

**RECORD OF THE PROCEEDINGS
SKAGIT TRANSIT BOARD OF DIRECTORS**

Wednesday, November 16, 2016

The Skagit Transit Board of Directors met in regular session in Burlington, WA. Mayor Steve Sexton called the meeting to order at 1:01 p.m. followed by the Pledge of Allegiance, Roll Call, and Introductions.

Members Present:

Steve Sexton, City of Burlington, Mayor (Chair)
Keith Wagoner, City of Sedro Woolley, Mayor (Vice Chair)
Laurie Gere, City of Anacortes, Mayor
Jill Boudreau, City of Mount Vernon, Mayor
Rick DeGloria, City of Burlington, Council Member
Katie Jungquist, Skagit County Treasurer
Jeanne Youngquist, Skagit County Auditor
Soren Jensen, Labor Representative (non-voting member)

Staff Present

Dale O'Brien, Executive Director
Motoko Pleasant, Manager of Finance & Admin
Troy Fair, Operations Manager
Brad Windler, Service Development Planner
Al Schaner, Maintenance & Facilities Manager
Mary Lozeau, Clerk to the Board

Members Absent:

Ron Wesen, Skagit County Commissioner
Kenneth Dahlstedt, Skagit County Commissioner
Lisa Janicki, Skagit County Commissioner

Member of Public:

Donna Pitcher-Oakland
Alan Oakland

Providing Legal Counsel:

I Public Comment:

II Consent / Action Items:

- a) Approval of Minutes
- b) Approval of Claims and Payroll
 - September Payroll Direct Deposits and Checks # 15764 - # 15786..... \$ 610,475.83
 - September Direct Federal withholding transfer..... \$ 128,793.15
 - September Claims Checks and ACH # 32559 - # 32683 \$ 836,769.97

Ms. Boudreau moved to approve all Consent / Action items. Mr. Wagoner seconded the motion. The motion passed unanimously.

III Full Discussion/Action Items:

a) Monthly Budget Update

Ms. Pleasant reported Skagit Transit received \$1,030,760 sales tax revenue in the month of October. This compares with \$897,974 in October of 2015. This is a 14.79% or \$132,786 increase over last year with a year to date increase of 6.95% or \$584,774. Skagit Transit also received \$202,884 in state and federal grant reimbursement.

Ms. Pleasant stated Expenses included revenue vehicle parts and supplies. Capital Expenses included Skagit Station Upgrade Project and computer equipment. Fuel is within budget and all other expenses were as expected.

Mr. DeGloria moved to approve the Monthly Budget Update. Ms. Boudreau seconded the motion. The motion passed unanimously.

b) Public Hearing for 2017 Fiscal Year Budget Public Comment

Chair Sexton opened the Public Hearing and asked for public comment. Mr. Oakland of South Fidalgo Island stated he would like to hear about the performance of the South Fidalgo Island pilot program. Mr. Windler answered South Fidalgo Service is an action item on the agenda and asked the Board if they would like to address the topic now. Mr. Sexton suggested address South Fidalgo Service according to the agenda. No other comments were received.

Mr. Sexton made a motion to close the public hearing. Ms. Boudreau seconded the motion.

c) Resolution 2016-11 Fiscal Year 2017 Budget

Ms. Pleasant stated for 2017 the total revenue budget is \$18,192,836 and compared to the 2016 budget there is a 4% increase. Ms. Pleasant noted the tax budget is \$9,845,601 which is a 5% increase from the 2016 budget. Ms. Pleasant stated the total budget for grants is \$5,406,967.

Ms. Pleasant reported for expenses the total operating budget is \$13,308,288 that includes a 2% cost of living increase, two new positions and a 5% increase in benefits. Ms. Pleasant reported the capital budget for 2017 is \$4,829,122 which includes five fix route buses, two for replacement and three for expansion. Seven paratransit replacement vehicles and four replacement vanpool vans. \$75,900 for radios. Ms. Pleasant noted maintenance and facilities, Park & Rides, and route improvement total capital is \$325,260. Skagit Station capital improvement is \$104,100, the IT budget is \$100,000. Ms. Pleasant noted the new MOA building is \$1,148,748. \$1,501,032 of total capital is for purchasing and projects carried over from 2016.

Mr. Wagoner inquired if the radios are matched to the replacement radios. Mr. Schaner answered the existing radios are analog and no longer available brand new. Mr. Schaner noted the industry is moving to digital signals. The new radios will replace the radios in the entire fleet.

Ms. Boudreau moved to approve Resolution 2017-11 Fiscal Year Budget. Mr. Wagoner seconded the motion. The motion passed unanimously.

d) Resolution 2016-10 Amend Spending Limits and Procurement Policy and Procedures

Mr. O'Brien stated the current \$10,000 spending limit of Skagit Transit's Executive Director was authorized by Resolution #2003-04, passed in open public meeting on February 19, 2003. This Resolution further authorized the Board Chairman to approve purchases up to \$25,000 the full Board of Directors to approve any purchase exceeding \$25,000; and such procurements must be solicited by a formal competitive procurement process.

Mr. O'Brien noted as Skagit Transit grows and market prices continually rise, the limits set in 2003 have become restrictive as the Agency strives to conduct timely procurements while seeking the best price or best value with taxpayer dollars. Increasing the current micro-purchase threshold of \$3,000 to \$5,000 would help streamline the smaller spot-buys for immediate needs purchases that do not require competitive quotes, only a fair and reasonable price determination.

Mr. O'Brien stated within the Agency's Small Acquisition Threshold (SAT) levels \$3,001 - \$25,000, the Board Chair is the middle man approving purchases exceeding the Executive Director's spending authority but falling under the formal threshold requiring full Board approval. Skagit Transit's accounting system processes Electronic Requisitions which become Purchase Orders after all required approvals are obtained. The Board Chairman does not have access to the system and the only way to approve an E-Req is for Procurement staff to print a hard copy, manually insert a signature line, and have the document delivered to the Board Chair for signature. Mr. O'Brien explained the purchase cannot proceed until all approving signatures are obtained. It is good business practice to alleviate such inefficiencies and streamline our procurement processes.

Ms. Youngquist stated she is representing Mr. Wesen today and he would not like to see an increase in spending limits noting that the county executive is authorized for decisions of \$5000 and below. Ms. Jungquist stated she is representing Ms. Janicki who does not approve this resolution. Ms. Youngquist suggested if it is hard to get ahold of Board Chair then to have a secondary person or Vice Chair added for approval. Mr. Wagoner stated he is fine with the \$5000 and not okay with \$50,000 and agrees with the absent commissioners. Ms. Boudreau reported the city of Mount Vernon has her authorized for \$50,000 and below and does not want to add bureaucratic messes and delays when trying to get things purchased. Ms. Gere stated she does not have a problem with raising the limit. Mr. DeGloria stated he has no problem with the purchasing amount.

Ms. Gere moved to approve Resolution 2016-10 Amending Spending Limits and Procurement Policy and Procedures as is without an addendum. Mr. DeGloria seconded the motion. The motion passed with Mr. Wagoner, Ms. Youngquist, and Ms. Jungquist opposed.

e) Award Propane AutoGas Card Lock Services Contract #16-012-F

Mr. Schaner stated Skagit Transit will soon take delivery of its first order of propane fueled Cutaway buses. The State Contract for propane does not meet Skagit Transit's requirements for an AutoGas card lock operated system. Preliminary market research determined that only three of five propane Vendors with offsite fueling stations in Skagit County could provide AutoGas card lock services, and two of the Vendors are partners. Mr. Schaner stated Invitation For Bids (IFB) #16-012-F was published 10/26/16 to solicit sealed bids for the purchase of Propane Autogas Card Lock Services, including free-of-charge commercial fuel cards.

Mr. Schaner noted the IFB was advertised in the Agency's official Newspaper of Record. Bid notices were posted at Skagit Station, the MOA, on Skagit Transit's website, and sent to all on the Vendor Bid List. The IFB and two subsequent Addenda were also posted on the Agency's website. Two responsive bids were received by the deadline on Nov. 8th and were opened, read aloud, and recorded in open public meeting at the MOA.

Mr. Schaner reported Bids were evaluated on the lowest per gallon Margin Bid Price offered for the initial 3-year Contract Term. The margin is firm-fixed and is added to a specified benchmark to determine the Contract Price for AutoGas. Bidders ranked from lowest to highest were Blue Star Gas Seattle Co., and Ferrell Gas. Per Policy and State bid law, award goes to the lowest responsive and responsible bidder.

Ms. Boudreau asked if this is within the budget. Mr. Schaner answered yes.

Ms. Boudreau moved to award AutoGas Card Lock Services Contract #16-012-F. Mr. Wagoner seconded the motion. The motion passed unanimously.

f) South Fidalgo Service

Mr. Windler stated in February 2016 staff was authorized to begin a six month pilot project to provide demand response service two days per week to South Fidalgo Island. Mr. Windler noted the six month pilot service began June 1, 2016 and is open to the general public with no eligibility required. The fare is \$1 with no transfers or passes. Advanced scheduling is required and customers can schedule a ride up to four days in advance. Mr. Windler reported the estimated is \$64.51 cost per trip.

Mr. Windler stated a similar service, known as Pocket Service, was terminated in 2012 due to low ridership and a strategic decision to move away from demand-response services that went beyond what was required by the Americans with Disabilities Act (ADA). Pocket Service in South Fidalgo Island averaged 1.7 boardings per hour between 2010 and 2012, its last three years in operation. Mr. Windler noted the decision to move away from providing rural transportation in areas with very low ridership was strategic. Doing so has allowed the Agency to focus on the challenge of providing ADA paratransit service as required by Federal law. All transit agencies must provide complementary ADA paratransit within $\frac{3}{4}$ of the fixed routes they operate to serve those that cannot access the fixed route, this service is known as ADA paratransit. Mr. Windler stated continuing service to the South Fidalgo area would be a policy decision that runs counter to recent efforts by Skagit Transit to focus limited resources on productive fixed routes and meeting our ADA paratransit requirements. Demand for ADA paratransit service is growing and will continue to grow with our aging population. Mr. Windler noted an ADA denial is any event where Skagit Transit is unable to fulfil a ride requested by an ADA client within an established time window. There is no acceptable number of denials for a transit agency and staff has been working very hard to keep denials at zero following a 2014 Federal Transit Administration audit finding.

Mr. Windler stated this service has not been well utilized judging by the low ridership. There have been 78 trips in the first 5 months of the service which included 43 days of service which is less than two trips per service day. While the original performance measure was two trips per revenue hour, we have found this to be an inaccurate measure of the efficiency of this service. The South Fidalgo Connector is providing 3.88 trips/revenue hour, but only 1.28 trips/total hours when you include the non-revenue time to provide the service. This is caused by the large distance vehicles travel between the MOA and March's Point as well as the driver's hours involved. Skagit Transit by contract guarantees a minimum of two hours for drivers who are called in to work. Since this is a demand response service, it is difficult to add this work to a schedule as the time and amount of work varies dramatically day to day. Skagit Transit has had to pay two hours of wages for a morning trip into

March's Point and then pay an additional two hours for a return trip from March's Point into South Fidalgo in the afternoon. This is inefficient and expensive.

Mr. Windler reported Skagit Transit has incurred excessively high costs to provide this service. Skagit Transit receives a number of service requests each year from people living in rural areas of the County. Often these requests are for paratransit or demand response type of services. Mr. Windler noted it is difficult to communicate that Skagit Transit cannot provide countywide coverage when we operate some rural demand response service. When this service was designed, it was estimated that the total hours of service would be similar to the revenue hours much like the other services we operate. However, this has proven to be incorrect. Mr. Windler explained Skagit Transit has experienced that the time needed in non-revenue service is significantly higher than the revenue time needed to operate this service. This has increased the overall cost of providing this service. Skagit Transit spends approximately \$64.51 per trip to provide the South Fidalgo Connector and spends roughly \$8 to provide a trip on fixed route and \$37.50 per paratransit trip. Mr. Windler stated if Skagit Transit were to continue the service or expand it to other service days, then the cost will have to be addressed. Mr. Wagoner asked if paratransit service is available in this area. Mr. Windler answered no since South Fidalgo Island is beyond our service area. Mr. Wagoner stated it is clear this is not financially justified and recommended other alternatives should be considered in the future to alleviate the problem. Mr. Windler stated this is a constant struggle for rural transit agencies to determine how much coverage we can deliver verses being financially responsible to those who provide tax dollars to operate service. Ms. Gere asked if paratransit could be provided to this area. Mr. Windler stated this is outside of our service area. When expanding service outside the service area you must provide paratransit to all other requests outside our service areas. Mr. O'Brien stated we did reach out to taxi vendors in Skagit County and learned they do not and will not manage a federal drug and alcohol testing program for their drivers. Ms. Boudreau stated it is difficult for a rural service area to provide expanded coverage. Ms. Boudreau noted she appreciates staff trying to provide this type of service and as a Board we have a tough decision to make that would be hard to defend to a taxpayer base.

Mr. Oakland stated he appreciated what Skagit Transit has provided and also appreciates what his wife Ms. Oakland-Pitcher has done to promote the service. Mr. Oakland stated they knew the service was going to fail. Mr. Oakland inquired if the taxes would be discontinued in their area. Mr. O'Brien answered the precinct did vote in the transit tax which is a sales tax from retail in the South Fidalgo area and it is not a guarantee you will receive transit service. Mr. Oakland stated it is very unfair and requested the area not pay a transportation tax. Mr. Oakland asked Skagit Transit and Island Transit to work together to provide transportation for his spouse. Mr. Oakland noted Island Transit passes by their home twelve times per day. Mr. Oakland will request that Island pick up his spouse at their home instead of the bus stop and bring her to March's Point. Mr. Oakland requested Skagit Transit work with Island Transit at March's Point to provide transportation.

Mr. Wagoner moved to approve discontinuation of demand response service in the South Fidalgo area as a pilot program that began June 1, 2016 and will end December 1, 2016. Ms. Boudreau seconded the motion. The motion passed unanimously.

IV Citizens Advisory Committee Report:

Mr. Windler reported the committee met last week and said they would support whatever the Board determines is best for South Fidalgo service area. Mr. Windler stated the committee is working on goals for 2017 and asked if the Board has any topic or direction for the committee to work on.

IV Information Items:

Mr. O'Brien informed the Board Skagit Transit will have the appraisal for the additional piece of land being considered for purchase adjacent to the new MOA the first week of November. Staff will turn the appraisal over to the FTA for their concurrence.

V Unfinished Business:

VI New Business:

Chair Sexton adjourned the meeting at 1:39 p.m.

Attest:

Mary Lozeau,
Clerk of Skagit Transit Board

Mayor Steve Sexton, Chair
Skagit Transit Board of Directors