

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

BOARD OF DIRECTORS

Draft Minutes of the December 14, 2006, Meeting
City Council Chambers
808 West Spokane Falls Blvd., Spokane, Washington

MEMBERS PRESENT

Brian A. Sayrs, Small Cities, Chairman
Mark Richard, Spokane County
Todd Mielke, Spokane County
Nancy McLaughlin, City of Spokane
Al French, City of Spokane
Brad Stark, City of Spokane
Allan Gainer, City of Cheney
Richard Munson, City of Spokane Valley
Dick Denenny, City of Spokane Valley

MEMBERS ABSENT

None

STAFF PRESENT

E. Susan Meyer, Chief Executive Officer
Jim Plaster, Director of Finance and Administration
Steve Blaska, Director of Operations
Steve Doolittle, Human Resources Manager
K.C. Traver, Light Rail Manager
Various Other Staff Members

PROVIDING LEGAL COUNSEL

Laura McAloon, Preston, Gates & Ellis LLP

GUESTS

None

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1. **CALL TO ORDER AND ROLL CALL**
Chairman Sayrs called the meeting to order at 5:30 pm and conducted roll call.
 2. **RECOGNITIONS AND PRESENTATIONS**
 - A. **Years of Service Awards**
Mr. Doolittle read the names of employees with 5, 10, 15, 25 and 35 years of service. These employees were commended for their years of outstanding service to STA and the community.
 - B. **Fourth Quarter 2006 Employee Recognition Winners**
Mr. Doolittle read the names of those employees who won the employee recognition awards for the months of September, October, and November. This program was approved by the Board to acknowledge employees who go the extra mile in the course of their work.
 4. **PUBLIC EXPRESSIONS (other than budget or light rail discussion)**
Mr. Sayrs moved item 4 before the public hearing since Jim Nicks, Assistant Police Chief of the Spokane Police Department, was in attendance and wished to speak to item 6. H on the consent agenda: Renewal of the Police Department Contract. Mr. Nicks thanked STA staff for their support of this program. The police department provides two police officers for the Plaza, and the expense of one officer is paid for by STA at a cost of \$78,000 for 2007. The area patrolled by the police officers will be larger in 2007 to include Riverfront Park. Ms. Meyer spoke to the City Council last week and the contract was approved.

3. PUBLIC HEARING

A. 2007 Operating and Capital Budgets and Staffing Plan

At 5:40 pm, Mr. Sayrs opened the public hearing. Mr. Plaster gave a presentation on the budgets and staffing plan. He thanked Tammy Johnston, Gordon Howell, Melissa Schwagerl, and Jim Richey for their work on the budget. Two public workshops were held in December. Changes to staffing include the addition of a trainer and four coach operators. These additions will provide the opportunity to provide advanced safety training to coach operators and reduce the 14 hour split shift to 12 hours.

Mr. Mielke arrived at 5:55 pm.

The proposed \$16.2 million capital budget will replace and increase vehicles, enhance customer service, and fund long-range planning projects including Transit 2020. This is 6.3% less than the 2006 capital budget. A new transfer center is planned for Mission and Greene near the community college and STA is on the list for a state grant to fund it. Favorable variances for 2006 totaled \$14.5 million which includes \$5.5 million for cooperative street projects to be used in 2007. Revenues have increased by 4.5% from 2006 due primarily to a stronger economy and higher than expected sales tax revenues. Labor and benefit cost are the largest portion of the operating expenses at approximately 67%. The estimated cash balance on December 31, 2007 is \$46.7 million. Mr. French said that cash is needed to match state and federally funded projects. It used to be an 80/20 split with STA paying 20% but now it's more likely to be 50/50. Mr. Mielke asked why 30 days and 60 days are listed on the cash analysis estimates. Mr. Plaster said the 30 day cash flow is needed to pay bills and avoid obtaining loans; the 60 day is in case of a funding cut so that there are enough funds to maintain current service levels for 60 days. Mr. Munson commented on the \$5 million for right of way acquisition and the importance of letting the public know how these funds are used. Mr. Plaster said it may be used for any future transit-related purpose, for example, park and ride lots, transfer centers, shelters, bus rapid transit or light rail. Any real estate purchase would come back to the Board for approval. Mr. Munson said this was a well thought out budget. Mr. Sayrs said it is important to have contingency funding should the sales tax reauthorization be unsuccessful in 2008. However if it is successful, the funds can be used for other projects such as replacement of vehicles in 2009. Mr. Richard said he was proud to be on the STA Board and commended Mr. Plaster and staff for their fiscal conservatism.

Mr. Plaster said the budget is transparent. STA's costs per revenue hour are the lowest among urbanized transit agencies in the state.

Mr. Sayrs produced a cash analysis report which included further detail on 2009 reserves. The numbers are not different from those presented by staff but some funds were moved into the year 2009. Mr. Richard asked Mr. Plaster for his opinion and he asked the Board to approve the budget presented by staff.

At 6:30 pm, Mr. Sayrs requested public comment. There were no public comments and Mr. Sayrs closed the hearing at 6:32 pm.

5. CITIZEN ADVISORY COMMITTEE REPORT None.

6. BOARD ACTION: CONSENT AGENDA

- A. Minutes of the November 16, 2006, Study Session
- B. Minutes of the November 16, 2006, Board meeting
- C. November 2006 Vouchers
- D. Award of Contract for Ultra-Low Sulfur Diesel and Unleaded Fuel
- E. Award of Contract for Bus Vacuum System
- F. Award of Contract for Fifteen Vanpool Vans
- G. Award of Contract for Fourteen 40' and Three 35' Fixed Route Coaches
- H. Renewal of Police Department Contract

Mr. French moved to approve the consent agenda, items 6. A-H. Mr. Munson seconded and the motion passed unanimously.

7. BOARD ACTION: OTHER ITEMS

A. Reauthorization of County Employee Bus Pass Program

This item was recommended for approval by the Operations and Customer Service Committee. Mr. Richard and Mr. Mielke wanted to ensure that by voting for this item, they were not in violation of a conflict of interest since the pass program is for County employees. Ms. McAloon said they were not since they were disclosing the fact and neither had been involved in the contract negotiation process. **Mr. Stark moved to approve the reauthorization of the County Employee Bus Pass Program as presented. Mr. French seconded and the motion passed unanimously.**

B. 2007 Legislative Priorities

Ms. Millbank explained that this item was discussed at Study Session last month and two issues were brought forward for inclusion in the priorities by the Board: 1) B#2: Oppose any effort of the State to mandate the use of bio-diesel or any other alternative fuel by transit authorities, and 2) STA staff and the Government Relations Consultant will watch diligently for new legislation that may pose a threat or offer new opportunities for Spokane Transit. Mr. McLaughlin said she supports alternative fuel technology. Mr. Munson said it is the intent of local governments to oppose unfunded mandates and suggested including the word "unfunded" in this document. Mr. Richard disagreed. Mr. Mielke said that the price of alternative fuels should be competitive. Mr. Sayrs said these fuels would not be competitively priced unless there was supply and demand. Our region should generate demand and he wanted to strike B #2 from the priorities. Mr. Richard said that the government should not bear the brunt of the cost and this is not the best stewardship of STA funds. Mr. Munson said local government should not provide the demand, the private sector should. **Mr. French moved to approve the motion as presented by staff, Mr. Stark seconded.** Mr. Richard called a point of order. Mr. Sayrs had amended the original motion to strike B#2. This amendment died through lack of a second. **Mr. French's motion passed unanimously.**

C. Non-Represented Staff Handbook

Mr. Doolittle said this item was discussed at Study Session last month and a discussion ensued regarding the ban on hiring users of tobacco products. This has now been deleted from the handbook and will be incorporated into a wellness program to be completed at the end of 2007. Mr. Richard noted that the wording of the tobacco products was still in the document. Mr. Doolittle said that was an oversight and it would be taken out. Mr. Richard also asked about sick leave buybacks for non-represented, non-exempt employees. Mr. Doolittle said that was included to make that group consistent with the other employee groups. Mr. Richard said he did not consider sick leave a benefit and the private sector does not practice sick leave buybacks. Ms. Meyer said there were maximum levels of buybacks and, in most instances, they benefit

senior employees. Mr. Richard asked Mr. Doolittle to bring this back in the future for further discussion. **Mr. Richard moved to approve the Non-Represented Staff Handbook striking the words “In addition, Spokane Transit will deny employment to any applicant that identifies themselves as a user of tobacco products” at the top of page nine. Mr. Munson seconded and the motion passed unanimously.**

D. Proposed 2007 Operating and Capital Budgets and Staffing Plan - Resolution

Mr. Plaster recommended the Board adopt the budgets and staffing plan as presented. **Mr. Stark moved to adopt, by resolution, the 2007 Operating and Capital Budgets and Staffing Plan as presented by staff, amended to include the transfer of \$5 million from the designated reserves to the capital budget for the purpose of acquiring property for public transportation. Mr. Denenny seconded.** Mr. French asked Ms. McAloon if this addition required an amendment to the resolution wording. She said it did not; it could be done by motion. Mr. Munson asked if there was a violation of public debate since the public was not aware of this at the public hearing. Ms. McAloon said that as a special purpose district, STA must adopt a budget and has no requirement to consider public testimony. Mr. Richard said he would not support the motion since he was not aware of the purchase of real estate and thought that issue would be discussed further in February. **The motion passed with Mr. Richard opposing.**

E. Light Rail Advisory Vote

Ms. Meyer said that Mr. Denenny had requested information from staff at last month's meeting regarding Board meetings, public hearings and workshops that had taken place at the time of the sales tax reauthorization in 2004. He wanted to know if, at that time, funding for the light rail project had been discussed and if the public wanted the increased sales tax to be used for that purpose. STA staff compiled a report of minutes from meetings and workshops, and quotes from the Spokesman-Review between 2002 and 2005. This report shows that the public wanted the current bus system to be kept in place and funding for a light rail project be placed on a future ballot. The message sent was that STA should not spend additional monies on light rail, beyond the 20% local match to the federally-funded feasibility project, without a vote. That project has been completed. STA should keep options open for future needs by preserving a transportation corridor and acquiring rights of way. The focus of STA's efforts from 2004 to 2008, with the additional 0.3% sales tax, should be on building and maintaining a strong and healthy bus system.

Mr. Munson moved to dissolve the light rail steering committee and repeal resolutions 527-00, 530-00, 556-03, 576-04, 582-04, 599-05, and 616-06. Mr. Gainer seconded. Mr. Munson said this would not kill light rail but it acknowledges the November vote. Mr. Stark said the Board had just moved \$5 million in the budget to acquire property which could eventually be used for light rail. Should there be a light rail committee in place to guide the Board in property acquisition? Ms. Meyer said it's the Board's decision to give a committee a task, but it is the function of STA staff to deal with property acquisitions. Mr. Richard said he voted against the budget item because of the addition of moving the funds into the capital budget for property acquisition, which could imply the Board is going back on its word where light rail is concerned. It is important to be consistent. **Mr. Richard offered an amendment to the motion to send a letter of commendation to the Light Rail Steering Committee members. Mr. Munson accepted the amendment as did Mr. Gainer as the second.**

Mr. Denenny said the information presented in the staff report shows that STA should consistently be looking for property to acquire for multiple transit uses, but there needs to be a separation from light rail. Mr. Stark said property acquisition is a key, insightful investment. Ms. McAloon said the Board has authorization to purchase property and a committee of the Board is not necessary. Mr. French complimented members of the light rail steering committee for their passion and commitment. The Spokane Regional Transportation Council (SRTC) could elect to continue the project and if so, STA should work with them. Federal funds of \$73,000 are still remaining from the grant. Mr. French said the reasons for the negative vote could be many

from the association with STA and fearing it would compete with the current bus system, to the fact that voters simply did not understand the questions. He appreciated seeing the comments from the meetings associated with the 2004 sales tax reauthorization vote. The light rail environmental impact study has a shelf life and must not be lost as an asset to the community.

Mr. Munson said Bus Rapid Transit should be considered now. Mr. Mielke said the purchase of right of way is very important for many transit needs. In twenty years it could be used for another transit purpose or mode. Mr. Sayrs said it was fiscally irresponsible to buy land without a specific purpose. There is insufficient information to ascertain why the public voted yes or no, but it's time for STA to step aside. Mr. French said that future decision and lawmakers shared the light rail vision. The North/South corridor has taken fifty years to begin. Ms. McLaughlin said she shared that vision and was never against the project. However it would cost so many millions of dollars of local funds that people were not willing to pay. Mr. Richard thought the vote had nothing to do with the association with STA whose efficiency and customer service are excellent. People generally think light rail is a good idea but the connection and purpose are not. What would be the purpose of a north, south or west Spokane resident getting on the light rail to go to Liberty Lake? Northside and airport connectivity are needed. Mr. Richard defended STA's integrity. Mr. Sayrs said the public has a different perspective. Mr. Richard said it was getting late and, with all due respect to the public present, he didn't want to spend the next 30 minutes listening to comments, since there have been numerous public hearings, meetings and workshops where the public has had an opportunity to comment on this subject. Mr. Mielke called point of order. The light rail item is not a public hearing. Ms. McAloon said that public expressions is always on the agenda. Mr. Sayrs called for comments from the public.

Nick Nickoloff, Richard Bryant, Gary Pollard, Bart Hagen, Phyllis Holmes and Dick Raymond all spoke in favor of light rail. Ron Geiss spoke against the project.

The motion passed unanimously.

F. Risk Management Restructure

Ms. Meyer recommended the elimination of the Risk Manager position and the creation of a safety officer. This would result in a savings of approximately \$20,000. The Risk Management department would be eliminated and the functions assigned to Finance, Human Resources and Operations. **Mr. French moved to approve the restructure of the agency risk management functions. Mr. Munson seconded, and the motion passed unanimously.**

Mr. Stark left at 8:25 pm.

8. BOARD INFORMATION

- A. Committee Minutes. As presented.
- B. Miscellaneous Correspondence. As presented.
- C. STA Holiday Service Hours. As presented.

9. CEO REPORT

Ms. Meyer reported that fixed route ridership was up 9.4% November year-to-date and up 8.3% from November 2005. Paratransit was up 6.7% year to date. On December 12, STA provided the 8 millionth ride in 2006. Due to a combination of lower expenses and higher revenues, the combined favorable revenue and operating expense budget variances was \$6.4 million in October. The Nelson/Nygaard consultants interviewed 31 community leaders, plus union leadership, and STA staff as part of the Transit 2020 project. They will provide a recommendation to the Board in April or May, 2007. Jim Plaster, Director of Finance

and Administration, has been elected to a four-year term as Treasurer for the Washington State Transit Insurance Pool (WSTIP). Mike Volz has been hired as Assistant Director of Finance and Administration, and Ed Steeber and Mitch Bright have been promoted to fixed route supervisors. STA employees generously provided Thanksgiving dinners to ten needy families from Holmes Elementary School and to the widow and family of a coach operator. A similar number of families will be helped at Christmas.

10. STAFF REPORTS None.

11. NEW BUSINESS

A. Election of 2007 STA Governing Board Officers

At this time only the election of the Board Chairman could take place since the County Commissioners have not yet appointed members to the STA Board. The election of Chairman Pro Tempore will, therefore, take place at the January meeting. **Mr. Munson moved to nominate Mr. French as Chairman for 2007. Mr. Denenny seconded and the motion passed unanimously.**

B. Proposed 2007 Committee and Board Meeting Calendar

Mr. Richard moved to approve the calendar as presented. Ms. McLaughlin seconded and the motion passed unanimously.

Mr. Sayers added an item as follows:

C. Appointment of STA Board Member to the SRTC Board

Mr. Sayers said since he will no longer be on the STA Board in 2007, he would not be the STA representative on the SRTC Board either. Thus a new Board member from the small cities should be appointed. **Mr. Munson nominated Mr. Gainer from Cheney and Mr. Denenny seconded. Mr. French nominated Richard Schoen from Millwood and Mr. Richard seconded. Mr. Gainer was appointed to the SRTC Board by a unanimous show of hands.**

D. Bus Rapid Transit Discussion

Mr. Munson said that when he made the motion to disband the light rail steering committee, he wanted to discuss Bus Rapid Transit under new business. Bus Rapid Transit (BRT) makes perfect sense in terms of flexibility such as rubber tires, not limited to a specific route, and other factors. This project would cost approximately \$63 million and the federal government may provide up to 60% of the funding. Mr. Munson asked staff if they would present options for the Board to consider. Mr. Mielke asked if it would be on the same corridor as light rail or across the region. Mr. Munson said initially the same corridor would be a place to start since planning work has been done, but it would not be limited to that location. Ms. Meyer said that the results of Transit 2020 would provide essential information for BRT and other transit modes. Mr. Mielke and Mr. Richard would like to look at BRT as an alternative. Mr. Mielke asked if staff could report back to the Board in February with information. Mr. Howell said that would be consistent with Transit 2020 since the consultants would be providing preliminary information about the stakeholder interviews in January. Mr. Munson said only three of the current Board members had seen a presentation on BRT and he would like it presented again.

12. BOARD MEMBERS' EXPRESSIONS

A. Presentation of Gavel to 2007 Board Chairman

Mr. Sayrs said that he and Mr. French joined the STA Board at around the same time in 2002. Mr. French was instrumental in the change that took place at STA and was very serious about the agency looking forward. Mr. Sayrs presented Mr. French with the gavel for 2007.

B. Presentation of Commendation to Brian Sayrs (Retiring Board Chairman)

Mr. French presented Mr. Sayrs with a plaque of commendation. He said there has been a new culture at STA since 2002. In that year a public opinion poll showed 80% believed in public transit but only 40% believed STA was the right agency to lead it. In 2004, 72% believed in STA. This success is shared by Brian who worked diligently on the weekly Taskforce meetings. In addition, he was also a member of the Light Rail Steering Committee, Operations and Customer Service Committee, and the Finance Committee. Mr. French added that it had been a pleasure to serve with Mr. Sayrs and he had a deep admiration for him.

13. EXECUTIVE SESSION

At 9 pm, Ms. McAloon announced that the Board would adjourn for an Executive Session for the following purposes:

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.

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.

While the provisions of the open public meeting law do not apply to planning or adopting the strategy or position to be taken by the Board during the course of ongoing collective bargaining and grievance proceedings, we are announcing our intent to discuss these matters also.

The STA Board of Directors will reconvene in open session at approximately 9:30 pm. 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 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 9:30 pm the Board of Directors reconvened and Chairman Sayrs declared the meeting back in open public session.

Mr. Mielke moved to approve adjustments to the contract with ATU #1015 as negotiated with union representatives. Mr. Richard seconded and the motion passed unanimously.

Mr. Mielke moved to settle the Wolfe claim in the amount recommended by Legal Counsel and to authorize the Chief Executive Officer to execute all documents necessary to finalize settlement. Mr. Denenny seconded the motion and it passed unanimously.

14. Cable 5 Broadcast Dates and Times of the December 14, 2006 Board Meeting:
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|-----------------------------|------------|
| Saturday, December 16, 2006 | 4:00 p.m. |
| Monday, December 18, 2006 | 10:00 a.m. |
| Tuesday, December 19, 2006 | 8:00 p.m. |
15. Next Committee Meetings (STA Southside Conference Room (unless otherwise stated), 1229 West Boone Avenue, Spokane, Washington):
- | | |
|---|---|
| Operations & Customer Service Committee | January 10, 2007, 1:30 p.m. |
| Citizen Advisory Committee | January 10, 2007, 5:00 p.m. 1230 W. Boone |
16. Next Board Study Session, Thursday, January 18, 2007, 4:15 p.m., City Council Chambers, 808 West Spokane Falls Blvd., Spokane, Washington.
17. Next Board Meeting, Thursday, January 18, 2007, 5:30 p.m., City Council Chambers, 808 West Spokane Falls Blvd., Spokane, Washington.
18. ADJOURNED
With no further business to come before the Board, Mr. Sayrs adjourned the meeting at 9:32 pm.

Respectfully submitted,

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