

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

Wednesday, December 19, 2018

The Skagit Transit Board of Directors met in regular session in Burlington, WA. Vice-Chair Gere called the meeting to order at 1:05 p.m. followed by the Pledge of Allegiance, Roll Call, and Introductions.

Members Present:

Jill Boudreau, City of Mount Vernon, Mayor
Julia Johnson, City of Sedro Woolley, Mayor
Kenneth Dahlstedt, Skagit County Commissioner (Chair)
Laurie Gere, City of Anacortes, Mayor (Vice Chair)
Lisa Janicki, Skagit County Commissioner
Mary Hudson, City of Mount Vernon, Councilmember
Melinda Hunter, Labor Representative (non-voting member)
Rick DeGloria, City of Burlington, Councilmember
Ron Wesen, Skagit County Commissioner
Steve Sexton, City of Burlington, Mayor

Staff Present

Dale O'Brien, Executive Director
Motoko Pleasant, Manager of Finance & Admin
Allan Schaner, Maintenance/Facilities Manager
Mark Kennedy, Operations Manager
Joe Macdonald, Safety & Training Supervisor
Brad Windler, Service Development Planner
Whitney Fernandes, Clerk to the Board

Members Absent:

Members of Public:

Randy Cook (TCF Architecture)
Mark Hurley(TCF Architecture)

Providing Legal Counsel:

None

I Public Comment:

None.

II Consent / Action Items:

- a) Approval of October Meeting Minutes
- b) Approval of November Workshop Minutes
- c) Approval of Claims and Payroll

October Payroll Direct Deposit and Checks #16040 – 16049	\$809,456.79
October Direct Federal withholding transfer	\$153,294.18
October Claims Checks and ACH #36147- #36344.....	\$391,521.24
November Payroll Direct Deposit and Checks #16050 – 16062	\$737,550.67
November Direct Federal withholding transfer	\$156,317.59
November Claims Checks and ACH #36322- #36493	\$276,650.08

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

III Full Discussion/Action Items:

- a) Monthly Budget Update for October and November 2018

Ms. Pleasant stated Skagit Transit received \$1,166,176 sales tax revenue in October and \$1,157,833 in November. For October, this is a 10.8% or \$113,917 increase over last year with a year to date increase

of 10.7% or \$1,027,602 and for November, it is a 10.3% or \$107,797 increase over last year with a year to date increase of 10.6% or \$1,135,398.

Ms. Pleasant stated Skagit Transit also received total of \$368,417 Federal and state grant reimbursement in October and November 2018.

Ms. Pleasant stated the agency had capital expenses for Skagit Station HVAC system, engine replacement for revenue vehicle, vanpool decals for new vans, new MOA building design and engineering and modular building purchased for the Safety Department office.

Ms. Pleasant stated all operating expenses were as expected. Ms. Pleasant stated she needs to make a revision to the reserve account balance for November 2018 on the documents that were sent to the Board members. Ms. Pleasant stated she will send the revised report to all the Board members. The reserve accounts balances at end of November were Operating: \$2,159,961, Facilities: \$400,000, Capital Replacement: \$3,993,142, Non-Designated: \$2,233,777 with a total balance at end of November of \$8,786,880.

Ms. Pleasant stated staff recommends the Board approve the monthly budget reports.

Ms. Hudson moved to approve the October and November Monthly Budget Update. Mr. DeGloria seconded the motion. The motion passed unanimously.

b) Public Hearing 2019 Budget

Ms. Gere opened the Public Hearing for the 2019 Budget and asked for public comment. Ms. Gere noted no members from the public were present and no comments were received. Ms. Gere closed the public comment period.

c) Approve Resolution 2018-13 Fiscal Year 2019 Budget

Mr. O'Brien stated the proposed 2019 Budget was sent to the Board members for review on November 19, 2018. Mr. O'Brien stated the 30 day notice to the public was also initiated on November 19th and no public comments were received.

Mr. O'Brien stated in 2018 the amended budget was \$15,760,079 and the proposed 2019 budget is \$20,943,078 which is a 32.83% increase and includes a 5% sales tax increase. Mr. O'Brien stated the expenses in 2018 were \$14,722,309 and the proposed expenses for 2019 are \$15,784,989 which is a 7.22% increase.

Mr. O'Brien stated the total Capital Budget for 2019 is \$9,776,901 including \$1,300,000 in depreciation expenses. Mr. O'Brien stated the MOA II design and engineer budget is \$1,448,968 and the construction budget is \$3,385,105.

Mr. O'Brien stated staff recommends the Board approve the resolution 2018-13 approving the fiscal year 2019 budget.

Mr. O'Brien added there is no increase in full time employees (FTE) however there is a request to reclassify the Safety Supervisor to a manager. Mr. O'Brien stated Mr. Macdonald has done a great job over the past six months taking over the safety and training department and now will be overseeing the security department as well. Mr. O'Brien stated Mr. Macdonald will also take over his position on the Washington State Transit Insurance Pool (WSTIP) Board of Directors. Mr. O'Brien stated he will remain the alternate and continue to attend the WSTIP meetings.

Mr. Wesen stated he would like to thank staff for finishing the budget in advance and distributing it to the Board members with time to review. Mr. Sexton stated he would also like to say thank you to staff for preparing the budget in advance, and shared his concern for the 5% budget for sales tax increase. Mr.

Sexton stated the City of Burlington is projecting a 2% sales tax increase for next year. Ms. Pleasant stated total sales tax revenues received at the end of November already exceeded what staff budgeted for 2018. Ms. Pleasant stated Skagit Transit is receiving an average of 9.5 % or \$93,000 more per month of sales tax revenue than what was budgeted for 2018. Ms. Pleasant stated a 5% increase from the 2018 budget is not too optimistic and within reason.

Ms. Johnson moved to approve Resolution 2018-13 Fiscal Year 2019 Budget. Mr. Dahlstedt seconded the motion. The motion passed unanimously.

d) 2018 FTA 5307 FLEX Funds Grant Award

Mr. Windler stated on September 15, 2010, the Board passed Resolution 2010-09 authorizing the Executive Director to sign grant agreements upon Board approval of the project and funding of the grant award. Mr. Windler stated the following is presented for Board approval of the programing and award of 2018 U.S. Department of Transportation funding.

Mr. Windler stated the Federal Fiscal Year 2018 Federal Highway Administration (FHWA) Surface Transportation Program (STP) funds flexed to Federal Transit Administration (FTA) Section 5307 funds were awarded to Skagit Transit from Skagit Council of Government in the amount of \$100,000.

Mr. Windler stated Skagit Transit will use these funds to assist in delivering the following projects: \$20,000 for the purchase of up to five (5) bus shelters to be placed on highly utilized bus stops, \$30,000 for consultant services to develop bus stop standards to assist in planning and permitting of bus stops and \$50,000 for reconstruction of bus stops to meet ADA standards.

Mr. Windler stated staff recommends the Board approve the grant projects and budgets, and authorize the programming of the funding and the Executive Director to execute the grant agreements.

Mr. Windler stated the funding source requires the local agency to provide 20% of the project funds and the project cost will be shared at an 80/20 ratio.

Mr. Windler stated the total cost of each project is estimated as follows: bus shelters \$20,000 federal; \$5,000 local; total project estimate \$25,000. Consultant Contract \$30,000 federal; \$7,500 local; total project estimate \$37,500. Construction of Bus Stops: \$50,000 federal; \$12,500 local; total project estimate \$62,500.

Mr. Windler stated these projects would be in conjunction with the engineering on call services contract that the Board previously approved which allows staff to get engineering support. Mr. Windler stated there is a contract in place and this is the funding mechanism for the first round of that work.

Mr. Wesen inquired what percentage or how many stops will need to be reconstructed to meet ADA standards. Mr. Windler stated as engineering estimates are being received the number of stops needing to be fixed is decreasing, however some projects are expected to cost more than anticipated. Mr. Windler stated he should have a better estimate for the Board in three months. Mr. Windler stated Skagit Transit has a little more than 400 stops in the system and approximately six stops need improvement.

Mr. Dahlstedt moved to approve the 2018 FTA 5307 FLEX Funds Grant Award. Mr. Wesen seconded the motion. The motion passed unanimously.

e) On Site Autogas Services

Mr. Schaner stated staff determined that it would be in our best interest to enter into an Agreement for Autogas Services with Ferrell Gas as part of the State of Washington DES contract #01719 for both leasing of equipment and procuring propane for all new and existing vehicles.

Mr. Schaner stated as part of the State contract Ferrell gas installed equipment at MOA and Skagit Transit is responsible for the annual rent of \$150. Mr. Schaner stated as a result, this will save time and money and will allow us to procure propane and fill the vehicles on site without driving to another location.

Mr. Schaner stated the contract term is for three years at a cost of approximately \$75,000 per year.

Mr. Schaner stated our usage of propane has increased due to the delivery of additional vehicles and we will be receiving three more next year.

Mr. Schaner stated Skagit Transit Procurement Policy requires Board authorization due to cost exceeding \$50,000.

Mr. Schaner stated the approximate cost over three (3) years will be \$225,000.

Ms. Hudson inquired if staff considered time saved by having the fuel station on-site when figuring out the budget impact. Mr. Schaner stated there are a couple factors staff considered when working on the budget. Mr. Schaner stated when the agency purchased the first five propane coaches staff was driving those vehicles off-site each night to be fueled. Mr. Schaner stated Skagit Transit now has 12 propane paratransit vehicles and 11 diesel paratransit vehicles. Mr. Schaner stated the use of the propane vehicles offsets the amount of diesel used and purchased. Mr. Schaner stated propane costs are also less than diesel.

Ms. Janicki stated when looking at the budget impact, she considers what is changing. Ms. Janicki clarified that there is not \$225,000 of additional cost to the agency. Mr. Schaner stated the staff is anticipating purchasing \$75,000 of propane fuel each year, which will decrease the amount spent on diesel as we are replacing one fuel for another. Ms. Janicki stated the true budget impact is substantially less than \$75,000 as this is not additive, but a replacement. Ms. Janicki stated the change or difference in cost is the true budget impact.

Mr. Wesen clarified that this is not a new expense as fuel is being purchased regardless of the price and the only new cost was the \$150 rental fee for the equipment. Mr. O'Brien stated there are labor cost savings as staff is no longer driving off-site to fuel the coaches.

Mr. Dahlstedt moved to approve On-Site Autogas Services. Ms. Janicki seconded the motion. The motion passed unanimously.

IV Community Advisory Committee Report

Mr. Windler stated the December meeting was the holiday party as well as an organizing meeting to discuss the topics planned for 2019. Mr. Windler stated the committee also had the installation of new officers. Mr. Windler stated Louise Edens of LaConner is the new Chair, Chris Jones of Sedro Woolley is the new Vice-Chair and Joe Kunzler of Sedro Woolley is the new special projects officer.

V Executive Directors Report

Mr. O'Brien gave an update of the 2019 Ride Pass Grant Program. Mr. O'Brien stated the agency received 28 applications and was able to award each application 100% per the requested passes. Mr. O'Brien stated this is a result of the Board of Directors increasing the number of passes allowed to be given as a grant. Mr. O'Brien stated the program is doing well and thanked the Board members for their support.

VI Information Items:

None.

VII Unfinished Business:

Mr. O'Brien stated the agency had applied for a \$25 million federal grant and staff was advised the agency did not receive the grant. Mr. O'Brien stated only four transit agencies in the United States received funding.

Mr. O'Brien stated staff has asked the TCF Architects to give the Board an update on their progress with the design of the new MOA building. Mr. O'Brien stated staff hopes to continue with the design and have it ready for when the funding to build is available.

Mr. O'Brien stated he hopes to travel to Washington D.C. in April with the Washington State Transit Association (WSTA) to present the agency's needs. Mr. O'Brien stated Congressman Rick Larsen has visited Skagit Transit's facility and is aware of the agency's needs.

VIII New Business:

TCF Architecture Pre-Design Report

Architects Randy Cook and Mark Hurley from TCF Architecture presented a schematic design of the new MOA facility. Mr. Cook stated he feels the agency made a good selection of property and the existing building is conducive to the operations of Skagit Transit. Mr. Cook stated TCF staff estimates that Skagit Transit saved approximately \$10 million by purchasing this existing building in comparison to purchasing new land and building a new building. Mr. Cook stated the building will be a civic facility which will require the building to be brought up to current accessibility, safety and energy codes. Mr. Cook stated TCF Architects are focusing on using as much of the existing structure as possible to save on costs. Mr. Hurley stated in order to bring the building up to energy codes, insulation will need to be added which requires removing the current siding and replacing it.

Mr. Cook stated TCF staff takes into consideration that the market is constantly in escalation mode and construction costs have increased 4-5% over the last several years. Mr. Cook stated TCF staff are very confident in their cost estimation and have good metrics to be able to estimate a dollar figure per square foot. Mr. Cook stated the preliminary mode is far ahead of detail and design as they have a proposed floor plan that allows them to count how many board and windows are needed. Mr. Cook stated the total estimated site costs are \$31,372,348. Mr. Cook stated the project is 30% complete and the schedule of progress and completion is dependent upon funding. Mr. Cook stated TCF staff will complete the project planning so that the design is shovel ready.

Ms. Janicki inquired if the structural integrity of the building had been evaluated and if there was any equipment on the roof. Mr. Cook stated the roof is in great shape, however they will need to add skylights in order to bring in more light to meet energy codes. Mr. Cook stated all equipment will be located on the new mezzanine and not on the roof.

Mr. Wesen inquired what the useful life of the new building is projected to be. Mr. Cook stated this building will be built with quality materials and should remain a sound structure beyond 50 years. Mr. Cook stated the agency may need to look into replacing the roof and may begin to experience issues with mechanical pieces after 50 years.

Election of Vice Chair

Ms. Gere informed the Board Commissioner Dahlstedt's term as Chair ends on December 31, 2018 and stated she will become Chair. Ms. Gere requested nominations for Vice Chair for 2019.

Mr. DeGloria nominated Ms. Hudson. Ms. Hudson accepted the nomination. Ms. Janicki seconded the nomination. The motion passed unanimously.

Commissioner Dahlstedt stated he will sign all documents that have been approved at this Board meeting.

Mayor Gere adjourned the meeting at 2:00 p.m.

Commissioner Kenneth Dahlstedt, Chair
Skagit Transit Board of Directors

Attest:

Whitney Fernandes,
Clerk of Skagit Transit Board