

Spokane Transit Authority
1230 West Boone Avenue
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BOARD OF DIRECTORS

Draft Minutes of the July 12, 2017, Board Workshop
Spokane Transit Boardroom
1230 West Boone Avenue, Spokane, Washington

MEMBERS PRESENT

Pamela Haley, City of Spokane Valley, Chair
Ed Pace, City of Spokane Valley
Candace Mumm, City of Spokane
Amber Waldref, City of Spokane
Al French, Spokane County
John Higgins, Small Cities Representative
(Medical Lake)
Odin Langford, Small Cities Representative
(Liberty Lake)
Rhonda Bowers, Labor Representative

STAFF PRESENT

E. Susan Meyer, Chief Executive Officer
Steve Blaska, Director of Operations
Karl Otterstrom, Director of Planning & Development
Lynda Warren, Director of Finance & Information Services
Nancy Williams, Director of Human Resources
Beth Bousley, Director of Communications & Information
Services
Lynn Holmes, Financial Services Manager
Emily Arneson, Ombudsman & Accessibility Officer

MEMBERS ABSENT

Josh Kerns, Spokane County
Dave Malet, Small Cities Representative
(Airway Heights) *Alternate*
Tom Trulove, Small Cities Representative
(Cheney) *Ex Officio*
Kevin Freeman, Small Cities Representative
(Millwood) *Ex Officio*

PROVIDING LEGAL COUNSEL

Laura McAloon, Witherspoon Brajcich McPhee PLLC

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

Chair Haley called the meeting to order at 11:50 a.m.

2. **Workshop Introduction**

Ms. Meyer introduced the workshop which usually takes place every July to provide Board guidance for the Annual Strategic Plan and Budget. However, due to some pressing matters that needed to be discussed over the past several years such as STA Moving Forward, the last budget workshop was in 2014.

3. **Review of 2017 Annual Strategic Plan**

Ms. Meyer reviewed this year's plan since there are new Board members who have not been through this process before. She outlined STA's Board approved Vision, Mission, and Priorities.

The budget resources the Annual Strategic Plan and most of the 2017 plan is on target as follows:

STA Moving Forward (implementation began in May and will continue in September)

- Later Saturday night service system wide
- More weekend service in Airway Heights

- Valley/I-90 Corridor
 - New Route 95 Indiana & Broadway
 - Spokane/Liberty Lake more midday weekday trips (September)
- North Spokane
 - Wellesley Avenue more frequent weekend service
 - North Nevada Sunday service (September)
- Central City Line Corridor
 - Preliminary Small Starts application submitted
 - Official application to be made before September 8
- Cheney Corridor – Design for Four Lakes station
- Division Corridor Improvements – first improvements made by WSDOT
- Monroe/Regal Corridor Improvements – design to begin in Fall 2017 for 2019 construction
- Sprague Corridor Improvements – first improvements made by City of Spokane

Ridership

- Sustain fixed-route bus ridership at 2016 levels (- 0.9% through June 2017)
- Increase paratransit ridership 0.5% over 2016 (- 0.4% through May 2017)
- Sustain 2016 Vanpool ridership (- 8.6% through May 2017)
- Vanpool is sustained through work groups and early this year there was an extended strike at Triumph

Ms. Bowers asked if the decrease in paratransit was from STA service or the contractor, MV.

Mr. Blaska said it was both but the special use van program also played a part in the decrease.

Mr. Langford asked about this program.

Mr. Blaska said STA grants retired vans annually to non-profit agencies, such as the ARC of Spokane, which are then responsible for the vehicle and have their own drivers.

Mr. French suggested any unutilized vans in the Vanpool program could be used as shuttles when the West Plains Transit Center is completed for employees to get to their workplace from the transit center.

Ms. Meyer said the City of Liberty Lake is considering a model that would connect the existing park and ride to employment sites in the area. It would be a pilot project and not necessarily a Vanpool since in that mode one of the users is the driver. She said such a pilot would be brought to the Board for approval.

Fares

The first of two Board-approved fare increases went into effect July 1, 2017; the second will be July 1, 2018.

Maintain essential capital projects

- Fare collection request for proposals for consultant – due July 31, 2017
- Plaza Renovation – complete
- Boone Northwest Garage – in design for 2019 completion

Mr. Blaska added that the new garage will house the proposed electric buses, charging and washing facilities, and also some paratransit vans. The building roof will include the capability for solar panels and the doors will be high enough to accommodate double decker buses if these are considered sometime in the future.

Mr. French left at 12:07 p.m.

Plans

- *Connect Spokane*: STA's Comprehensive Plan (December 2017)
- Emergency Operations & Business Continuity Plans (September 2017 & 2018)
- Federal Transit Administration (FTA) Triennial Review (completed May 2017)

Staffing

Transition of long-tenured, senior management staff completed:

- Vehicle & Facility Maintenance Manager
- Paratransit Manager
- Human Resources Director
- Ombudsman & Accessibility Officer

The position of Director of Operations will soon be under professional recruitment nationwide since the incumbent, Mr. Blaska, is retiring at the end of the year.

4. 2018 Annual Strategic Plan

STA Moving Forward:

- Indian Trail - night/weekend service
- Boone Northwest Garage (begin construction in 2018, complete in 2019)
- Central City Line (complete final design end of 2018/early 2019)
- Monroe/Regal Shelter & Stop enhancements (design in 2018, construction in 2019)
- West Plains Transit Center Phase I (complete in 2018)
- Division Street – Construction of sidewalks & installation of shelters (complete in 2018)

Other Projects

- Upriver and Spokane Falls Community College (SFCC) Transit Centers
- Fixed Route Fare Collection
- Business Continuity Plan
- Phase II of Fare Increase

Ms. Warren pointed out that the Upriver and SFCC transit centers received grant funding from the state and were not included in STA Moving Forward.

5. 2018 Budget Guidance

Ms. Warren outlined the guidance for the 2018 Budget:

- Foster & Sustain Quality
- Maintain a State of Good Repair
- Expand Ridership
- Proactively Partner in the Community
- Advance & Adapt the System Growth Strategy
- Continue with a Sustainable Plan (avoiding debt)

Board members concurred with this guidance.

Revenue

Ms. Warren said sales tax revenue will catch up with the April 1, 2017 sales tax increase. June would have been flat over 2016 had it not been for this increase.

For the past several years a budget trend of 3% growth has been adopted and last year \$500,000 was added to reflect improved economic conditions.

Staff recommends the same for 2018 (3% beginning with 2014 actual with an additional \$500,000 one-time adjustment) at approximately \$63.6M.

Mr. Langford asked for more information about the \$500,000 addition.

Ms. Warren said even though there was a recovery in the economy last year, staff and the Board wanted to remain conservative and not increase the 3% trend so the idea of using the same percentage but adding \$500,000 was adopted.

Ms. Mumm said the City of Spokane followed the same methodology in considering a 20-year average trend.

Ms. McAloon arrived at 12:30 p.m.

2018 Ridership assumptions

Fixed Route:	1.5% increase	(10.4M)
Paratransit:	1.5% increase	(477K)
Vanpool:	2.5% increase	(198K)

Fares

Phase I fare increase effective July 1, 2017 (\$1.75)

Phase II fare increase effective July 1, 2018 (\$2.00)

Ms. Mumm asked if the second fare increase could be reconsidered.

Ms. Meyer said the second increase was considered necessary in order for the customer to pay 20% (farebox recovery).

In order to mitigate the effect, the Board approved a two-step process.

The Board can review that decision at any time and later this year it will be discussed as part of the tariff policy in the Comprehensive Plan Update.

Mr. Blaska said ridership generally has been consistent in growth even when there is a fare increase and added that STA is at the low end of farebox recovery compared to other transit agencies. He added that the 31-day adult pass may see ridership changes because it will increase by \$10.

Grants

Federal Operating Grants: \$8.1M Preventive Maintenance

State Grants: \$1.4M Special Needs

Miscellaneous Revenue

Interest Income is estimated at 1% on approximately \$50M.

Ms. Mumm asked if staff has looked into other methods of investing.

Ms. Warren said STA is not required to have Spokane County manage the investment but it would take additional staff in order for STA to manage it; by statute the County is STA's Treasurer.

Ms. McAloon commented that investment is limited to government-backed securities which are traditionally much lower interest rates.

Ms. Mumm asked what fee we paid the County for this service.

Ms. Warren said she would research and share with the Board.

Board members concurred with the revenue assumptions.

Operating Expenses

Ms. Warren reported that the trend over 30 years has been a 3% average increase in fixed route bus cost per revenue hour. However, that has decrease to an average of 1.3% over the past five years.

Fuel prices continue to be low.

Staff recommends using the annual average from the Energy Information Administration (EIA) as in the past plus ½ standard deviation.

Compensation & Benefits

ATU 1015 is still in bargaining; that contract having expired in March, 2017 (387 employees).
 ATU 1598’s contract expires in January, 2018 (22 employees).
 AFSCME 3939’s contract expires in June 30, 2018 (77 employees).
 Management & Administration compensation will be determined at a later date (76 non-represented employees).

Medical/Dental

Expected increase of 20% (half trend, half experience with the highest percentage in prescriptions)
 Employees continue to pay more in premiums for themselves and their dependents.
 The STA health plan mirrors the Public Employees Benefit Board (PEBB) program.

Pension Rates

State Pension rates: 12.7% increase effective July 1, 2017 – June 30, 2019.

Board members concurred with the expenditure assumptions.

Timeline

Date (2017)	Action
September 6th	2018 Draft Strategic Plan and Budget presented to the Planning & Development Committee
September 21 st	2018 Draft Strategic Plan and Budget presented to STA Board
October	Citizen and Employee Outreach
October 4 th	2018 Proposed Budget-Operating & Capital presented to the Planning & Development Committee
October 19 th	Public Hearing for 2018 Proposed Budget-Operating & Capital
	Board adoption of the 2018 Strategic Plan
November 1 st	Recommendations of 2018 Final Proposed Budget-Operating & Capital presented to the Planning & Development Committee
November 16 th	Board adoption of the 2018 Final Proposed Budget-Operating & Capital

Ms. Warren drew Board members’ attention to supplemental information at the end of the packet.
 Ms. Mumm commented on the large number of building permits issued last year in the City of Spokane because of the wind storm.

Mr. Langford expressed his appreciation for the presentation and for staff’s conservative estimations on the revenue side and exactness on the expense side. He added that the medical insurance is the biggest problem and are there any ideas on how to reduce it e.g. joining with other agencies.

Ms. Warren said she has reviewed the Washington State PEBB plan and found those rates to be higher with an overall larger increase than proposed for STA. She will continue to monitor the PEBB rates and those of other transit agencies and associations of cities and counties. Next year STA will do a comprehensive review of benefits.

Mr. Langford asked if other transit agencies join together for medical insurance, like the Washington State Transit Insurance Pool (WSTIP).

Ms. Warren said they do not; the larger agencies are generally part of a city or county, e.g. King County Metro or PEBB.

Mr. Blaska had a comment about paratransit ridership decreasing (an earlier agenda item).

He said there is a new 7-day pass available which may be more advantageous and less expensive to riders who do not travel every day.

6. ADJOURN

With no further business to come before the Board at this workshop, Chair Haley adjourned the meeting at 12:58 p.m.

Respectfully submitted,

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