

# PIERCE TRANSIT BOARD MEETING AGENDA

Training Center, Rainier Room

September 9, 2013

4:00 PM

## Pages

### CALL TO ORDER

### ROLL CALL

- 1-9 APPROVAL OF MINUTES:** July 1, 2013 Special Board Work Session Meeting  
August 12, 2013 Regular Board Meeting

### APPROVAL OF VOUCHERS

### PUBLIC COMMENT

### PRESENTATIONS

- **Operator of the Month of July – Tee Elder** Scot Gaines  
Transit Operator Assistant Manager
- **Financial Update** Kathy Sullivant  
Finance Manager

### ACTION AGENDA

- 10-13 1. FS 13-009 Authority to Execute a Contract for Natural Gas with Cost Management Services, Inc.** Bill Spies  
Fleet Manager

### INFORMATIONAL BOARD ITEM

- 1. Service Innovation Update** Tina Lee/Justin Leighton  
Service Innovation Administrator/Government Relations Officer
- 2. Executive-Finance Committee Update** Commissioner Talbert
- 3. Sound Transit Update** Commissioner McCarthy

### STAFF/POLICY DISCUSSIONS

- 14 1. Sole Source Report** Wayne Fanshier, CFO

### EXECUTIVE SESSION

*Real Estate ~ Pursuant to RCW 42.30.110(1)(b); and Potential Litigation ~ Pursuant to RCW 42.30.110 (1)(i).*

### ADJOURNMENT

**PIERCE TRANSIT  
BOARD OF COMMISSIONERS  
Special Work Session Minutes  
July 1, 2013, 9:00 AM – 2:00 PM**

At 9:00 AM, Business Partnership Administrator Kelly Johnston welcomed the Board of Commissioners to the Work Session. She explained that the meeting focus was on Strategic Direction and Service Innovation.

Commissioners present:

Marilyn Strickland, Chair of the Board, Tacoma Mayor  
Rick Talbert, Vice Chair of the Board, Pierce County Councilmember  
Don Anderson, Lakewood Deputy Mayor  
Glenn Hull, Fife Mayor Pro Tem (*representing Fife/Edgewood/Milton*)  
Kent Keel, University Place Councilmember  
Steve Vermillion, Puyallup Councilmember  
Lauren Walker, Tacoma Councilmember (arrived at 10:07 AM.)  
Derek Young, Gig Harbor Councilmember  
(*representing Auburn/Gig Harbor/Fircrest/Pacific/Ruston/Steilacoom*)  
Don McKnight, President/Business Agent, ATU Local 758

Commissioners excused:

Pat McCarthy, Pierce County Executive

Staff present:

Lynne Griffith, Chief Executive Officer  
Wayne Fanshier, Chief Financial Officer  
Alberto Lara, Chief Administration Officer  
Doug Middleton, Chief Operations Officer  
Carol Mitchell, Public Relations Officer  
Jay Peterson, Transit Development Manager  
Spiro Manthou, Procurement Manager  
Kathy Sullivant, Finance Manager  
Heidi Neideigh, Executive Project Manager  
Jody Guy, Market Research Analyst  
Kelly Johnston, Business Partnership Administrator  
Tina Lee, Service Innovation Administrator  
Justin Leighton, Government Relations Officer  
Kim McGilverly, Operations Data Specialist  
Ashley Smith, Project Controls Assistant  
Candy Tribbett-Holguin, Operations Data Specialist  
Tom Wolfendale, Legal Counsel  
Barbara Schatz, Deputy Clerk of the Board  
Deanne Jacobson, Clerk of the Board

Commissioner opening comments:

- Chair Strickland recapped the March 31, 2013, Board Work Session, talked about strategy work, and said we need to figure out what is critical today. She said the Board asked Pierce Transit staff be innovative, so please let them be innovative.
- Vice Chair Talbert said he would like clear direction on Board Member roles, and is anxious to see Pierce Transit move forward. He said Pierce Transit is at rock bottom financially and there is nowhere to go, but up.
- Commissioner Young said he would like to revisit the Van Pool issue again and focus on innovation. He would like to see the Board develop a plan for rebuilding as a nine-tenths of one percent agency, or as funding increases.
- Commissioner Keel said we are at our lowest point now. We need to work with what we have.
- Commissioner Hull said the money is what it is, and we are at the bottom right now. He wants the Agency to work together.
- Commissioner McKnight agreed with Commissioner Hull and noted he wants to see the Agency rebuild.
- Commissioner Vermillion said the six-tenths of one percent is all we have. He is supportive of innovative solutions and regionalized service. He also thought the Gig Harbor Trolley was a good idea.
- Commissioner Anderson said he wants Pierce Transit to be proactive, instead of reactive.

Ms. Johnston reviewed the five points of direction the Board needs to make by the end of the day:

1. Agree on Board meeting times for the Regular and Study Session meetings.
2. Are the core elements of proposed strategic priorities the correct ones?
3. Is Pierce Transit staff on the right track with the four service innovations presented?
4. Should service across the three categories (fixed route connectors, tailored community service, limited stop/express) be adjusted? If yes, where should staff focus increases?
5. What percentage of service hours should be allocated to lower efficiency routes versus high efficiency? (*Commissioner Talbert left the meeting at 9:25 AM, noting that he would be returning a little later in the meeting.*)

CEO Lynne Griffith introduced the Business Development Office team.

### **Summary of Board Direction**

#### **Direction 1: Agreement on Board meeting time and study session.**

Following discussion of potential alternative dates to hold Regular Board and Study Session Meetings, Board Members in attendance reached a consensus to change the Regular Board Meeting date from the second Monday of the month at 4:00 PM, to the second Wednesday of the month at 4:00 PM with a 3:00 PM Study Session (fixed, standing meeting) prior to the Board Meeting. (*Commissioners McCarthy, Walker and Talbert were not present.*)

Ms. Johnston reviewed the data/information she collected during one-on-one interviews that she conducted with the Board Members in preparation for the Work Session. (*Commissioner Walker arrived at 10:07 AM.*)

**Direction 2: Are the strategic priorities proposed the right ones?**

Ms. Johnston reviewed the Core Elements of the Strategic Plan:

- Operational Excellence – includes safety, customer service & efficiency
- Financial Stability
- Tailored Community Solutions
- Service Allocation

The Board was in support of the core elements proposed to carry out the 3-year strategic plan.

**Direction 3: Is Pierce Transit staff on the right track with the four service innovations presented?**

CEO Lynne Griffith reviewed the attributes of innovation.

Government Relations Officer Justin Leighton reviewed the four innovative concepts and provided examples of each:

- Custom Bus
- Little Bus
- Trolley
- Community Events

Mr. Leighton discussed a potential opportunity for private partnerships with local businesses.

**Commissioner Anderson** recommended venturing into a partnership with JBLM for their civilian employees.

**Innovative Concepts – Little Bus**

Service Innovation Administrator Tina Lee reviewed/discussed the small bus circulator concepts. These buses could have community branding and naming conventions. She noted that this concept would need community investment. It was also noted that the four innovative concepts are in addition to core service.

**Commissioner Vermillion** raised concerns about the community investment aspect as it relates to Puyallup's community makeup, i.e., businesses are very diverse. He also raised concerns whether this would compete with the route in Sumner.

**Commissioner Hull** liked the community feel of the circulator buses.

**Commissioner Vermillion** suggested using the big buses to move people in and out of the transit stations and using the small bus circulators to locally circulate riders.

**Commissioner Young** recommended keeping the Board Response Team on the table so the Agency is ready when opportunities come up.

**Commissioner Keel** was supportive of funding innovations so the Agency can move forward in an efficient manner while increasing ridership/or provide transit needs to the community.

Ms. Lee reviewed the Trolley concept and potential opportunities in the region. (*Rick Talbert returned at 11:11 AM.*)

**Don Anderson** noted he would like to see the capital cost breakdown taken into consideration along with operational costs.

**Kent Keel** was in favor of a trolley and/or small bus circulator for his city in 2015.

### **Innovative Concepts – Community Events**

Mr. Leighton continued to discuss concepts geared towards community events.

CEO Griffith discussed funding strategies for innovation solutions:

- Use sales tax revenue growth
- Avoid further reductions to existing service
- Use partner investments to fund demonstrations
- Explore feasibility through non-profit foundations

**Commissioner Vermillion** suggested exploring the Lodging Tax as a funding solution.

**Commissioner Anderson** suggested combining the efforts of the Lodging Tax with foundations.

**Rapid Design** – Ms. Johnston explained the Rapid Design process.

**Commissioner Young** praised staff for their rapid response and innovation for making the trolley demonstration project come to fruition. He talked at length about how the community investment team is excited about this project and are impressed with Pierce Transit. He noted that he feels this particular concept of public transportation is helping to change the minds of individuals about public transportation.

**Commissioner Talbert** suggested setting a set percentage of new growth revenue dollars towards innovative projects.

**Direction 4: Should the service allocation across the three categories be adjusted? If yes, where should staff focus increase?**

Ms. Lee reviewed the Service Categories:

- Fixed Route Connectors
- Tailored Community Connectors
- Limited Stop/Express

**Commissioner Hull** asked for a breakdown for which routes fall into the three categories.

Ms. Johnston requested that the Board allocate a set percentage of hours to three categories:

- Innovation
- Categories
- Efficiency – hi and low

CEO Lynne Griffith reviewed the allocation of efficiency since 2009.

**Commissioners' Comments on efficiency and innovation:**

**Commissioner Hull** was pleased with staff's work on the Trolley Project.

**Commissioner Vermillion** was supportive of projects similar to the trolley project for his community. He noted from his city's perspective, Puyallup is not receiving its fair share and his community may be better served by an on-demand type service (not fixed route), such as a taxi-cab service. He feels that Pierce Transit SHUTTLE is the most inefficient service the Agency offers and is in favor of exploring methods outside of traditional modes of transportation. He suggested that Pierce Transit asks itself "do we want to serve the masses or reach the outlining areas?" He believes that the fair box should be 100 percent recoverable.

**Commissioner Anderson** was in favor of the innovation approach. He was in favor on a marginal increase towards innovation. He was in favor of increasing inefficient routes.

**Commissioner Talbert** supported figuring a model out to contribute funding to innovative concepts. He was in favor of increasing inefficient routes. (Commissioner Talbert left at 1:27 PM.)

**Chair Strickland** noted it's beneficial to sacrifice efficiency to provide a service for public sentiment and public perception.

**Commissioner Young** noted that he doesn't think transit can ever be completely efficient. He is in support of the core elements and noted there could be challenges with having a profitable non-profit.

**Commissioner McKnight** was in favor of some of allocating towards more inefficiency and innovation.

**Direction 5: What percentage of service hours should be allocated to lower efficiency routes versus high efficiency?**

**Commissioner Anderson** was in support of an 80/20 split. He suggested that the “lower Efficiency” be called “variously productive.”

**Commissioner Hull** recommended 88/12 split, with focus on making the 12 percent efficient and effective.

**Commissioner Keel** recommended an 80/20 split.

**Commissioner McKnight** recommended an 88/12 split.

**Chair Strickland** recommended an 85/15 split.

**Commissioner Young** recommended an 85/15 split.

**Commissioner Walker** recommended an 85/15 split.

**Commissioner Vermillion** recommended an 85/15 split.

Consensus from the Board Members was that new growth would be split 85/15.

Chair Strickland thanked the Board for their work during this work session.

CEO Griffith thanked the Board Response Team and announced that Kelly Johnston will be leaving Pierce Transit.

The Board Work Session concluded at 2:00 PM.

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Deanne Jacobson, CMC  
Clerk of the Board

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Marilyn Strickland, Chair  
Board of Commissioners

**PIERCE TRANSIT  
BOARD OF COMMISSIONERS  
MINUTES  
August 12, 2013**

**CALL TO ORDER**

Chair Strickland called the meeting to order at 4:00 PM.

Commissioners present:

Marilyn Strickland, Chair of the Board, Tacoma Mayor  
Glenn Hull, Fife Mayor Pro Tem (*representing Fife/Edgewood/Milton*)  
Pat McCarthy, Pierce County Executive  
Steve Vermillion, Puyallup Councilmember  
Lauren Walker, Tacoma Councilmember (*arrived 4:02 PM*)  
Derek Young, Gig Harbor Councilmember (*left meeting at 5:01 PM*)  
(*representing Auburn/Gig Harbor/Fircrest/Pacific/Ruston/Steilacoom*)  
Don McKnight, President/Business Agent, ATU Local 758

Commissioners excused:

Rick Talbert, Vice Chair of the Board, Pierce County Councilmember  
Don Anderson, Lakewood Deputy Mayor  
Kent Keel, University Place Councilmember

Staff present:

Lynne Griffith, CEO  
Wayne Fanshier, Chief Financial Officer  
Doug Middleton, Chief Operations Officer  
Dana Henderson, General Counsel  
Hazel Whitish, Transit Operator Assistant Manager  
Kathy Sullivant, Finance Manager  
Peter Stackpole, Principal Planner  
Tom Wolfendale, Legal Counsel  
Deanne Jacobson, Clerk of the Board  
Barbara Schatz, Deputy Clerk of the Board

**SPECIAL ANNOUNCEMENT**

CEO Lynne Griffith introduced Dana Henderson, in-house Counsel for Pierce Transit. Ms. Henderson shared information about her background and experience.

**APPROVAL OF MINUTES**

Commissioners McCarthy and Vermillion **moved** and seconded to approve the July 8, 2013, Regular Board meeting minutes as presented. Motion **carried**.

**APPROVAL OF VOUCHERS**

Vouchers audited and certified by the auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing that was made available to the Board on August 8, 2013.



Commissioners Walker and McCarthy **moved** and seconded to approve the vouchers subject to proper audit. Those vouchers included in the listing are further described as follows:

Operating Fund #10  
Self-Insurance Fund #40  
Capital Fund #90

Voucher numbers were 331218 through 331642 and wire numbers were 1161 through 1175 for a total of \$4,242,586.18. Motion **carried**.

### **PUBLIC COMMENT - GENERAL**

**Lee Remy, Puyallup** – He suggested that the Board members ride public transportation to help mend fences with the public and that the Agency should conduct surveys.

### **PRESENTATIONS**

**Operator of the Month of June – Jimmy Brazzle** Transit Operator Assistant Manager Hazel Whitish presented Jimmy Brazzle with the Operator of the Month Award for his outstanding performance. He was the first to step up to operate a trolley for the Gig Harbor Trolley Project.

**Financial Update** - Finance Manager Kathy Sullivant provided the Second Quarterly update and sales tax update.

### **ACTION AGENDA**

1. Commissioners Walker and Young **moved** and seconded to **approve Resolution 13-023; Authorizing Amending Section 6.4.4 of the Personnel Manual and Authorizing the Chief Administrative Officer to Make Overall Compensation Decisions When Hiring New Employees and When Reviewing an Employee’s Annual Performance.**

CEO Lynne Griffith presented on the item.

Upon roll call vote, the Amendment **failed**, 3-3.

2. Commissioners Walker and Vermillion **moved** and seconded to **approve Resolution 13-024; Adoption of the 2013-2018 Transit Development Plan.**

Principal Planner Peter Stackpole presented on the item.

### **PUBLIC COMMENT**

**State Representative Larry Seaquist** said he would like to see changes in Pierce Transit’s Transit Development Plan.

Motion **carried** unanimously.

3. Commissioners McCarthy and Vermillion **moved** and seconded to **approve Resolution 13-025, Authorizing Amending the 2013 Operating Budget in the Amount of \$1,162,191 for the Operation of Sound Transit Route 560 as Identified in Task Order 22.**

COO Doug Middleton presented on the item.

Motion **carried** unanimously.

4. Commissioners McCarthy and Walker **moved** and seconded to **approve Resolution 13-026, Authorizing the Chief Executive Officer to Enter into and Execute a Grant Agreement with the Washington State Department of Transportation for the 2013-2015 Biennium Regional Mobility Grant Program for the SR-7/Pacific Avenue Peak Hour Service Expansion Project and Amendment of the 2013 Budget.**

Principal Planner Peter Stackpole presented on the item.

Motion **carried** unanimously.

#### **INFORMATIONAL BOARD ITEMS AND PROPOSALS**

**Sound Transit Update** ~ Commissioner McCarthy said that the Sound Transit Board had a workshop to discuss their Excess Property Policy; and that the Tacoma Link would be celebrating its tenth anniversary this month.

#### **EXECUTIVE SESSION**

At 4:50 PM the Regular Meeting was recessed into Executive Session to *discuss Real Estate* ~ Pursuant to RCW 42.30.110 (1)(b); and Potential Litigation ~ Pursuant to RCW 42.30.110(1)(i) for a period not to exceed 20 minutes. (*Commissioner Young left the meeting at 5:01 PM.*) At 5:10 PM, the Executive Session was extended an additional 15 minutes. Clerk of the Board Jacobson announced the extension to attendees. At 5:25 PM, the Executive Session was extended 10 additional minutes. Clerk of the Board Jacobson announced the extension to attendees. At 5:35 PM, the Regular Meeting was reconvened.

#### **ADJOURNMENT**

Commissioners McCarthy and Vermillion **moved** and seconded to adjourn the meeting at 5:35 PM.

Motion **carried** unanimously.

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Deanne Jacobson, CMC  
Clerk of the Board

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Marilyn Strickland, Chair  
Board of Commissioners

## FACT SHEET

TITLE: Authority to Execute a Contract for Natural Gas with Cost Management Services, Inc. (CMS)

DIVISION: Operations

ORIGINATOR: Bill Spies, Fleet Manager

PRECEDING ACTION: Resolution No. 12-035, Adoption of the 2013 Budget

COORDINATING DEPARTMENT: Maintenance, Purchasing

APPROVED FOR SUBMITTAL:

\_\_\_\_\_  
Chief Financial Officer

APPROVED FOR AGENDA:

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Chief Executive Officer

\_\_\_\_\_  
Legal Counsel

ATTACHMENTS:

Exhibit A, Proposed Resolution

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### BUDGET INFORMATION

2013 Budget Amount  
\$1,584,603

Required Expenditure  
\$1,584,603

Impact  
N/A

Explanation: The budgeted amount is based on expected usage for one year. Expenditures for the remaining four years will vary depending on actual usage and price fluctuations.

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**BACKGROUND:** This resolution seeks authority to execute a contract for natural gas with Cost Management Services, Inc. (CMS).

Pierce Transit currently operates 150 coaches powered by compressed natural gas (CNG). For the past twenty years, Pierce Transit has taken advantage of our high usage and has purchased natural gas from independent brokers instead of Puget Sound Energy (PSE). Our current contract with CMS expires on October 31, 2013. A request for proposals was issued on July 18, 2013 and sent to twenty-one prospective proposers. A single proposal was received on August 1, 2013 from CMS. The specifications asked proposers to provide pricing per year for the next five years and to describe the services to be provided. Pierce Transit staff have evaluated CMS's proposal according to published RFP criteria. As a result, we found that the proposal from CMS meets Pierce Transit's needs for these services, offers competitive fees and allows for maximum usage flexibility. In addition, CMS is our current contractor and has provided excellent service.

Five-year pricing was requested for proposal evaluation purposes only. The price of gas will likely fluctuate throughout the contract term, however the broker fee to CMS of \$0.005 per therm proposed will remain unchanged. Staff will not lock into fixed pricing for gas at this time, but recommends entering into a contract that provides the flexibility of using the index pricing plus pipeline charges, broker's fee and taxes totaling approximately \$0.11 per therm, with the ability to lock in pricing when market conditions are favorable.

The contract will be for a period of up to five (5) years.

**ALTERNATIVES:** The alternative would be not to sign a contract for natural gas with a broker and purchase gas through PSE, however this option could result in higher costs to the agency and/or a less favorable level of service than we currently have with CMS.

**RECOMMENDATION:** Approve Resolution No. 13-027, authorizing the Chief Executive Officer to enter into and execute a contract for natural gas with Cost Management Services, Inc., for a period of five years, and acknowledging that costs will fluctuate based on annual usage and price fluctuations.

**RESOLUTION NO. 13-027**

1                   A Resolution of the Board of Commissioners of Pierce Transit  
2                   Authorizing the Chief Executive Officer to Enter Into and Execute a Contract for  
3                   Natural Gas with Cost Management Services, Inc., for a Period of Five Years  
4                   and Acknowledging that Costs will Fluctuate Based on Annual Usage and Price Fluctuations.

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6                   WHEREAS, by Resolution 12-035, approved on the 12<sup>th</sup> day of December, 2012, the Board of  
7 Commissioners of Pierce Transit adopted the 2013 Agency Budget; and

8                   WHEREAS, the 2013 Budget includes funds for natural gas; and

9                   WHEREAS, the contract for natural gas expires on October 31, 2013; and

10                  WHEREAS, natural gas is required for the operation of our bus fleet; and

11                  WHEREAS, Pierce Transit staff issued a request for proposals for natural gas; and

12                  WHEREAS, a single proposal for natural gas has been submitted by Cost Management Services,  
13 Inc. ("CMS") in response to notice duly published in the manner required by law which is incorporated  
14 by reference herein; and

15                  WHEREAS, at the time and place specified in the notice, the CMS proposal was analyzed by  
16 Pierce Transit; and

17                  WHEREAS, CMS's proposal to provide natural gas in accordance with Specification No. PT-28-13  
18 meets Pierce Transit's needs, is a responsive and responsible proposal, and is fair and reasonable; and

19                  WHEREAS, due to the volatility of gas pricing, staff recommends execution of a contract that  
20 provides the flexibility of using monthly index pricing plus a fixed broker's fee of \$0.005 per therm with  
21 the ability of locking in fixed pricing when market conditions warrant; and

22                  WHEREAS, staff recommends entering into a contract of up to five (5) years; and

23                  WHEREAS the Board of Commissioners of Pierce Transit finds it in the best interest of Pierce  
24 Transit to accept said proposal and to execute a contract.

25                  NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Pierce Transit as follows:

26                  Section 1. The proposal of CMS, is hereby accepted as indicated, subject to execution of a  
27 written contract. Pierce Transit, at its sole discretion, reserves the right to revoke the acceptance of  
28 this proposal any time prior to execution of the written contract.

29                  Section 2. The Chief Executive Officer is hereby authorized to execute a contract therefor on  
30 behalf of Pierce Transit as described. Said contract is to be substantially in the form of the proposal

1 document on file in the office of the Clerk of the Board and by this reference incorporated herein as  
2 though fully set forth.

3 ADOPTED by the Board of Commissioners of Pierce Transit at their regular meeting thereof  
4 held on the 9th day of September, 2013.

ATTEST:

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Marilyn Strickland, Chair  
Board of Commissioners

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Deanne Jacobson, CMC  
Clerk of the Board

Change Orders & Amendments - Sole Source Over \$10,000					
	Name	Description/Project	Explanation	Contract Amount	Eff. Date
Contracts/Proprietary - Sole Source Over \$10,000					
	Name	Description/Project	Explanation	Contract Amount	Eff. Date
1	South Sound 9-1-1	Membership/User access to 9-1-1 information and records.	Connection to the South Sound 9-1-1 network and computer systems is not available through another source.	NTE \$20,000 per year	1/1/2013
Other - Sole Source Over \$10,000					
	Name	Description/Project	Explanation	Contract Amount	Eff. Date
2	Daphne Tackett Consulting	Consulting and business management services for the ORCA system and regional strategic planning.	Experience and familiarity with Pierce Transit and regional ORCA administration.	\$98,000 per year	9/1/2013
3	Simon and Company	Federal legislative contract. This is a 3-year contract.	Familiarity with FTA and transportation issues.	\$3375/per month plus expenses	7/2/2013
4	Mitchell Humphrey Software Products	Provides Interface software to work with the new Maintenance Management Software that is being implemented.	Current provider of existing software systems.	\$23,400	5/7/2013

**Change Orders & Amendments:** Master Agreements sometimes have Change Orders and Amendments. The reason could be for time extensions to a contract, or a situation where changing a contractor before the work is complete could cause delays, hardships, and/or added costs to the project. Change Orders and Amendments most often happen with construction contracts.

**Contracts/Proprietary:** The service or product is not provided by another vendor.

**Other:** A special circumstance when specialized knowledge or skill is needed for a project and there is limited time and vendors with the expertise.