaccounted for in 2027. She suggested one tenth immediately and the second in year five.

Mr. French said there should be a sunset for the taxes when the Moving Forward plan is accomplished and that could be stretched from ten to twelve years. He added that a presidential election year, for example 2032, would be best for maximum voter participation.

Ms. Warren said if the sunset is in ten years, 2026, with one tenth in April 2017 and one tenth in April 2022 revenue over expense would be -\$42.3M.

Ms. O'Quinn distributed a sales tax chart prepared by the City of Spokane and Spokane County financial staff. She said the dialog is about the amount required. Capital expenses based on the Moving Forward plan are \$83M. Cash in the reserves are \$60M (\$20M and the remainder for fleet replacement). She would like to find a middle ground; 1/10th now and the second in five years. Her position is to be fiscally responsible and at the same time provide good transit service.

Ms. Warren pointed out that the increased tax is not all received in the first year.

Ms. O'Quinn suggested using available cash reserves in the interim.

Mr. French said he is confident that the plan can be completed but warned that funds for fleet replacement must also be available.

Ms. Waldref moved to approve Mr. French's resolution with an amendment that the sunset clause occurs in 2028 rather than 2032. Mr. Kopelson seconded the motion.

Ms. O'Quinn said the total capital costs for Moving Forward, obtained from STA's website, are \$83M; however this does not include grant funding.

Ms. Bowers said the two charts (Ms. Warren's and Ms. O'Quinn's) are quite comparable. Ms. Warren agreed.

Mr. Kopelson asked if the 2/10th levy would raise \$297M.

Mr. French said it would over 15 years and about \$180M over 10 years.

Mr. Freeman said he would agree to ten years.

Mr. Hafner asked Ms. Waldref to clarify her motion.

Ms. Waldref clarified her motion as follows: Start with 1/10th in April 2017, activate the 2nd 1/10th in April 2019 and have a sunset in 2028. Mr. Hafner seconded the clarification.

Ms. Waldref commented that the resolution also includes a caveat to provide the following as soon as reasonably possible: extended hours of operations on both weekdays and weekends; to extend services to Providence Medical Center located in the City of Spokane Valley; and, increased hours of operation on the West Plains.

Mr. French said the Board can lower the tax rate at any time.

Ms. McAloon agreed and said in previous years, transit ballots have specified "up to" a certain number of tenths and also number specific. The Board has the ability to change a revenue rate at the annual budget.

Mr. Hafner said he has just received the resolution and has not had time to review it.

Ms. O'Quinn said she is against the motion since it is not clear how much the total revenue will be. She suggested giving a financial breakdown to the Planning & Development committee in May.

Mr. Freeman said the motion on the floor is out to 2028 (11 years); he would prefer 2027.

Ms. Mumm commented that she would support the motion.

Mr. Hafner said he would prefer this be deferred to the May Board meeting.

Mr. French said this is the same resolution as 2015 with a few changes.

Mr. Pace said he will vote no because it means increasing taxes.

Ms. O'Quinn asked how much would be collected through 2028.

Mr. Freeman suggested \$210M.

Ms. O'Quinn said this is more than needed and wants to examine the numbers in further detail.

Ms. Monteleone said these are just assumptions and it looks as though more is being collected but the Board could make adjustments if necessary.

Ms. O'Quinn moved to defer Ms. Waldref's motion until next month and have staff rework the scenarios. Mr. Hafner seconded.

Mr. French commented that another recession has not been anticipated in these scenarios. During the last recession STA lost \$70M in revenue.

Ms. Waldref said she is not in support of the motion to defer. She said 2028 is a presidential election year.

Mr. Trulove said he is also against the motion to defer. He said last year the Board spent months reviewing STA's accounting practices which were sound. He commented that few other organizations are subject to this amount of scrutiny. He is ready to put the plan on the ballot and let voters decide.

Mr. Pace said he is against the motion to defer; there has already been a deferment and Ms. Warren's numbers are clear and correct.

The motion to defer failed by 7 to 2 with Ms. O'Quinn and Mr. Hafner voting in favor.

Mr. French restated the original motion, with clarification, brought by Ms. Waldref:

Approve Mr. French's resolution to start with 1/10th in April 2017, activate the 2nd 1/10th in April 2019 with an amendment that the sunset occurs in 2028 rather than 2032.

The motion passed 6 to 3 with Ms. O'Quinn, Mr. Pace and Mr. Hafner voting against.

Mr. French referred back to item 5.H which was earlier removed from the consent agenda.

5.H CENTRAL CITY LINE: ALIGNMENT AND MODE REFINEMENTS

Mr. Otterstrom said the Central City Line (CCL) Steering Committee met and reviewed the alignment options. They recommended Riverside and Main and clarified the mode as an electric Bus Rapid Transit vehicle. This item also came before the Spokane City Council members who gave their endorsement as did the Downtown Spokane Partnership (DSP).

Capital funding of \$72M for the project will be derived from state and federal grants.

Mr. French confirmed that this vehicle will be an electric bus not a trolley.

Ms. Waldref moved to adopt, by resolution, the amended Locally Preferred Alternative. Mr. Hafner seconded and the motion passed unanimously.

8. BOARD OPERATIONS COMMITTEE:

A. Chair's Report

Mr. French said he attended the recent Greater Spokane Inc. Washington, D.C. Fly-In. He met with Department of Transportation staffs who were excited about the two STA projects – CCL and West Plains Transit Center.

He commented that he has heard from some Board members a desire to have assistance with the development of communication skills, interaction, and processes. He is recommending the service of Eva Marquette, owner of the consulting firm, FreshVue. He added that Ms. Marquette has done similar work with the Spokane Clean Air Board of which he is a member.

Ms. Marquette said she would recommend a strategic plan that would work well for improving Board relationships and communication. She added that it is important for Board members to listen and understand each other's perspectives. She would spend time with Board members and executive staff on a one-on-one basis in order to develop training and build an agenda for a retreat.

Mr. French said staff does an excellent job of orientation for new Board members but the existing Board members do not play a part. It has been four years since the governance re-organization based on the recommendations of transit Board consultant, Doug Eadie, took place. It would be a good idea to review the structure of the Board Committees at this time also. This process would be driven by the Board, not staff.

Ms. Mumm asked about the timing and suggested it may be better to start in January 2017 since the Board members may change. She also asked if a Request for Proposals (RFP) has been considered and noted that STA already has a marketing and communications contract with Desautel Hege.

Mr. French said a professional agreement such as this would be under the CEO's authority so an RFP is not necessary but could be done if the Board desires.

Mr. Pace said the objective should be culture building so that when a new Board member joins the existing Board, the integration is improved. He believes this process would be effective and helpful.

Mr. Freeman said he also served on the Clean Air Board and he supports this concept.

Ms. O'Quinn said she worked with Ms. Marquette on the YWCA Board and high recommends her work.

Mr. Kopelson said staff does a great job of orientation for new Board members and supports this new idea.

Ms. O'Quinn left at 3:32 p.m.

Mr. Hafner moved to utilize Ms. Marquette's consulting services. Mr. Pace seconded and the motion passed 8 to 1 with Ms. Mumm voting against.

9. PLANNING & DEVELOPMENT COMMITTEE:

A. Chair's Report

Ms. Waldref said the committee discussed the draft Transit Development Plan: Revenue & Expenditure Forecast Assumptions that includes goals, revenue and expenses. This item will come before the Board with a public hearing in June and adoption in July.

Mr. Otterstrom added that the Service Implementation Plan (SIP), included in the TDP, will identify what can be achieved in the early years of STA Moving Forward.

10. PERFORMANCE MONITORING & EXTERNAL RELATIONS COMMITTEE:

A. Chair's Report

Mr. Hafner said the committee discussed the following two items:

- i. February 2016 Financial Results Summary (*item 12.B in the Board packet*)
- ii. Plaza Renovation Communications Plan

11. CEO REPORT

Plaza Renovation Update

Ms. Meyer said this project is now underway. The renovation is anticipated to be completed by mid-2017 and will consist of three phases. The Plaza will remain open during the renovation and those interested may sign up for information via the following website:

<http://plaza.spokanetransit.com>

Ridership

Ms. Meyer reported that fixed route bus ridership in March 2016 decreased by 2.0% over March 2015 for a 3.3% decrease year-to-date. Gonzaga University has mitigated the decline since joining the Universal Transit Access Pass (UTAP) program, their ridership has increased.

Paratransit ridership increased by 2.5% over March 2015 for a 4.4% increase year-to-date.

Vanpool ridership decreased by 3.4% over March 2015 for a 7.8% decrease year-to-date.

It should be noted that March 2016 had one more weekday than March 2015.

Non-Capital Revenue

Through February 2016, at \$12.4M, non-capital revenue is 17.7% of budget.

Sales Tax Revenue

March 2016 sales tax revenue (collected on January 2016 retail sales) increased 5.4% over March 2015 for a year-to-date increase of 5.4% over budget.

Operating Expenditures

Through February 2016, at \$8.7M, operating expenses are 13.4% of budget.

Mr. French asked if staff in the vanpool program has reached out to companies such as Comcast which is moving to Liberty Lake.

Mr. Blaska said staff has contacted Comcast and also Group Health.

12. BOARD INFORMATION

- A. Committee Minutes
- B. February 2016 Financial Results Summary
- C. March 2016 Sales Tax Summary
- D. February 2016 Operating Indicators
- E. May Service Changes

13. NEW BUSINESS

Ms. Waldref invited Board members to a breakfast event on May 4 featuring the Chair of the Board of Transportation for America, John Robert Smith. His presentation will focus on transit. Full details of the event have been emailed by Greater Spokane Inc., Downtown Spokane Partnership, and Ms. Watson, Clerk of the STA Board.

14. BOARD MEMBERS' EXPRESSIONS

Ms. Bowers thanked Board members for their re-affirmation and support of STA Moving Forward.

15. EXECUTIVE SESSION - None

16. ADJOURNED

With no further business to come before the Board, Chair French adjourned the meeting at 3:45 p.m.

Respectfully submitted,

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

A video of the Board meeting may be viewed on STA's website
www.spokanetransit.com the week after the meeting.

Cable 5 Broadcast Dates and Times of April 21, 2016 Board Meeting:

Saturday, April 23, 2016	4:00 p.m.
Monday, April 25, 2016	10:00 a.m.
Tuesday, April 26, 2016	8:00 p.m.

Next Committee Meetings (STA Conference Rooms, West Boone Avenue, Spokane, Washington):

Planning & Development	May 4, 2016, 10:00 a.m. (Southside) 1229 West Boone
Performance Monitoring & External Relations	May 4, 2016, 1:30 p.m. (Southside) 1229 West Boone
Board Operations	May 11, 2016, 1:30 p.m. (Northside) 1230 West Boone

Next Board Meeting: Thursday, May 19, 2016, 1:30 p.m., STA Boardroom, 1229 West Boone Avenue, Spokane, Washington.