



**PIERCE TRANSIT BOARD OF COMMISSIONERS
EXECUTIVE FINANCE COMMITTEE
3701 96th ST SW, Lakewood, WA 98499
Grand Conference Room
September 28, 2017 – 3:00 PM
AGENDA**

CALL TO ORDER

APPROVAL OF MINUTES: July 27, 2017 Meeting Minutes

DISCUSSION/UPDATE:

1. Review of Proposed Amendments to Chapters 3.36 through 3.63 of the Pierce Transit Code Relating to Various Operating Funds, Insurance Funds, Capital Funds; Removing Obsolete Funds; Revising the Reserve Policy, and Removing and/or Clarifying Language

Brett Freshwaters
Executive Director of Finance

2. Exploration of a Fast Ferry in South Sound

Jay Peterson
Transit Development Manager

3. Base Master Plan

Jay Peterson
Transit Development Manager

COMMISSIONER COMMENTS

EXECUTIVE SESSION

ADJOURNMENT

American Disability Act (ADA) accommodations are available with a 72-hour notice. An interpreter for the hearing impaired will be provided upon request with a minimum notice of two weeks. Please contact the Clerk's office at 253-581-8066 for special accommodations. Meeting room is wheelchair accessible. Registered SHUTTLE customers may obtain specialized transportation to and from the hearing by calling SHUTTLE at 253-581-8000 from one to five days in advance of the hearing.

**PIERCE TRANSIT
EXECUTIVE FINANCE COMMITTEE MEETING
3701 96th STREET SW, LAKEWOOD, WA
GRAND CONFERENCE ROOM**

July 27, 2017

MINUTES

CALL TO ORDER

Vice Chair Eidinger called the meeting to order at 3:00 p.m.

ATTENDANCE

Executive Finance Committee Commissioners present:

Rick Talbert, Chair, Pierce County Councilmember (*appeared by telephone at 3:03 p.m.*)
Daryl Eidinger, Vice Chair, City of Edgewood Mayor
Don Anderson, City of Lakewood Mayor
Nancy Henderson, Chair of the Board, Town of Steilacoom Councilmember
(*representing Auburn/Gig Harbor/Fircrest/Pacific/Ruston/Steilacoom*)

Staff present:

Sue Dreier, Chief Executive Officer
Deanne Jacobson, Assistant to the CEO/Clerk of the Board
Kristol Bias, Records Coordinator/Deputy Clerk of the Board
Dana Henderson, General Counsel
Dawne Shotsman, Senior Legal Assistant
Vivienne Kamphaus, Executive Director of Administration
Chris Saffer, Lean and Workforce Development Manager
Clint Steele, Sr. Construction Project Manager

APPROVAL OF MINUTES

Commissioners Anderson and Henderson **moved** and seconded to approve the May 25, 2017 meeting minutes as presented.

Motion **carried**, 3-0.

(*Commissioner Talbert appeared by telephone at 3:03 p.m.*)

ACTION AGENDA

1. FS 17-056, Authority to Execute a Multiyear Contract with Kelly Services to Provide Employment Services

Lean and Workforce Development Manager Chris Saffer presented on the item, noting that throughout each year Pierce Transit has the need to hire experienced personnel to fill temporary positions for a variety of reasons. In order to expedite its ability to fill these temporary needs and remain in compliance with purchasing requirements, the agency desires to enter into a contract with Kelly Services to provide employment services on an as needed basis by piggybacking on an existing Request for Proposal (RFP) conducted by Community Transit's RFP #50-15. The proposed contract would go into effect upon signature through January 31, 2019 with an option to extend for two, one-year periods in a total amount not to exceed \$450,000.

A discussion ensued with regards to whether due diligence such as a cost analysis has been completed. Mr. Saffer clarified that Community Transit has completed an extensive RFP with multiple vendors and cost analysis information can be gathered and compiled.

At the end of the discussion, The Executive Finance Committee requested that this item be referred to the full Board for consideration along with information about the employment market rate.

2. FS 17-057, Authority to Amend Contract PT-13-16 with Northwest Lift And Equipment LLC to Include Payment and Performance Bond

Senior Project Manager Clint Steele presented on the item, noting it as a housekeeping item with the cost of the amended contract exceeding the Chief Executive Officer's contracting authority. Mr. Steele stated that the vendor did not include in their quote a payment and performance bond required for the project when Pierce Transit entered into a contract with the vendor for a purchase and installation of two Stertil-Koni hoists in 2016.

A short discussion ensued with regards to where the root of the error occurred. Mr. Steele clarified that it was a Pierce Transit oversight in not addressing the installation portion of the contract and the vendor was not instructed to include.

Commissioners Anderson and Henderson **moved** and seconded to authorize the Chief Executive Officer to increase contract PT-13-16 with Northwest Life and Equipment, LLC, in the amount of \$6,876.00, which includes a 10% contingency, for a total new approved contract amount not to exceed \$203,587.38.

Motion **carried**, 4-0.

DISCUSSION/UPDATE

Pierce Transit Code Review Discussion

General Counsel Dana Henderson presented on the item, noting the history of the Pierce Transit Code, reasoning for review and revision, and the options for Board review.

Pierce Transit's governing policies approved by the Board of Commissioners are contained in the Municipal Code. As with many legacy documents the "Code" is in need of a thorough review and discussion. General Counsel Ms. Henderson is the lead on this project.

(Commissioner Talbert left the meeting at 3:30 p.m.)

A discussion ensued with regards to the true need/purpose of the Code and next steps for Board members to be involved. It was agreed that the Code would be reviewed and revised in parts as Ms. Henderson brings the item in front of the Executive Finance Committee once a quarter until completed, and in turn, in front of the Full Board for final review and revision approval.

COMMISSIONER COMMENTS ~ None

EXECUTIVE SESSION ~ None

ADJOURNMENT

With there being no further business, Vice Chair Eidinger adjourned the meeting at 3:39 p.m.

Kristol Bias
Records Coordinator/Deputy Clerk of the Board

Daryl Eidinger, Vice Chair
Board Executive Finance Committee

FACT SHEET

TITLE: A Resolution Authorizing Amendments to Chapters 3.36 through 3.63 of the Pierce Transit Code Relating to Various Operating Funds, Insurance Funds, Capital Funds; Removing Obsolete Funds; Revising the Reserve Policy, and Removing and/or Clarifying Language

DIVISION: Finance

ORIGINATOR: Brett Freshwaters, Executive Director Finance

PRECEDING ACTION:

COORDINATING DEPARTMENT: Finance

APPROVED FOR SUBMITTAL:

Chief Financial Officer

APPROVED FOR AGENDA:

Chief Executive Officer

General Counsel

ATTACHMENTS:

Exhibit A, Proposed Code Amendments

BUDGET INFORMATION

2017 Budget Amount
None

Required Expenditure
None

Impact
None

Explanation: N/A

BACKGROUND:

Staff is undertaking a comprehensive review of the Pierce Transit Code. Many of the Code chapters and sections may be obsolete or require revision due to changing operations. Many sections are also procedural in nature and should be removed from the Code and included in procedures to be administered by staff instead. Proposed changes will be brought to the Executive Finance Committee for discussion prior to adoption by the Board. While most changes will be made in one action once the full Code review is completed, this item seeks to make Code changes now to allow for some flexibility in planning capital projects in as soon as 2018.

Chapters 3.36 through 3.63 of the Code authorize various operating funds as well as insurance and capital funds. Some of the funds authorized are either no longer active or are part of the primary "General Fund" and are established administratively with authority delegated to the CEO and /or CFO.

The Chapters also establish reserve requirements for the three primary funds. The proposed revisions clarify the intent of the reserve accounts, as well as change the current language for the Capital Fund to allow some flexibility for minimum balances during the six-year plan horizon. The current language requires a fixed minimum capital reserve amount throughout the six year plan. The Capital Fund is funded from grants and Operating Fund transfers. Since capital expenditures can vary substantially from year to year, the Operating Fund transfer also varies. The proposed revised language still requires a minimum reserve, but at a lesser amount in order to level out contributions from the Operating Fund.

The changes proposed to the chapters are summarized as follows:

1. Removing obsolete funds: Sections 3.40 – 3.52, Petty Cash Fund, Change Account and Travel Expense Revolving Fund. These are not separate “Funds,” but rather are simply accounted for as expenditures within the Operating Fund. Section 3.62, Limited Sales Tax Anticipation Note Fund is a fund that is no longer used.
2. Removing procedural language: Sections 3.56.030, 3.60.020 and 3.63.010.
3. Revising fund reserve requirements to be clearer and allow variation during the six-year plan: Section 3.63.040, Capital Reserve.
4. Miscellaneous housekeeping changes and wording revisions for clarity: Sections 3.36.010, 3.56.010-.020, 3.56.050, 3.60.010 and 3.60.040.

ALTERNATIVES:

Make no changes to the current Chapters 3.36-3.63, which would mean many sections do not reflect current operations and would also limit flexibility to account for timing of major capital project expenditures during the six-year plan.

RECOMMENDATION

Approve proposed code changes as described in Exhibit A.

Chapter 3.36 - PUBLIC TRANSPORTATION BENEFIT AREA FUND

Sections:

3.36.010 - Created.

The ~~re is created a~~ "~~public transportation benefit area fund~~" Pierce Transit Operating Fund (the "General Fund") is for collection of all agency operating revenues and payment of all agency operating expenditures.

(Res. 79-9; Res. 84-081 §1(Ex. I(part)))

~~Chapter 3.40 - PETTY CASH FUND~~

~~Sections:~~

~~3.40.010 - Established Purpose.~~

~~A "petty cash fund" is established for use by Pierce Transit for minor expenses.~~

~~(Res. 80-1 §1)~~

~~3.40.020 - Maximum amount.~~

~~The petty cash fund is authorized to maintain a maximum balance of \$7,500.~~

~~(Res. 80-1 §2; Res. 81-110 §1; Res. 83-006 §1; Res. 91-104 §1; Res. 94-108 §1; Res. 95-032 §1; Res. 95-062 §1; Res. 97-067 §1)~~

~~Chapter 3.42 - CHANGE ACCOUNT~~

~~Sections:~~

~~3.42.010 - Purpose.~~

~~The purpose of the change account shall be to meet the change requirements of the token dispensing machine.~~

~~(Res. 84-006 §1(A))~~

~~3.42.020 - Amount.~~

~~The change account shall be in the amount of \$200.~~

~~(Res. 84-006 §1(B))~~

~~3.42.030—Custodian of account.~~

~~The finance manager shall be the custodian of the change account.~~

~~(Res. 84-006 §1(C))~~

~~Chapter 3.52—TRAVEL EXPENSE REVOLVING FUND~~

~~Sections:~~

~~3.52.010—Created Purpose.~~

~~There is created the "travel expense revolving fund" for the purpose of making advance payments for anticipated travel expenditures incurred by board members and employees of Pierce Transit. x(Res. 81-14 §1)~~

~~3.52.020—Administration.~~

~~The department of finance and administration shall be responsible for the administration of the travel expense revolving fund, including the maintenance of its accounts and records. The finance manager shall be custodian of the fund. The executive director of finance shall review the charges applied against the fund at least monthly and shall submit a report at least quarterly, stating the condition of the fund, to the chief executive officer.~~

~~(Res. 81-14 §2; Res. 00-019 §1)~~

~~(Ord. No. 17-013, § 1(Exh. A), 4-10-17)~~

~~3.52.030—Submission of travel expense vouchers.~~

~~On or before the tenth day following the close of the authorized travel period, for which expenses have been advanced to any board member or employee, he or she shall submit to the manager of accounting a fully itemized travel expense voucher, for all reimbursable items legally expended, accompanied by the unexpended portion of the advance payment received, if any. Any advance payment made for this purpose, or any portion thereof, not repaid or accounted for in the time and manner specified in this section shall bear interest at the rate of ten percent per year from the date of default until paid.~~

~~(Res. 81-14 §3)~~

~~3.52.040—Replenishment.~~

~~The travel expense revolving fund shall be replenished by warrant.~~

~~(Res. 81-14 §4)~~

~~3.52.050—Dissolution of fund.~~

~~In the event the travel expense revolving fund is no longer necessary, the fund shall be dissolved and any unexpended funds shall be returned to the transportation fund (see Chapter 3.36).~~

~~(Res. 81-14 §5; Res. 84-081 §1(Ex. I(part)))~~

~~3.52.060 – Procedures.~~

~~The executive director of finance is authorized to develop and implement any procedures necessary for the efficient administration of the travel expense revolving fund.~~

~~(Res. 81-14 §6; Res. 00-019 §1)~~

~~(Ord. No. 17-013, § 1(Exh. A), 4-10-17)~~

Chapter 3.56 - CAPITAL ACQUISITION FUND

Sections:

3.56.010 - Created-Purpose.

There is ~~created~~ a ~~new~~ fund to be known as the "~~e~~Capital ~~acquisition f~~Fund" to be used ~~as a clearing fund~~ for all revenues and expenditures pertaining to the purchase or construction of capital assets of Pierce Transit.

(Res. 82-9 §1; Res. 84-081 §1(Ex. I (part)))

3.56.020 - Additional uses.

The ~~Capital Acquisition F~~fund ~~created in Section 3.56.010~~ may also be used for the accumulation of cash reserves for capital purposes.

(Res. 82-9 §2)

~~3.56.030 – Administration.~~

~~The executive director of Ffinance of Pierce Transit shall be directed to keep and maintain all books, records and accounts in connection with the receipt and disbursement of all cash to and from the accounts as are necessary for adequate control and all reporting required in the transactions of the fund in conformance with all laws, rules and regulations pertaining thereto.~~

~~(Res. 82-9 §3; Res. 00-019 §1)~~

~~(Ord. No. 17-013, § 1(Exh. A), 4-10-17)~~

3.56.0430 - Approval required for other uses.

Any transfers, appropriations or expenditures of the funds deposited in the ~~C~~capital ~~A~~acquisition ~~F~~fund for any purpose other than those set forth in this chapter shall require approval of the ~~board~~ ~~b~~Board of ~~C~~commissioners.

(Res. 82-9 §4)

Exhibit A

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~~3.56.050 – Effective date.~~

~~The fund created in Section 3.56.010 shall be retroactive and effective as of January 1, 1982.~~

~~(Res. 82-9 §5)~~

Chapter 3.60 – SELF-INSURANCE RESERVE FUND

Sections:

3.60.010 - Created-Purpose.

There is ~~created~~ a ~~new~~ fund to be known as the "Self-Insurance Reserve Fund" to be used exclusively as a means of isolating and identifying all monetary transactions pertaining to administering any self-insurance programs of Pierce Transit including but not limited to payment of non-covered claims and the defense, legal costs, unemployment compensation benefits and incidental expenses related thereto and to the accumulation of cash reserves for such purposes.

(Res. 82-10 §1; Res. 84-081 §1(Ex. I(part)); Res. 93-110 §1)

~~3.60.020 – Administration.~~

~~The executive director of finance of Pierce Transit shall be directed to keep and maintain all books, records and accounts in connection with the receipt and disbursement of all cash to and from the accounts as are necessary for adequate control and all reporting required in the transactions of the fund in conformance with all laws, rules and regulations pertaining thereto.~~

~~(Res. 82-10 §2; Res. 00-019 §1)~~

~~(Ord. No. 17-013, § 1(Exh. A), 4-10-17)~~

3.60.030 - Approval required for other uses.

Any transfers, appropriations or expenditure of the funds deposited in the self insurance reserve fund for any purpose other than those set forth in this resolution shall require approval of the Board of Commissioners.

(Res. 82-10 §3)

~~3.60.040 – Effective date.~~

~~The fund created pursuant to Section 3.60.010 shall be retroactive and effective as of January 1, 1982.~~

~~(Res. 82-10 §4)~~

Chapter 3.62 – LIMITED SALES TAX ANTICIPATION NOTE FUND

Sections:

Comment [KS1]: This a fund that was established when we issued some notes. Can we delete the section since it was in use at one point? Or should it just be noted that it was deleted as of XX date?

~~3.62.010 - Established - Purpose.~~

~~A special fund to be known as the "Pierce Transit limited sales tax anticipation note fund, 1985" (defined in Res. 85-111 as the "Note Fund") is hereby created in the office of the executive director of finance of Pierce Transit, and the fund shall be drawn upon for the sole purpose of paying the principal of and interest on the notes issued under Res. 85-111.~~

~~(Res. 85-111 §6; Res. 00-019 §1)~~

~~(Ord. No. 17-013, § 1(Exh. A), 4-10-17)~~

Chapter 3.63 - RESERVE POLICY*

Sections:

3.63.010 - Introduction.

~~The economy's cyclical nature, the need for adequate reserves to mitigate current and future risks, and requirements for financial resources for asset acquisition create a necessity for comprehensive reserve policies. Reserve policies are written guidelines and restrictions that determine the amount of money necessary to support ongoing cash requirements. A reserve policy establishes the type of reserves an organization will have as well as the size and use of those reserves. Reserve levels are an indicator of an agency's financial stability and creditworthiness.~~

~~A-The Pierce Transit~~ reserve policy supports management decision-making by avoiding revenue-expenditure imbalances, supporting stable service delivery, and assuring funds are available for operations, self-insurance programs and planned capital acquisition. The purpose of Pierce Transit's (agency) reserve policy is to:

- A. Provide an overall, long-range approach to financial management;
- B. Improve the agency's ability to meet its financial obligations as they arise; and
- C. Improve fiscal stability and protect the agency during a financial emergency.

(Res. 05-071 §2 (Exh. A (part)))

3.63.020 - Operating reserve.

- A. The operating reserve should be maintained at a level to:
 - 1. Provide sufficient working capital;
 - 2. Provide an adequate cash balance to finance cash flow requirements;
 - 3. Offset unanticipated downturns in revenues; and
 - 4. Provide funds for emergency expenditure requirements.
- B. Pierce Transit will maintain the operating reserve at a minimum of two months of agency operating expenditures.

(Res. 05-071 § 2 (Exh. A (part)))

3.63.030 ~~-- Self~~-Insurance reserve.

The insurance reserve ~~will~~shall be set at a level to adequately protect the agency from self-insurance risks. The risks associated with self-insurance and the adequacy of reserve levels ~~will~~shall be evaluated annually, with an appropriate contribution made to the self-insurance reserve to meet continued self-insurance requirements and to insulate the agency from impacts on its operating budget associated with self-insured claims.

Self-insurance reserves ~~may be are~~ designated for general liability, workers' compensation, and unemployment claims as follows:

- A. General liability, to the extent permitted by law, for bodily or personal injury and property damage as a result of an employee's activities performed at the direction of Pierce Transit that are usual and customary to their position and performed within the scope and course of their employment; and financial protection provided for members of the board of commissioners of Pierce Transit, chief executive officer, executive directors, executive team members, and managers for which sums of money they may become legally obligated to pay as a result of wrongful acts whether the alleged acts were by error, misstatement, neglect or breach of duty, including misfeasance, malfeasance or nonfeasance while acting within the scope of their responsibilities as public officials or employees of Pierce Transit;
- B. Workers' compensation to assure prompt payment of all benefits and assessments, which may come due in accordance with Title 51 of the Industrial Insurance Laws of the state of Washington;
- C. Unemployment claims to provide adequate funds to meet unemployment claims as they become due.

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Expenditures of the self-insurance reserve will be in accordance with Chapter 3.60 of the Pierce Transit Code.

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(Res. 05-071 §2 (Exh. A (part)))

(Ord. No. 17-013, § 1(Exh. A), 4-10-17)

3.63.040 - Capital reserve.

- A. ~~The CA~~ capital ~~R~~reserve has been established in order to meet capital expenditure requirements programmed in Pierce Transit's six-year financial plan.
- B. ~~The capital reserve shall be maintained in an amount sufficient to fund the capital requirements identified in the six-year financial plan plus an amount equal to three prior years of local depreciation, excluding buildings and other structures. This reserve has been set at this level to enable the agency to respond to urgent unanticipated capital expenditure requirements as well as to protect Pierce Transit from the uncertainty of federal and state grant funding. The Capital Reserve shall be maintained at no less than 50% of the previous ~~three~~3 years' average annual asset depreciation at any time in the Six-Year Financial Plan. ~~The Capital Reserve at~~At the end of the Six-Year Financial Plan, ~~the Capital Reserve shall~~will be at least 100% of the previous 3 years average annual asset depreciation. This reserve has been set at this level to enable Pierce Transit to respond to urgent unanticipated capital expenditure requirements as well as to protect Pierce Transit from the uncertainty of grant and federal funding. The reserve also levels out the required contributions from the Operating Fund to the Capital Fund by allowing the reserve to be below 100% of the previous 3 years' average annual asset depreciation during the Six-Year Financial Plan, while maintaining the reserve requirement at the end of the plan.~~

(Res. 05-071 §2 (Exh. A (part))); Res. No. 16-018, § 1, 6-13-2016)

| Exhibit A

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3.63.050 - Policy review.

| The ~~established-written~~ Pierce Transit reserve policies shall be reviewed annually by the executive director of finance. Changes shall be approved by the chief executive officer and the board of commissioners.

(Res. 05-071 §2 (Exh. A (part))); Res. No. 16-018, § 1, 6-13-2016)