

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

PLANNING & DEVELOPMENT COMMITTEE MEETING

Wednesday, October 4, 2017, 10:00 a.m.
Spokane Transit Southside Conference Room

AGENDA

Estimated meeting time: 75 minutes

1. Call to Order and Roll Call
2. Public Expressions
3. Committee Chair Report (*5 minutes*)
4. Committee Action (*5 minutes*)
 - A. Minutes of the September 6, 2017 Committee Meeting – corrections/approval
Draft Minutes of September 6, 2017
5. Committee Action
 - A. Board Consent Agenda
(*No items being presented this month*)
 - B. Board Action Agenda – Committee Recommendation Agenda
 1. Draft Annual Strategic Plan – (*Meyer*)
 - C. Board Discussion Agenda – Committee Recommendation Agenda
(*No items being presented this month*)
6. Reports to Committee (*45 minutes*)
 - A. Proposed 2018 Operating & Capital Budgets – (*Warren*)
 - B. Horizon 2040 Update – (*Otterstrom/Tresidder*)
7. Committee Information – *no discussion/staff available for questions*
8. CEO Report (*E. Susan Meyer*) (*10 minutes*)
9. New Business
10. Committee Members' Expressions (*10 minutes*)
11. Review November 1, 2017 Committee Meeting Agenda
12. Adjourn
13. Next Committee Meeting: November 1, 10:00 a.m. (STA Southside Conference Room, 1230 W. Boone Avenue, Spokane, WA)

Agendas of regular Committee and Board meetings are posted the Friday afternoon preceding each meeting at the STA's website: www.spokanetransit.com. Discussions concerning matters to be brought to the Board are held in Committee meetings. The public is welcome to attend and participate. Spokane Transit assures nondiscrimination in accordance with Title VI of the Civil Rights Act of 1964 and the Americans with Disabilities Act. For more information, see www.spokanetransit.com. Upon request, alternative formats of this information will be produced for people who are disabled. The meeting facility is accessible for people using wheelchairs. For other accommodations, please call 325-6094 (TTY Relay 711) at least forty-eight (48) hours in advance.

**SPOKANE TRANSIT AUTHORITY
PLANNING & DEVELOPMENT COMMITTEE MEETING**

Ocotober 4, 2017

AGENDA ITEM 2: **PUBLIC EXPRESSIONS**

REFERRAL COMMITTEE: N/A

SUBMITTED BY: N/A

SUMMARY:

At this time, the Planning & Development Committee will give the public an opportunity to express comments or opinions.

Anyone wishing to speak should sign in on the sheet provided and indicate the subject of interest.

RECOMMENDATION TO COMMITTEE: N/A

FINAL REVIEW FOR BOARD BY:

Division Head _____

Chief Executive Officer _____

Legal Counsel _____

**SPOKANE TRANSIT AUTHORITY
PLANNING & DEVELOPMENT COMMITTEE MEETING**

October 4, 2017

AGENDA ITEM 3: **COMMITTEE CHAIR REPORT**

REFERRAL COMMITTEE: N/A

SUBMITTED BY: Al French, Chair, Planning & Development Committee

SUMMARY:

At this time, the Committee Chair will have an opportunity to comment on various topics of interest regarding Spokane Transit.

RECOMMENDATION TO COMMITTEE: N/A

FINAL REVIEW FOR BOARD BY:

Division Head _____

Chief Executive Officer _____

Legal Counsel _____

**SPOKANE TRANSIT AUTHORITY
PLANNING & DEVELOPMENT COMMITTEE MEETING**

October 4, 2017

AGENDA ITEM 4A: **MINUTES OF THE SEPTEMBER 6, 2017 COMMITTEE MEETING –
CORRECTIONS AND/OR APPROVAL**

REFERRAL COMMITTEE: N/A

SUBMITTED BY: Vicki Clancy, Executive Assistant

SUMMARY:

Draft Minutes of the September 6, 2017 Planning & Development Committee meeting are attached for your information, corrections and/or approval.

RECOMMENDATION TO COMMITTEE: Corrections and/or approval.

FINAL REVIEW FOR BOARD BY:

Division Head _____

Chief Executive Officer _____

Legal Counsel _____

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

PLANNING & DEVELOPMENT COMMITTEE

MEETING 10:00 A.M.

DRAFT Minutes of the September 6, 2017 Meeting
Southside Conference Room

MEMBERS PRESENT

Al French, Spokane County*
Candace Mumm, City of Spokane
Aspen Monteleone, City of Airway Heights
E. Susan Meyer, CEO, Ex-Officio

MEMBERS ABSENT

Ed Pace, City of Spokane Valley
Kevin Freeman, Small Cities Representative
(Millwood), Ex-Officio

*Chair

STAFF PRESENT

Steve Blaska, Director of Operations
Beth Bousley, Director of Communications & Customer Service
Karl Otterstrom, Director of Planning & Development
Lynda Warren, Director of Finance & Information Services
Nancy Williams, Director of Human Resources
Emily Arneson, Ombudsman and Accessibility Officer
Jan Watson, Executive Assistant to the CEO & Clerk of the Authority

Guests

Mike Hynes, Associate Transit Planner
Dan Wells, Deputy Director of Capital Development

1. CALL TO ORDER AND ROLL CALL

Chair French called the meeting to order at 10:03 a.m. Roll was called and introductions were made.

2. PUBLIC EXPRESSIONS

None.

3. COMMITTEE CHAIR REPORT

Chair French welcomed the Committee back from the August/Summer break.

4. COMMITTEE ACTION

A. MINUTES OF THE JULY 12, 2017 COMMITTEE MEETING

Ms. Monteleone moved to recommend approval of the July 12, 2017 Planning & Development Committee meeting minutes. The motion was seconded by Chair French and passed unanimously.

5. COMMITTEE ACTION

A. BOARD CONSENT AGENDA

No items were presented this month.

B. BOARD DISCUSSION AGENDA – COMMITTEE RECOMMENDATION AGENDA

No items were presented this month.

6. REPORTS TO COMMITTEE

A. DRAFT 2018 OPERATING & CAPITAL BUDGETS – (E. Susan Meyer / Warren)

Ms. Meyer said that Ms. Warren, her team, and the Executive Team have been working on this draft budget following the workshop that the Board held where the budget parameters were set. Ms. Warren said that the draft will be

shared today, the proposed budget in October, and adoption scheduled in November. This is an opportunity for the P&D Committee to provide guidance and input, and to ask questions. Ms. Warren gave a detailed presentation regarding the 2018 Draft Operating and Capital Budgets and Budget Assumptions. This year's Board guidance is similar prior years, with revisions to match the 2017 Transit Development Plan to ensure consistency between the two. The draft 2018 budget was built based on Board guidance to: foster and sustain quality, maintain a state of good repair, expand ridership, proactively partner in the community, advance and adapt the system growth strategy, and continue with a sustainable plan that avoids debt.

Ms. Warren began with an overview of the operating expenses. The operating budget on the expenditure side is \$3,785,027 million more than the 2017 budget. This increase is due to a 7% increase in fixed route service and a 1.75% in paratransit service which resulted in an overall increase of 5.4%. Ninety-seven percent of the operating expense changes are reflected in the following items which are greater than \$100,000: labor/benefits (\$2 million increase); services (almost \$1 million increase); materials (mainly fuel and repair materials, \$.5 million increase), and insurance (\$3 million increase)/utilities (\$.1 million decrease)/other (total of \$.4 million increase).

(Ms. Mumm arrived at 10:06 a.m.)

Ms. Warren reviewed assumptions in expenses which included: personnel, compensation, benefits and fuel. Major operating expense changes for 2018 assumptions were reviewed and discussed. Estimated operating expenses for 2018 total \$72,844,230.

Ms. Warren reviewed the Operating Revenue Budget. The 2018 operating revenue is expected to increase by \$7,201,985 with the majority coming from sales tax, vehicle fares, grants and miscellaneous. This is a 9.3% increase. In regards to sales tax, the trend was reset from the 2014 actual because that was the first year sales tax revenue passed over the prior trend line. STA is projecting to end the year at about a \$9.2 million per 1/10th of a cent sales tax rate. This projection is based on January – August actuals and then what was budgeted September – December. The trend line ends at \$8,750,369 and added a \$500,000 one-time lump sum for the current year to in order to account for that. In addition to sales tax, Ms. Warren reviewed the other Operating Budget assumptions for revenue: fares, and grants and miscellaneous. Ms. Warren said that other major factors in assumptions include federal grants in the amount of \$8.1 million, state grants in the amount of \$1.4 million, and an interest rate assumption of 1.0%. The operating revenues are very similar to last year; 2018 estimated revenues is \$84,532,378.

Ms. Mumm asked if we have policy regarding additional excess revenues. Ms. Warren responded that any additional excess operating revenue over operating expenses goes to our capital programs.

Ms. Warren presented the 2018 Capital Budget and reminded the Committee that they approved the six-year Capital Improvement Program in July as part of the Transit Development Plan and referred to the handout for additional details. STA is anticipating commitments of \$6 million in federal grants, \$8 million in state grants (a considerably larger sum than we've had in the past), \$23 million in local capital and \$6 million from the amount set aside for fleet replacement. The 2018 Draft Capital Budget total expected is \$43,532,304. Ms. Warren reviewed the draft capital budget by program and funding source.

Ms. Warren added a new slide this year titled "2018 Moving Forward vs Current Service Level Capital Budget" because she anticipated the Committee would be interested in knowing what part of the capital budget is for current service level and what part is related to Moving Forward. Current service level is \$10,846,189 and Moving Forward is \$32,686,115.

The 2017 to 2018 budget comparison was reviewed:

	2017 Budget	2018 Budget-Exec	\$ Change from 2017 Budget	% Change from 2017 Budget
Estimated Revenues:				
Fares & Other Transit Revenue	10,023,749	10,729,851	706,102	7.0%
Sales Tax	57,412,140	63,590,163	6,178,023	10.8%
State Grants	1,382,750	1,409,615	26,865	1.9%
Miscellaneous Revenue	569,001	651,568	82,567	14.5%
Federal Preventive Maintenance	7,942,753	8,109,550	166,797	2.1%
Other Federal Grants	-	41,631	41,631	-
Subtotal: Operating Revenues	77,330,393	84,532,378	7,201,985	9.3%
Federal Capital Revenue	4,930,113	6,037,794	1,107,681	22.5%
State Capital Revenue	6,553,690	8,340,094	1,786,404	27.3%
Subtotal: Capital Revenue	11,483,803	14,377,888	2,894,085	25.2%
Total Revenue	88,814,196	98,910,266	10,096,070	11.4%
Decrease in Cash Balance	8,122,746	29,328,579	21,205,833	261.1%
Total Source of Funds	96,936,942	128,238,845	31,301,903	32.3%
Estimated Expenditures:				
Fixed Route	44,473,641	47,234,090	2,760,449	6.2%
Paratransit	12,839,957	13,276,756	436,799	3.4%
Vanpool	699,000	692,820	(6,180)	-0.9%
Plaza	1,836,828	1,794,509	(42,319)	-2.3%
Administration	9,209,778	9,846,055	636,278	6.9%
Total Operating Expenses	69,059,203	72,844,230	3,785,027	5.5%
Capital Expenditures - Includes FR & PT Fleet	22,453,624	43,532,304	21,078,680	93.9%
FR & PT Fleet Replacement Allocation	5,424,115	11,862,311	6,438,196	118.7%
Total Use of Funds	96,936,942	128,238,845	31,301,903	32.3%

The 2018 Cash and Reserve Analysis was reviewed:

	2018 Draft Budget
OPERATING ACTIVITIES	
Revenue (excluding capital grants)	\$84,532,378
Operating Expense	(\$72,844,230)
Revenue Over / (Under) Operating Expenses	\$11,688,148
CAPITAL ACTIVITIES (Local Funds)	
Purchase of Property, Plant, and Equipment	(23,117,353)
FR & PT Fleet Replacement Allocation	(11,862,311)
Total Local Cash Used for Capital Activities	(34,979,664)
NET DECREASE IN CASH	(23,291,516)
CASH (Projected beginning 2018)	55,580,572
CASH (Projected ending 2018)	32,289,056
BOARD DESIGNATED RESERVES	
Operating Reserve (15% of Operating Expenses)	(10,926,635)
Risk Reserve	(5,500,000)
Right of Way Acquisition Reserve	(4,950,000)
	(21,376,635)
2018 Estimated End of Year Cash Balance After Reserves¹	\$10,912,421

¹ Estimated end of year cash balance after reserves are used for future capital expenditures included in the 2018-2023 Capital Improvement Plan. This excludes the end of year cash balance in the Fleet Replacement Fund projected to be \$14,134,254 as of December 31, 2018.

Next steps were reviewed to include further presentation to the Board, citizen and employee outreach in October via the web and at the STA All Employee Meetings, a Public Hearing at the October 19 Board meeting, and request for adoption for the 2018 budget at the November 16 Board meeting. The Strategic Plan will come to the Board in October for adoption.

Ms. Warren asked if there were any further questions on the budget. Ms. Mumm loved the operating expense budget percentages. Ms. Warren agreed to place those on the slides. Discussion ensued about the trend line slide (page 17). Ms. Warren said she would add a slide on fare box recovery.

B. CONNECT SPOKANE UPDATE: REVIEW DRAFT AMENDMENTS – (Otterstrom/Weinand)

Mr. Otterstrom presented the *Connect Spokane* updates for review and validation. *Connect Spokane* is due for a 3-year update per adopted monitoring and improvement policies. Through the Spring of 2017, STA hosted two workshops, conducted an online survey and stakeholder interviews to receive input on changing conditions and community desire that should be reflected in updates to the plan. Staff presented the findings from the outreach efforts to the Board in June and sought guidance on drafting amendments to the plan. In the process of this project, Ms. Kathleen Weinand has been promoted to Principal Transit Planner, and Mr. Mike Tresidder has been hired as an Associate Transit Planner. He is now working on this project. The objective of Mr. Otterstrom's presentation is to review and validate the overall direction of the proposed draft amendments. STA will host the final workshop on September 27, 2017 at the Plaza to receive feedback on the draft amendments. Following the open house, additional refinements will be made to the draft amendments, with a Public Hearing at the November Board meeting and hopefully a Board Action in December.

Ms. Mumm shared that the City just made several additional changes to the MFTE (Multi-Family Tax Exemption) map. These changes align with STA's plans providing more incentive for multi-family builders along the corridors defined by STA - especially along Division Street, Monroe Street and the Nevada corridor.

Ms. Meyer emphasized that *Connect Spokane* is the Board approved comprehensive plan/long range plan and therefore, encouraged the Committee to analyze the details and provide feedback which is welcomed and necessary.

Mr. Otterstrom presented the *Connect Spokane* Scope of Updates. Part I includes the introduction and background of STA. Parts II and III refer to STA services, activities, and programs. The key issues addressed are transportation network companies (i.e., Uber, Lyft), dynamic routing, mobility hubs, fare technology, transit oriented development, rider safety and security, and autonomous technology. Mr. Otterstrom reminded the Committee that *Connect Spokane* is organized by principles, policies and connect strategies. Principles are generally true all of the time and are guiding statements as to how STA designs service or communicates with the public. The idea that the principles are unchanging, although we may adjust the wording, indicates that most changes occur in the policy element areas that are more specific; shaped by principle but they adapt over time based on Board guidance and public feedback. The connect strategies identify elements that should be addressed in our future transit development plans. For example, in the case of our 2013 update to *Connect Spokane*, connect strategies became the foundation for STA Moving Forward so these strategies are action oriented and more timely.

Chair French asked that as the definition of transit changes, should STA incorporate other forms of transit (i.e., taxis, Uber, Lyft) under their umbrella for the purpose of bringing consistency to these multi-jurisdictional forms of transit? Staff acknowledged this was an important question encompassed in the update. Discussion ensued.

Mr. Otterstrom presented the overall table of each part of the plan and mentioned the proposal to add a new element to the program called safety and security at a planning level. Other updates are as follows:

Part I – Introduction - Most updates involved general clean-up such as updating data to reflect 2017 figures (ie, Spokane population) since it was originally written in 2010. Additional history content was added and other elements updated to reflect current conditions. For example, regarding the element of energy, today's focus is on how energy is transitioning to the electrification of transit instead of the scarcity alone of petroleum based fuels.

Chair French mentioned that Spokane population is quickly approaching 500,000 and asked if this might allow us to qualify for a particular metric that would be beneficial. Mr. Otterstrom indicated there were none. Discussion ensued on the importance of ongoing tracking of population growth and planning.

Part II – Services

High Performance Transit Network – The plan proposes one policy update and one connect strategies update. HP 2.0 HPT Service Type Selection and the High Performance Transit Network Map. There are no changes to the maps, just the colors have been changed for a clearer communication.

Fixed Route Services – The plan proposes six policy updates and one connect strategy update. The updates propose to adjust the minimum and maximum service percentages: a 5% decrease in the minimum amount of annual fixed-route revenue service hours allocated to Basic Service, a 5% decrease in the maximum amount of annual fixed-route revenue service hours allocated to Commuter Peak Service, and 10% increase in the maximum amount of annual fixed-route revenue service hours allocated to HPT Service. The plan proposes an update in hours of service to better reflect existing and planned service levels. Policy FR 5.0 was added to address service reliability and operability. Mr. Blaska emphasized the importance of the service reliability policy. It is consistent with the measures the City has taken in terms of investment. Since the expectation out of this policy is that the STA on-time performance level is higher (although currently at 94%), it is because of this investment in service reliability that reliability can continue to be built into the route structures.

Flexible Services – the plan proposes to identify program types as “Flexible Services” to be a larger tent which could incorporate TNCs, dynamic routing, bike share, etc.

(Ms. Mumm left at 11:19 a.m.)

Part III – Activities and Programs

System Infrastructure – The plan proposes two new policies and three policy updates. The plan proposes to add in 2.0 Transit Asset Management Plan (the methods used for maintaining and replacing the current assets). In the current federal transportation authorization bill known as the FAST Act, Congress has stated it wants transit agencies to be more accountable for their assets. STA wants to demonstrate to the FTA that we are taking this seriously. Under 4.0 Passenger Interface Components, bike share was added to 4.5 Bicycle Facilities, and a new policy was added to 4.7 Rideshare Infrastructure. In addition, through the CCL process, we are working on updating 4.9 HPT Stations and Stops. A new connect strategy includes features at transit centers and stations that allow passengers to conveniently switch between travel modes.

Communications & Public Input – The plan proposes one new policy be added to Major Construction Projects. On construction projects over \$5 million, STA or its consultant will develop a public outreach plan to provide information about the project.

Revenues & Fares – The plan proposes one policy update and one connect strategy update. The plan proposes updated current fare payment methods, updated principle/policy to reflect stance on advertising, and updated strategies to reflect future incorporation of new fare technologies.

Regional Transportation and Land Use Coordination – The plan proposes one new policy and one policy update. The plan updated 1.2 to call out increased densities and parking requirements on key transportation corridors. Created new 2.2 Form Development Partnerships.

Sustainability – an element that was added after 2010. Proposing to update the purchasing policy. The agency’s fleet replacement plan will anticipate emerging alternate fuel options for its vehicles. The plan will aggressively integrate battery-electric bus technology into the Fixed Route fleet as those vehicles and supporting infrastructure meet the conditions of the purchasing policy. Evaluate other alternate fuels, such as propane, for the Paratransit fleet. Monitor options for the agency’s non-revenue vehicle.

Safety & Security – This is an entirely new element. The policy includes policy on: rider safety and security, employee training, user assisted technology, CPTED implementation, planning, and customer privacy (includes cyber security). Ms. Monteleone and Mr. Tresidder agreed that rider safety and security should be broadened to include the employee safety and security.

Next steps were reviewed to include a *Connect Spokane* Horizon 2040 open workshop, 4-6 pm, at the Plaza on September 27. An invitation to all Board members will be sent. Final draft amendments will be presented to the P&D Committee on November 1, the Public Hearing takes place at the Board meeting on November 16, and Board action takes place at the December Board meeting. Mr. Otterstrom suggested that the Chair briefly report on the *Connect Spokane* update highlights at the Board meeting instead of presenting a detailed report, and then invite all Board members to the Open House as an opportunity to provide additional feedback. The Committee agreed.

In order to save time, Mr. Otterstrom mentioned that they are also working on the updating of Performance Metrics as to how we measure routes, but did not provide a report.

Ms. Meyer reminded the Chair that they would go beyond the scheduled ending meeting time. She requested that they review the next month's agenda and then allow her to present a few "hot topics". Chair French agreed.

7. COMMITTEE INFORMATION

No discussion / staff available for questions.

8. CEO REPORT

STA Chief Executive Officer, E. Susan Meyer, presented a shortened version of her CEO Report to the Committee which included the following topics:

- **Welcome Daniel Wells!** – Daniel Wells is the new Deputy Director of Capital Development in the Department of Planning and Development. He received his Bachelor of Arts degree in Community Planning from the University of Washington and has 16 years of transit experience with King Country Metro where he oversaw RapidRide BRT passenger facilities, capital programming and Link Light Rail bus integration. A Spokane Valley native, Dan graduated from Central Valley High School. At STA, he will be responsible for all of the capital projects. This is a newly created position as a result of the 10-year plan.
- **New Communications Flyer** – The Communications department has created a new flyer for the September Service Change occurring Sunday, September 17, 2017. There is a video which was deferred in order to save time.
- **Central City Line Small Starts Progresses** – On August 18, FTA notified Spokane Transit that we did not need to submit additional or revised documentation in advance of the September 8 annual Capital Investment Grant program deadline. On August 30, FTA notified STA that ridership estimates result in a "medium" cost of effectiveness rating, which is our goal. NEPA environmental documentation for a categorical exclusion is anticipated to be submitted in the coming weeks. Full design work has commenced with survey work beginning this week. Ms. Meyer and Mr. Otterstrom will visit FTA Region X and Linda Gehrke on September 7 to update on the project and deliver 28 letters of support from business and community groups. Senator Murray's office is coordinating a letter of support for the project to be signed by Spokane's federal delegation.
- **Pineroft Business Park** – Several Board members received multiple requests for service to the Pineroft Business Park (the Mirabeau Parkway area). STA's preliminary service change proposal last year considered service to this location. However, this area has lower density of employment and population than the preferred option (new Route 96 Mid Valley). In addition, the location is challenged by lack of reliable access to populated areas to the north. Vanpool may be an effective option for some. STA will continue to monitor changes and requests over time.
- **Annual Transportation Choices Event** – Tomorrow evening, Spokane Transit Authority will receive an award at the Annual Transportation Choices Coalition event as a Transit Hero because of our positive ballot measure. Ms. Meyer and Mr. Otterstrom will attend to receive the award.

- **Smoke from regional wildfires**– In order to combat the smoke from numerous fires, coach operators and van operators have access to a mask if desired as recommended by the Health District. In addition, permission has been granted to keep buses closed (windows) and allow the buses to idle more to keep the environment cleaner.

Ms. Meyer asked that a link to the Communications video be sent to the Committee members. Ms. Bousley will do so and she mentioned that the video can be found on YouTube.

9. **NEW BUSINESS**

None.

10. **COMMITTEE MEMBERS' EXPRESSIONS**

None.

11. **REVIEW OF OCTOBER 4, 2017 COMMITTEE MEETING DRAFT AGENDA**

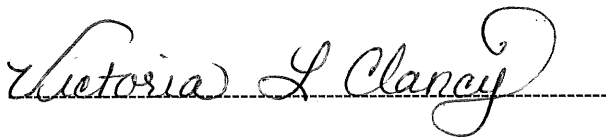
As presented in packet. Ms. Warren shared that the Public Hearing would be at the Board meeting and not the Planning and Development Committee meeting. That verbiage will be removed from the P&D agenda.

12. **NEXT MEETING – WEDNESDAY, NOVEMBER 1, 2017, 10:00 A.M. STA SOUTHSIDE CONFERENCE ROOM, 1230 W. BOONE AVENUE**

13. **ADJOURN**

Chair French adjourned the meeting at 11:43 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Victoria L. Clancy". The signature is written in black ink and is positioned above a horizontal dashed line.

Victoria L. Clancy, Executive Assistant

**SPOKANE TRANSIT AUTHORITY
PLANNING & DEVELOPMENT COMMITTEE MEETING**

October 4, 2017

AGENDA ITEM 5B1: **DRAFT 2018 ANNUAL STRATEGIC PLAN**

REFERRAL COMMITTEE: N/A

SUBMITTED BY: E. Susan Meyer, Chief Executive Officer

SUMMARY:

A critical review of the organization's fundamental direction is important to meet new opportunities and challenges. The Annual Strategic Plan provides guidance to help shape Spokane Transit's activities for the upcoming year.

At this time, the Committee will review the Draft Annual Strategic Plan for 2018.

RECOMMENDATION TO COMMITTEE: Recommend approval to the Board of the 2018 Draft Annual Strategic Plan as presented.

FINAL REVIEW FOR BOARD BY:

Division Head _____

Chief Executive Officer _____

Legal Counsel _____



2018 Proposed Operating and Capital Budgets

October 2017

Vision/Mission

Vision

- We aspire to be a source of pride for the region.

Mission

- We are dedicated to providing safe, accessible, convenient, and efficient public transportation services to Spokane region's neighborhoods, business and activity centers;
- We are leaders in transportation and a valued partner in the community's social fabric, economic infrastructure, and quality of life;

Organizational Priorities

- Ensure Safety
- Earn and Retain the Community's Trust
- Provide Outstanding Customer Service
- Enable Organizational Success
- Exemplify Financial Stewardship

2018 Budget Guidance

Foster and Sustain Quality – Continue initiatives and projects that improve quality and usefulness of STA's services. (2017 Transit Development Plan)

Maintain a State of Good Repair – Continue vehicle replacement and facility maintenance/improvement programs. (2017 Transit Development Plan)

Expand Ridership – Continue to foster ridership markets in line with the principles of Connect Spokane. (2017 Transit Development Plan)

Proactively Partner in the Community – Coordinate with jurisdictions and other agencies, be a leader in implementing the regional transportation vision. (2017 Transit Development Plan)

Advance and Adapt the System Growth Strategy – Grow the transit system consistent with community growth and resources. (2017 Transit Development Plan)

Continue with a Sustainable Plan that avoids debt. (Connect Spokane)

Operating Expenses

2018 vs 2017

Operating Expense Budget

2018 Operating Expense Budget	\$72,844,230
2017 Operating Expense Budget	<u>\$69,059,203</u>
Operating Expense Budget Change	\$3,785,027 (5.5% increase)

Fixed Route Service increase = 7%

Paratransit Service increase = 1.75%

Operating Expense Changes in 2018

97% of expense changes reflected in items above \$100,000

Object	2017 Budget (Rounded)	\$ Change (Rounded)	2018 Budget (Rounded)	Increases/(Decreases) >\$100,000	Amount (Rounded)
Labor/Benefits	\$47.3M	\$2.0M (4.2%)	\$49.3M	Labor Medical/Dental Retirement Sick/Vacation/Holiday L&I/VEBA	\$0.4M \$1.1M \$0.3M \$0.1M \$0.1M
Services	\$8.6M	\$0.9 (10.4%)	\$9.5M	Software Maintenance Contracted Transportation	\$0.3M \$0.5M
Materials	\$9.2M	\$0.5M (5.4%)	\$9.7M	Fuel/Lubricants Repair Materials/Inventory	\$0.3M \$0.2M
Insurance Utilities Other	\$4.0M	\$0.3M (7.5%)	\$4.3M	Property & Liability Insurance Utilities Low Income Grant	\$0.3M (\$0.1M) \$0.1M
Total	\$69.1M	\$3.7M (5.4%)	\$72.8M		\$3.6M

2018 Operating Budget Assumptions

Expenses – Personnel

Division	2017 Positions	Additions	2018 Positions
Fixed Route	387 FT 30 PT	Coach Operators (Add 7 FT Minus 3 PT) Supervisor (1) Facilities Laborer (2) General Repair Vehicle Technician (3) Servicer Cleaner (1) Customer Service (Add 1 FT Minus 2 PT)	402 FT 25 PT
Paratransit	92 FT 3 PT	Paratransit Reservationist (1)	93 FT 3 PT
Vanpool	2 FT		2 FT
Administrative	51 FT	Senior Network Engineer (1) Communications Specialist (1)	53 FT
Total	532 FT 33 PT	18 FT Additions 5 PT Subtractions	550 FT 28 PT

FT = Full time PT = Part time

2018 Operating Budget Assumptions

Expenses – Compensation

Employee Group	# Of Employees (July 2017)	Contract Term	2018 General Wage Increase
ATU 1015 (Fixed Route Operators, Maintenance, Facilities & Grounds, Customer Service & Clerical)	387	Contract expired March 31, 2017	TBD
AFSCME 3939 (Paratransit)	77	July 2015 to June 2018	TBD
ATU 1598 (Fixed Route & Paratransit Supervisors)	22	February 2015 to January 2018	TBD
Management & Administrative (Includes Security)	77	At Will	2%
Total	563		

2018 Operating Budget Assumptions

Expenses – Benefits

Medical & Dental

Plan	2018 Estimated Premium % Increase (Decrease)	# of Employees Enrolled (as of July 2017)
Premera	22%	277
Kaiser Core HMO	20%	30
Kaiser Buy-Up HMO	20%	216
Kaiser CDHP	22%	19
Washington Dental	(4%)	543

- Retirement
 - Employer's retirement contribution rate
 - 12.7% July 1, 2017 – June 30, 2019
 - Employee's contribution rate
 - PERS 1 6.0% on-going (statutorily set)
 - PERS 2 7.38% (legislatively set)
 - PERS 3 Varies 5% to 15%

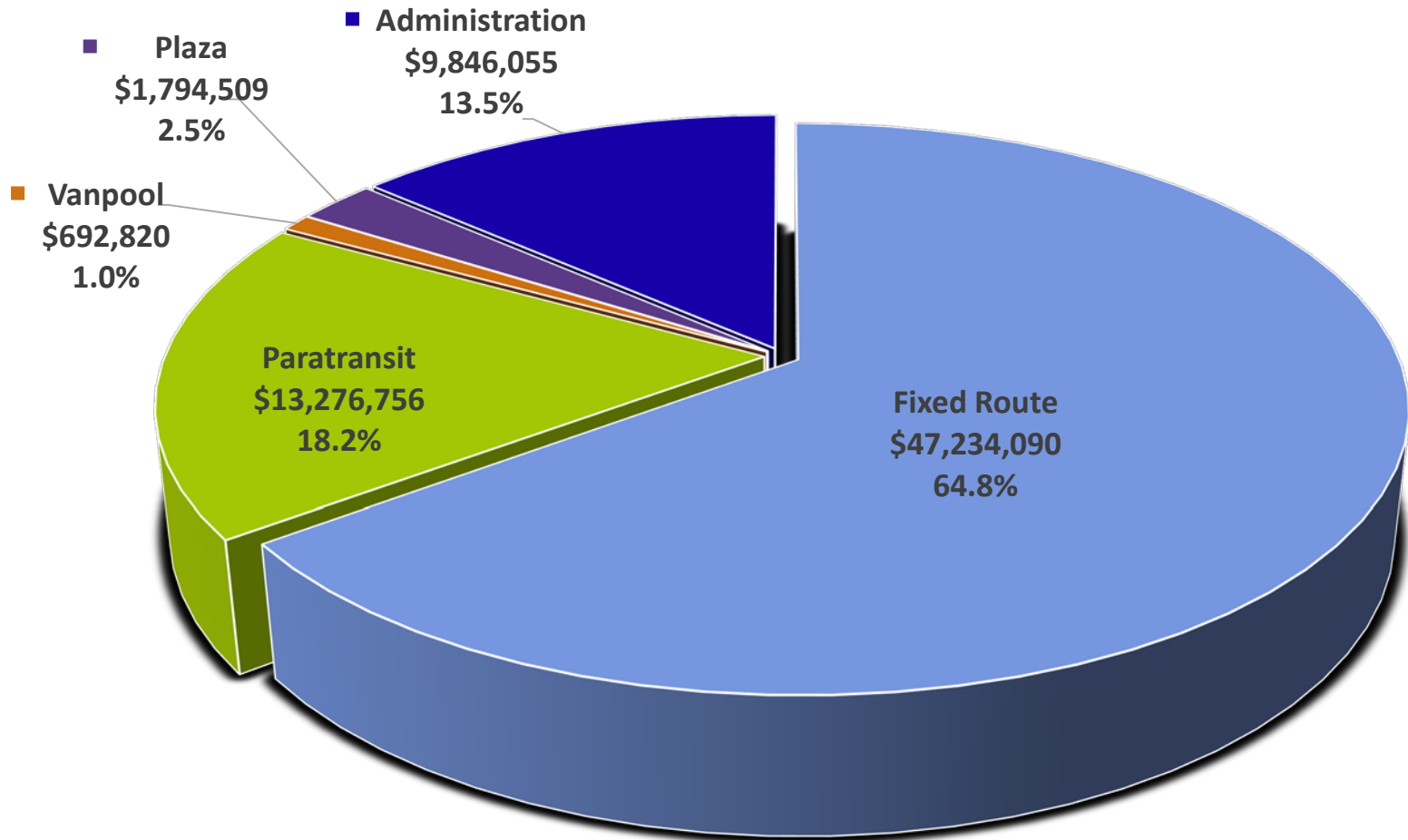
2018 Operating Budget Assumptions

Expenses – Fuel

	Average Price Per Gallon			Total Fuel Budget (appr)
	2016 Actual	2017 Budget	2018 Budget	
Diesel	\$1.54	\$2.61	\$2.32	\$3.9M
Gasoline	\$1.97	\$2.52	\$2.37	\$0.4M
Total				\$4.3M

1 Energy Information Administration July 2017 forecast with ½ standard deviation

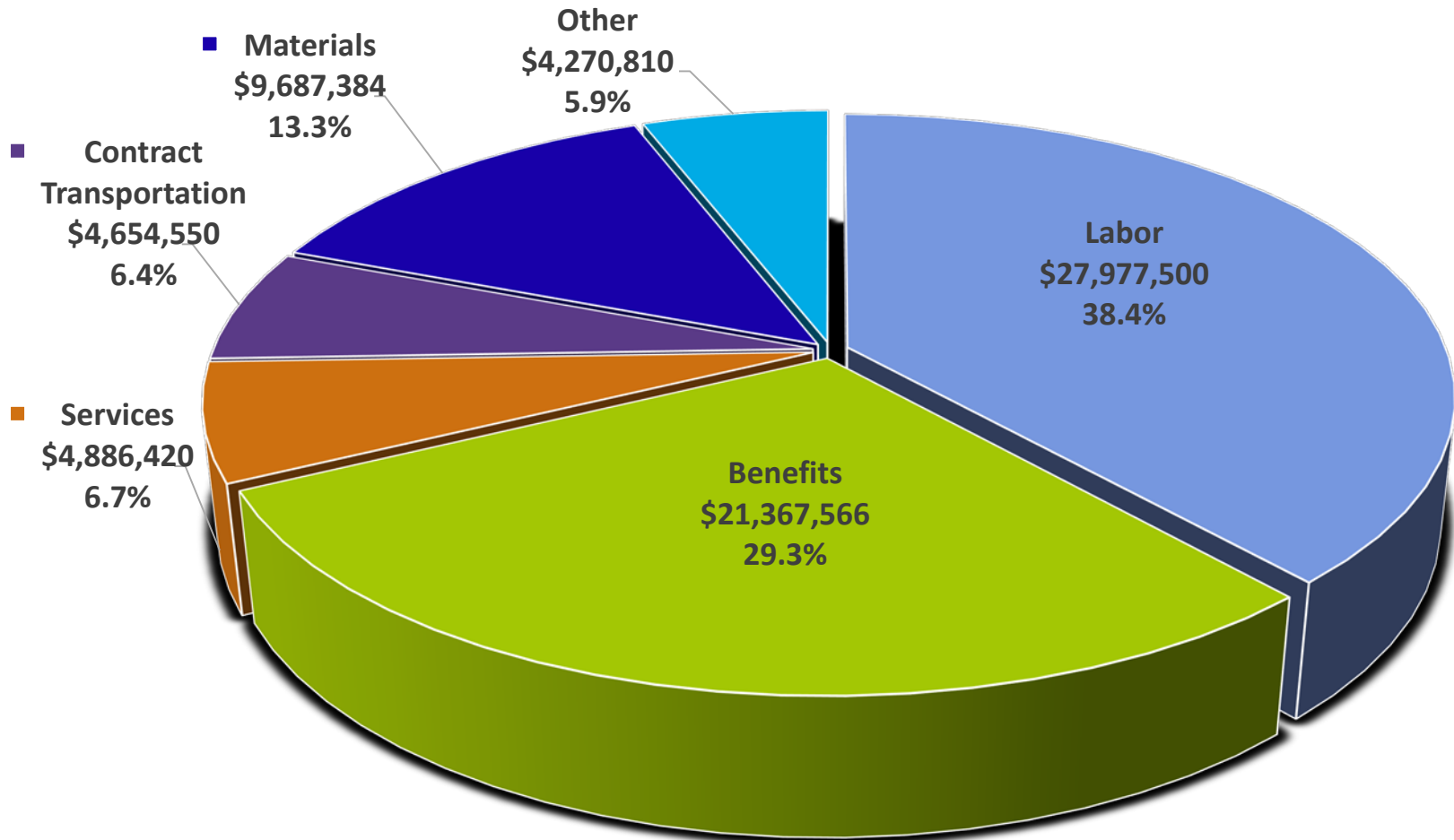
2018 Operating Expenses by Division



\$72,844,230

2018 Proposed Budget

2018 Operating Expenses by Object



\$72,844,230

NOTE: As required by federal accounting standards, "labor" includes wages for work time only. "Benefits" includes wages for paid time off. "Materials" include fuel costs.

2018 Proposed Budget

Revenue

2018 vs 2017

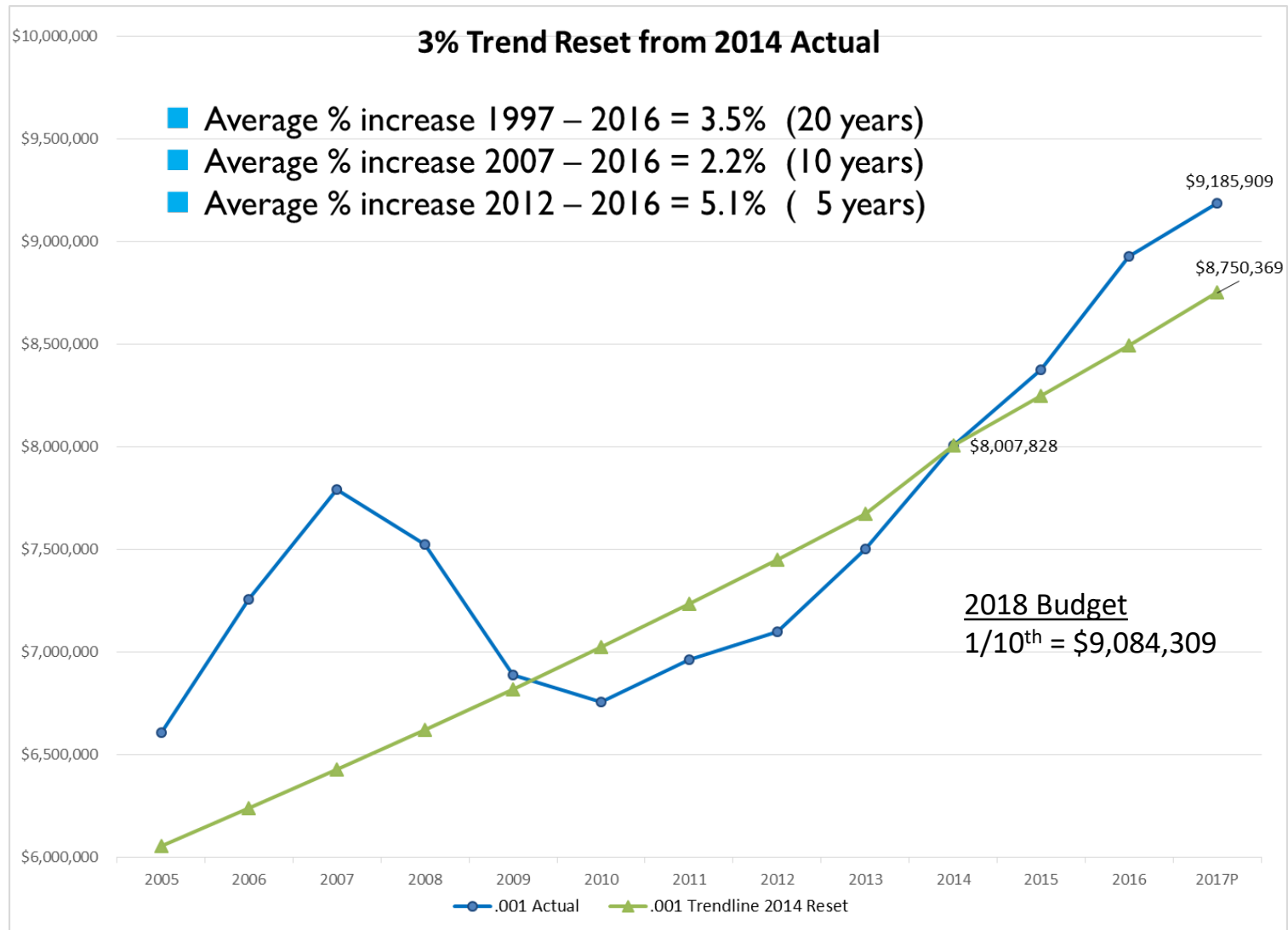
Operating Revenue Budget

2018 Operating Revenue	\$84,532,378
2017 Operating Revenue	<u>\$77,330,393</u>
Operating Revenue Change	\$7,201,985 (9.3% Increase*)

*Mainly sales tax revenue (8%)

Trend vs Actual

Value of 1/10th of a Cent Sales Tax Rate



2017 Projected based on Jan – Aug Actuals and Sept – Dec Budget

2018 Proposed Budget

Operating Budget Assumptions

Revenue – Sales Tax

- Sales tax revenue growth assumption based on Board direction of 3.0% trend beginning with 2014 actual sales tax revenue.
- \$500,000 one-time addition to reflect current economic conditions.

Operating Budget Assumptions

Revenue – Fare

- Fare revenue based on:
 - Phase II fare increase effective July 1, 2018
from \$1.75 to \$2.00
 - Ridership Increases

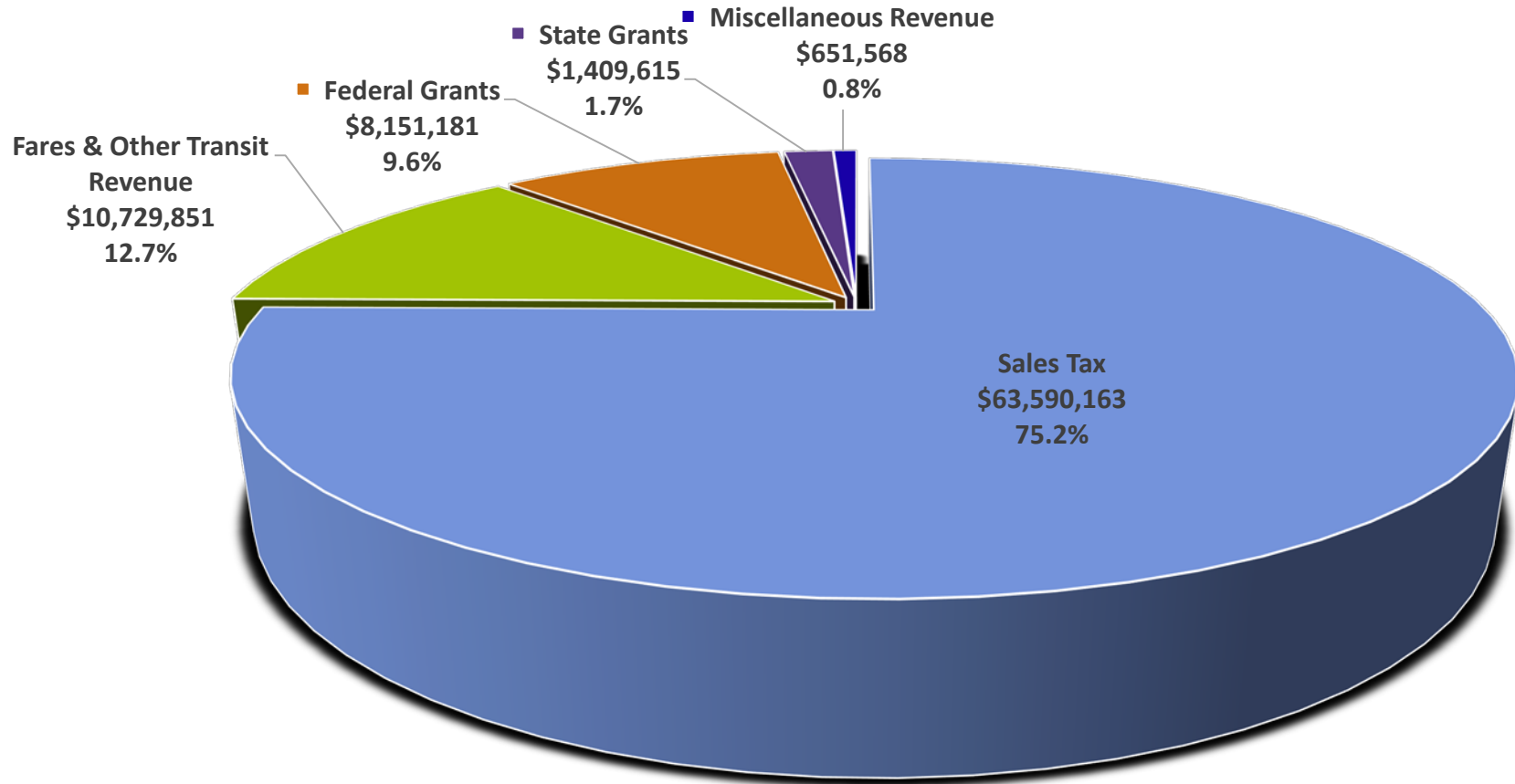
	% Increase over 2017	Estimated Ridership
Fixed Route	1.5%	10.4M
Paratransit	1.5%	477K
Vanpool	2.5%	198K

Operating Budget Assumptions

Revenue – Grants and Miscellaneous

- Federal grants of \$8.1M
- State grants of \$1.4M
- Interest rate assumption of 1.0%

2018 Operating Revenues



\$84,532,378

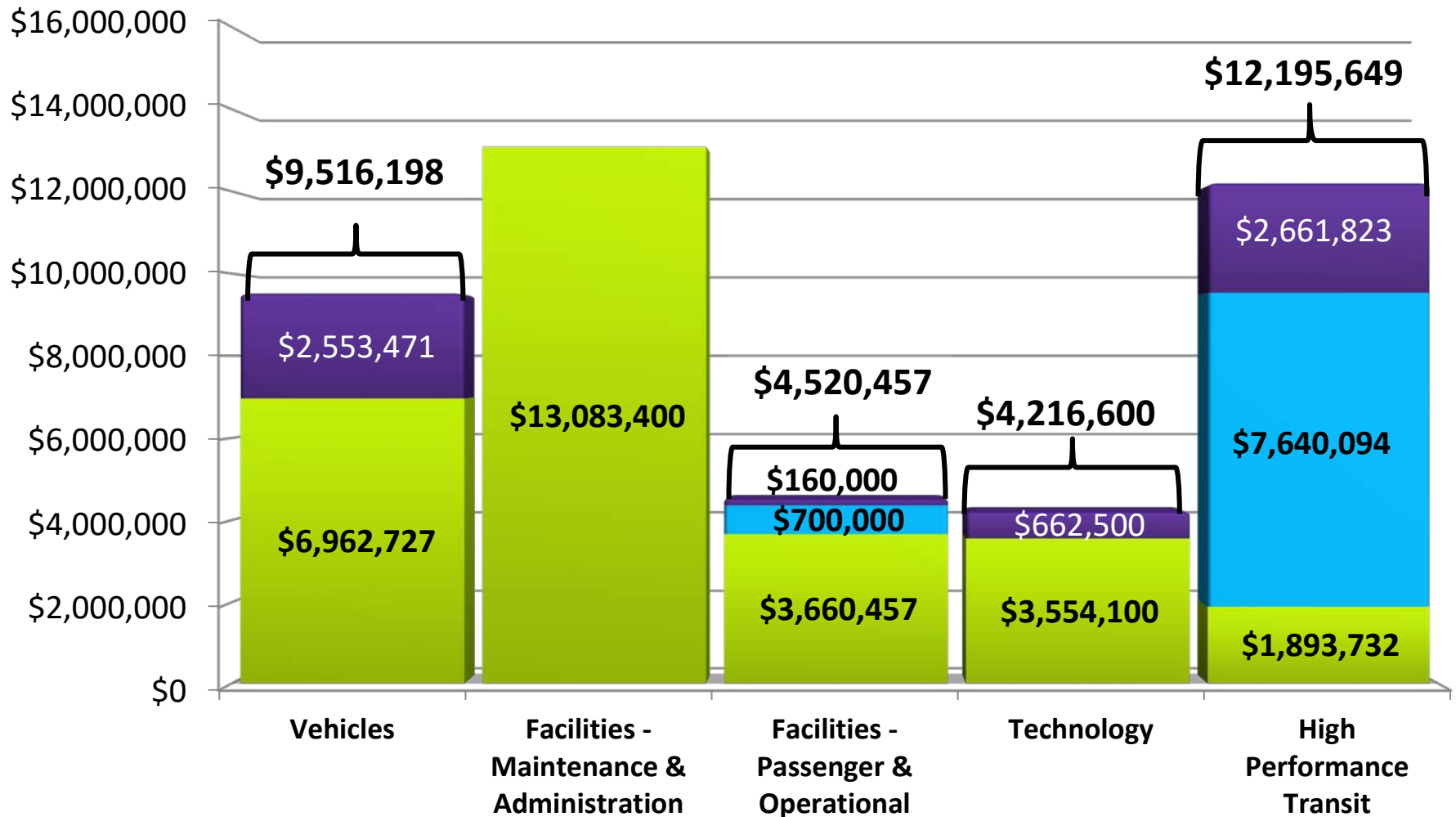
Capital

2018 Capital Budget

Funding Source	Amount	% of Total
Federal	\$ 6,037,794	13.9%
State	\$ 8,340,094	19.2%
Local:		
Capital ¹	\$ 23,117,353	53.1%
Fleet Replacement	<u>\$ 6,037,063</u>	13.9%
Total 2018 Capital Budget	<u>\$ 43,532,304</u>	

¹ Amount excludes Fixed Route Coaches and Paratransit Vans funded from Fleet Replacement Fund.

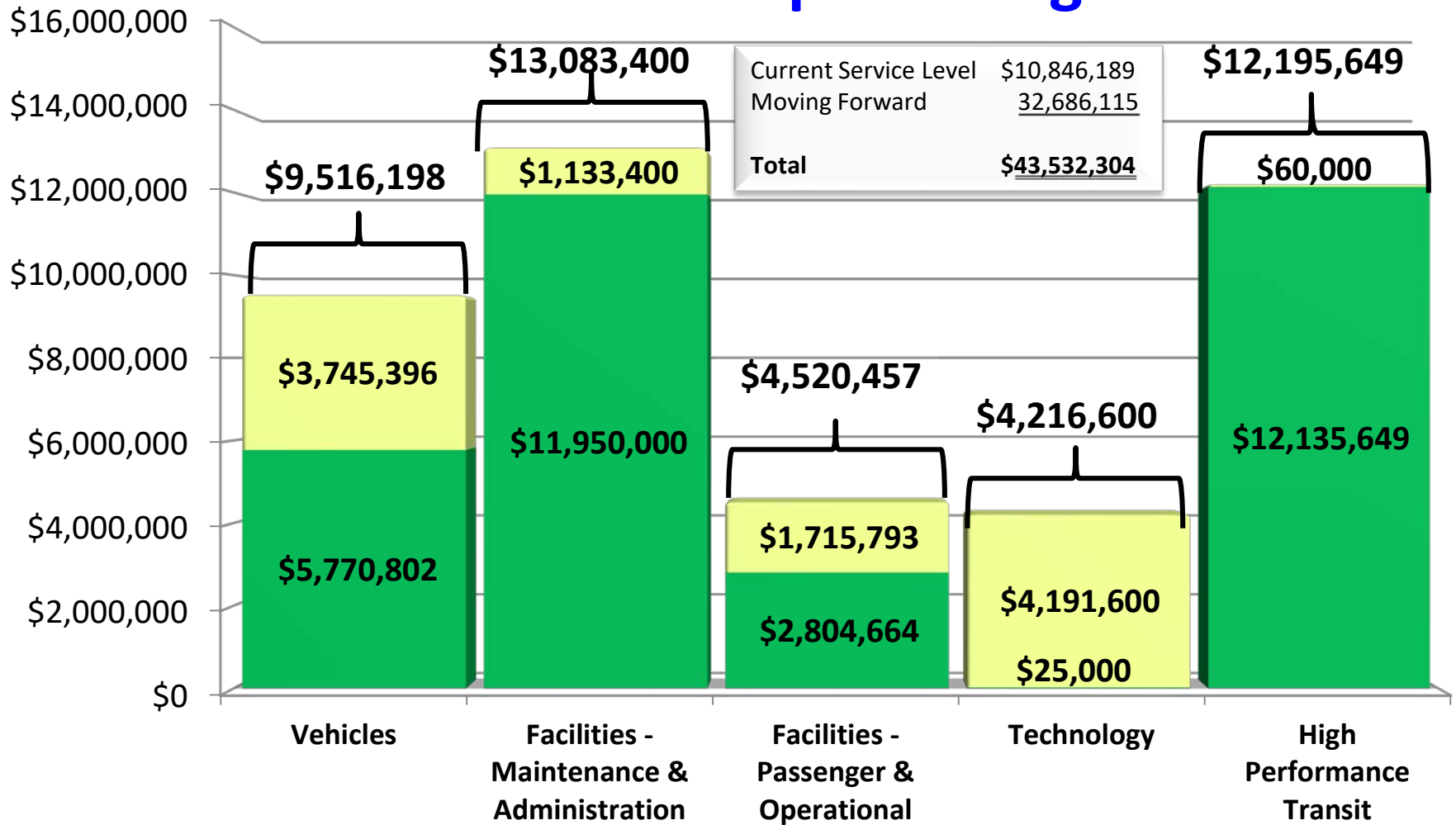
2018 Capital Budget



Total 2018 Capital Budget \$43,532,304

Local State Federal

2018 Moving Forward vs Current Service Level Capital Budget



Total 2018 Capital Budget \$43,532,304

■ Current Service Level
■ Moving Forward

Budget Comparison 2017 to 2018

	2017 Budget	2018 Budget-Draft	\$ Change from 2017 Budget	% Change from 2017 Budget
Estimated Revenues:				
Fares & Other Transit Revenue	10,023,749	10,729,851	706,102	7.0%
Sales Tax	57,412,140	63,590,163	6,178,023	10.8%
State Grants	1,382,750	1,409,615	26,865	1.9%
Miscellaneous Revenue	569,001	651,568	82,567	14.5%
Federal Preventive Maintenance	7,942,753	8,109,550	166,797	2.1%
Other Federal Grants	-	41,631	41,631	-
Subtotal: Operating Revenues	77,330,393	84,532,378	7,201,985	9.3%
Federal Capital Revenue	4,930,113	6,037,794	1,107,681	22.5%
State Capital Revenue	6,553,690	8,340,094	1,786,404	27.3%
Subtotal: Capital Revenue	11,483,803	14,377,888	2,894,085	25.2%
Total Revenue	88,814,196	98,910,266	10,096,070	11.4%
Decrease in Cash Balance	8,122,746	29,328,579	21,205,833	261.1%
Total Source of Funds	96,936,942	128,238,845	31,301,903	32.3%
Estimated Expenditures:				
Fixed Route	44,473,641	47,234,090	2,760,449	6.2%
Paratransit	12,839,957	13,276,756	436,799	3.4%
Vanpool	699,000	692,820	(6,180)	-0.9%
Plaza	1,836,828	1,794,509	(42,319)	-2.3%
Administration	9,209,778	9,846,055	636,278	6.9%
Total Operating Expenses	69,059,203	72,844,230	3,785,027	5.5%
Capital Expenditures - Includes FR & PT Fleet	22,453,624	43,532,304	21,078,680	93.9%
FR & PT Fleet Replacement Allocation	5,424,115	11,862,311	6,438,196	118.7%
Total Use of Funds	96,936,942	128,238,845	31,301,903	32.3%

2018 Cash and Reserve Analysis

	2018 Draft Budget
OPERATING ACTIVITIES	
Revenue (excluding capital grants)	\$84,532,378
Operating Expense	(\$72,844,230)
Revenue Over / (Under) Operating Expenses	\$11,688,148
CAPITAL ACTIVITIES (Local Funds)	
Purchase of Property, Plant, and Equipment	(23,117,353)
FR & PT Fleet Replacement Allocation	(11,862,311)
Total Local Cash Used for Capital Activities	(34,979,664)
NET DECREASE IN CASH	(23,291,516)
CASH (Projected beginning 2018)	55,580,572
CASH (Projected ending 2018)	32,289,056
BOARD DESIGNATED RESERVES	
Operating Reserve (15% of Operating Expenses)	(10,926,635)
Risk Reserve	(5,500,000)
Right of Way Acquisition Reserve	(4,950,000)
	(21,376,635)
2018 Estimated End of Year Cash Balance After Reserves¹	\$10,912,421

¹ Estimated end of year cash balance after reserves are used for future capital expenditures included in the 2018-2023 Capital Improvement Plan. This excludes the end of year cash balance in the Fleet Replacement Fund projected to be \$14,134,254 as of December 31, 2018.

Next Steps

Date (2017)	Action
September 6th	2018 Draft Budget-Operating & Capital presented to the Planning & Development Committee
September 21 st	2018 Draft Budget-Operating & Capital presented to STA Board
October	Citizen and Employee Outreach
October 4 th	2018 Proposed Budget-Operating & Capital & 2018 Strategic Plan presented to the Planning & Development Committee
October 19th	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

Questions?

lyndawarren@spokanetransit.com

Lynda Warren
Director of Finance and Information Services

**SPOKANE TRANSIT AUTHORITY
PLANNING & DEVELOPMENT COMMITTEE MEETING OF**

October 4, 2017

AGENDA ITEM 6A: PROPOSED 2018 OPERATING AND CAPITAL BUDGETS

REFERRAL COMMITTEE: N/A

SUBMITTED BY: E. Susan Meyer, Chief Executive Officer
 Lynda Warren, Director of Finance & Information Services

SUMMARY:

At this time, staff will present an automated video regarding the proposed 2018 Operating and Capital Budgets.

A public hearing on the proposed 2018 Operating and Capital Budgets will be held at the October 19, 2017 Board of Directors meeting at 1:30 p.m. at 1229 W. Boone Avenue in the South Side conference room.

RECOMMENDATION TO COMMITTEE: Information only.

FINAL REVIEW FOR COMMITTEE BY:

Division Head _____

Chief Executive Officer _____

Legal Counsel _____

SPOKANE TRANSIT AUTHORITY
PLANNING & DEVELOPMENT COMMITTEE MEETING

October 4, 2017

AGENDA ITEM 6B: **HORIZON 2040 UPDATE**

REFERRAL COMMITTEE: N/A

SUBMITTED BY: Karl Otterstrom, Director of Planning & Development
Mike Tresidder, Associate Transit Planner

SUMMARY:

Horizon 2040, SRTC's long-range transportation plan, also known as a Metropolitan Transportation Plan (MTP), is a multimodal "blueprint" aimed at meeting the needs of the Spokane region through 2040. The plan is based on projections for growth in population, housing, and jobs and considers all mode of transportation, including private vehicles, public transit, bicycling, walking, freight movement, rail and air travel.

Horizon 2040 was first adopted in 2013. SRTC is required by the federal government to update the plan every four years. Work is underway on an update to be completed in 2017. Draft chapters of the updated version are being published at <https://www.srtc.org/horizon-2040/> as they are completed. The complete updated version will be available for public comment in early October of 2017.

A key component of this update is to confirm the plan's consistency with current and forecasted transportation and land use conditions and trends. Regionally significant projects must be included in Horizon 2040 and added to the transportation demand model. SRTC classifies a transportation project as regionally significant if the project:

1. Cannot be grouped in the Transportation Improvement Program (TIP) and or State TIP (STIP), and/or it is not listed as an exempt project type in the Environmental Protection Agency's (EPA's) regional transportation conformity regulation (40 C.F.R. part 93); and
2. Is on a facility which serves regional transportation needs (federally classified as a principal arterial, highway, or freeway) and alters the number of through-lanes for motor vehicles for a length greater than a half mile, or impacts a freeway or freeway interchange (other than maintenance projects); or
3. Is a new or extended fixed guideway transit service (dedicated bus lanes, vehicle track or wires) or capital expenditures related to a new fixed-route transit service on a facility which serves regional transportation needs (federally classified as principal arterial or higher); or
4. Is determined by the SRTC Policy Board to be regionally significant or have the potential for adverse emissions impacts for any reason.

STA ultimately submitted four projects that met the definition of regionally significant project as defined by SRTC:

- Argonne Road Park & Ride
- Central City Line
- Division Bus Rapid Transit (BRT)
- US 395 – North Spokane Corridor Transit

All of the projects STA identified for Horizon 2040 are contained as Strategies within *Connect Spokane*, as Horizon 2040 looks beyond the timeframe of STA Moving Forward.

For transit, Horizon 2040 used the following funding assumptions – 2.5% growth plus additional three-tenths of one percent sales tax, federal funding (Section 5309 Small Starts, CMAQ), and grants (e.g., WA State Mobility Grant). The tax increase is assumed to be implemented in three phases for each new tent (2017, 2019, 2030), with the last increase

(along with renewal of the other two tenths) subject to future board and voter approval. These assumptions are for planning purposes and do not bind future boards.

Staff will provide a brief update on the planning process and STA's involvement in it.

RECOMMENDATION TO COMMITTEE: Update.

FINAL REVIEW FOR BOARD BY:

Division Head _____

Chief Executive Officer _____

Legal Counsel _____

**SPOKANE TRANSIT AUTHORITY
PLANNING & DEVELOPMENT COMMITTEE MEETING**

October 4, 2017

AGENDA ITEM 8: **CEO REPORT - INFORMATION**

REFERRAL COMMITTEE: N/A

SUBMITTED BY: N/A

SUMMARY:

At this time, the CEO will have an opportunity to comment on various topics of interest regarding Spokane Transit.

RECOMMENDATION TO COMMITTEE: N/A

FINAL REVIEW FOR BOARD BY:

Division Head _____

Chief Executive Officer _____

Legal Counsel

**SPOKANE TRANSIT AUTHORITY
PLANNING & DEVELOPMENT COMMITTEE MEETING**

October 4, 2017

AGENDA ITEM 9: **NEW BUSINESS**

REFERRAL COMMITTEE: N/A

SUBMITTED BY: N/A

SUMMARY:

At this time, the Committee will have the opportunity to initiate discussion regarding new business relating to Planning & Development.

RECOMMENDATION TO COMMITTEE: N/A

FINAL REVIEW FOR BOARD BY:

Division Head _____

Chief Executive Officer _____

Legal Counsel _____

**SPOKANE TRANSIT AUTHORITY
PLANNING & DEVELOPMENT COMMITTEE MEETING**

October 4, 2017

AGENDA ITEM 10: COMMITTEE MEMBERS' EXPRESSIONS

REFERRAL COMMITTEE: N/A

SUBMITTED BY: N/A

SUMMARY:

At this time, members of the Planning & Development Committee will have an opportunity to express comments or opinions.

RECOMMENDATION TO COMMITTEE: N/A

FINAL REVIEW FOR BOARD BY:

Division Head _____

Chief Executive Officer _____

Legal Counsel _____

**SPOKANE TRANSIT AUTHORITY
PLANNING & DEVELOPMENT COMMITTEE MEETING**

October 4, 2017

AGENDA ITEM 11: **REVIEW NOVEMBER 1, 2017 DRAFT AGENDA ITEMS –
INFORMATION**

REFERRAL COMMITTEE: N/A

SUBMITTED BY: Karl Otterstrom, Director of Planning & Development

SUMMARY:

At this time, members of the Planning & Development Committee will have an opportunity to review and discuss the items proposed to be included on the agenda for the November 1, 2017 Committee meeting.

Proposed agenda items include:

- Minutes of the November 1, 2017 Committee meeting – *Corrections/Approval*
- Adoption of 2018 Operating & Capital Budgets – *Board Action*
- Proposed 2017 P&D Committee Work Program – *Committee Report*
- *Connect Spokane* Update: Review Revised Draft Amendments – *Committee Report*

RECOMMENDATION TO COMMITTEE: Review and discuss.

FINAL REVIEW FOR BOARD BY:

Division Head _____

Chief Executive Officer _____

Legal Counsel _____