



BOARD OF COMMISSIONERS MEETING AGENDA

Date: October 17, 2017

Time: 9:00AM – 10:30AM

Place: Kitsap Transit Offices

60 Washington Avenue (3rd Floor), Bremerton, Washington 98337

Page

1. CALL TO ORDER

2. AGENDA REVIEW

3. CHAIRPERSON'S COMMENTS

4. PUBLIC COMMENTS

Please state your name for the record. You will have 3 minutes to address the Board.

5. FULL DISCUSSION / ACTION ITEMS

- | | |
|---|----|
| a. Minutes of October 3, 2017 | 1 |
| b. Resolution No. 17-61, Rich Passage 1 Exhaust Replacement & Noise Attenuation | 9 |
| c. 2018 Legislative Agenda | 12 |
| d. Discussion: Federal Funding Opportunities w/Lobbyist Norm Dicks | |
| e. Comprehensive Route Analysis Update – Nelson/Nygaard | |
| f. 2017 Goals Review / 2018 Draft Goals | |
| g. Ferry Update | |

6. OTHER PUBLIC COMMENTS

7. FOR THE GOOD OF THE ORDER: Transit Board members' comments

8. ADJOURN

The Transit Board meeting agendas are available prior to the meeting date at local libraries and at Kitsap Transit's main office in downtown Bremerton. The agenda packets are also online at www.kitsaptransit.com and available in large-print format upon request. If you will need accessibility accommodations for this public meeting, please contact the Clerk of the Board at (360) 478-6230 or via email at jillb@kitsaptransit.com by noon on the Wednesday before the meeting.

KITSAP TRANSIT BOARD OF COMMISSIONERS MEETING

MINUTES OF OCTOBER 3, 2017

Board of Commissioners Present:

Erickson, Becky, Mayor, City of Poulsbo
Fuller, Mark, Teamsters Local No. 589, *non-voting member*
Garrido, Charlotte, Kitsap County Commissioner
Gelder, Robert, Kitsap County Commissioner, **Vice Chair**
Huddy, Richard, City of Bremerton Council Member
Lent, Patty, Mayor, City of Bremerton
Putansuu, Rob, Mayor, City of Port Orchard, **Chair**
Stern, Ed, City of Poulsbo Council Member
Wolfe, Edward, Kitsap County Commissioner
Tollefson, Val, Mayor, City of Bainbridge Island

Staff Present:

Jill Boltz, Clerk of the Board, Jeff Cartwright, Human Resources Director; John Clauson, Executive Director; Ellen Gustafson, Operations Director; Casey Harrington, Marine Services Director; Steffani Lillie, Service & Capital Development Director; Charlotte Sampson, Executive Assistant/Deputy Clerk of the Board; Paul Shinnars, Finance Director.

Also Present: David Horton, Legal Counsel

1. CALL TO ORDER: Chairperson Putansuu called the regular meeting of the Kitsap Transit Board of Commissioners to order at 8:30AM.

2. AGENDA REVIEW

3. CHAIRPERSON'S COMMENTS

Commissioner Lent, Chair of the Passenger-Only Ferry AdHoc Committee, reported on the telephone meeting regarding Board's directive and to discuss the list of seven people recommended to assist the Committee. An in-person meeting was held last week to discuss the recommendations and make a selection, Darrell Bryan was selected, and Lent distributed Mr. Bryan's bio, scope of work and list of the consultants reviewed. A meeting was scheduled for October 17th with two meetings in November and December. Lent introduced Darrell Bryan, who provided a brief background to the Board. Legal Counsel Templeton will draft a contract for Mr. Bryan's services in an amount not to exceed \$50,000.

Commissioner Erickson stated that she wrote an e-mail to the committee with a couple of bullet points that need to be explored including the mechanical nature of the Rich Passage 1 (RP1), concentrating on the engines and hull structure for safety, and a statement from U.S. Coast Guard that the RP1 can be run at the speed of 37 knots through Rich Passage in the dark and

inclement weather.

Chairperson Putaansuu spoke to the scope of the Committee's work, including the reliability and performance of the boat, but has not seen nor heard anything about safety.

Commissioner Stern stated that, as a member of the committee, he is satisfied with Mr. Bryan's experience and expertise. As to the points to be reviewed, the Committee has impressed explicitly the points within the document including the risks and opportunity. Stern stated he is confident that the understanding is complete.

4. CITIZENS' ADVISORY COMMITTEE REPORT

Operations Director Gustafson reported on the Committee's review of the September and October Board meeting agendas and discussion on the Rich Passage 1 (RP1) incidents and challenges. The Committee requested a report on the latest issues. A member of the Committee questioned the wake profile of the "Finest" and whether or not a simpler system could be installed in the future Rich Passage class boats, The use of other docks in Seattle was mentioned. Executive Director Clauson provided an update on the beach monitoring and determination that an additional 20 trips can be added to the RP1 schedule; however, they will not be until spring 2018. The service review information was presented. The Committee had questions about routing and expressed interest in the details of the operating scenarios. The Quarterly System Performance Report was presented and the Committee was reminded about the Carlisle II birthday celebration on September 30th.

5. PUBLIC COMMENT

Michael Williams, Bremerton, spoke to transfer slips not being used at all bus stops, Commissioner Garrido's comments about the State's operation of Washington State Ferries, and operation of Rich Passage 1.

CONSENT/ACTION ITEMS:

- a. Warrants for August 2017
 - Warrant numbers transit fund 142144 to 142534 in the amount of \$1,509,057
 - Warrant numbers ferry fund 600151 to 600223 in the amount of \$585,457
 - Payroll transfers in the amount of \$1,445,945
 - Automatic Clearing House (ACH) Account Payments in the amount of \$26,962
 - Advance travel payments of \$96
- b. Minutes of September 19, 2017 Board Meeting
- c. Resolution No. 17-57, Authorizing 4th Quarter Procurements

Commissioner Gelder moved and Commissioner Garrido seconded the motion to approve the consent agenda. Discussion: Commissioner Huddy questioned why the documents he provided were not included with the minutes and stated he did not feel the minutes adequately reflect the discussion on the \$45 million bond issuance.

Commissioner Huddy moved to have the minutes appended with documents provided at the September 19, 2017 meeting and to have additional information added as it related to the \$45 million dollar bond issuance. Discussion: Commissioner Lent stated that she is comfortable the minutes reflect a record of the discussion and that the documents distributed are part of the official record. Motion failed for lack of second.

Upon vote original motion passed. Commissioner Huddy voted no.

6. FULL DISCUSSION/ACTION ITEMS:

a. Resolution No. 17-58, Bid Award for Diesel Particulate Filter Cleaning/Replacement

Executive Director Clauson explained this resolution authorizes staff to award the contract for cleaning and purchase of particulate filters for the diesel buses.

Commissioner Garrido moved and Lent seconded the motion to adopt Resolution No. 17-58, authorizing staff to award the contract for diesel particulate filter cleaning and replacement to Western Peterbilt. Discussion: None. Motion passed unanimously.

b. Resolution No. 17-59, Authorizing Bids for M/V Finest Engine Rebuilds & Shipping

Executive Director Clauson explained staff is requesting to go out to bid for two different items: the shipping to have the MV Finest brought from the East Coast to the West Coast and permission to rebuild the engines.

Commissioner Erickson asked about whether the current waiver of the Jones Act provides an opportunity to have the vessel shipped directly to Seattle.

Commissioner Huddy asked for a summary of evaluation by the independent surveyor. Clauson explained that an independent surveyor provided an analysis of the structure of the vessel, stating that the "bones" of the vessel are very good. The vessel is 21 years old and has an aluminum hull. Interior refurbishments will include replacing the windows, bulkhead, overheads, interior and electronics.

Commissioner Erickson questioned whether the engines would be rebuilt locally. Clauson explained there is a possibility the engines could be replaced with like engines through the company who is in possession of the engines from the Bravest, the sistership to the Finest. If they were the successful bidder, the engines could be replaced with the rebuilt motors from the Bravest.

Commissioner Gelder added that the marine surveyor was on site for two days with two sea trials and inspections on both the interior and exterior.

Commissioner Huddy questioned the qualifications of the surveyor. Clauson stated that his recollection is his career was in the British Navy as an engineer and has been a surveyor for many years.

Commissioner Gelder moved and Stern seconded the motion to adopt Resolution No. 17-59, authorizing staff to request bids for the Engine Rebuilds and Freight/Shipping costs associated with the MV Finest. Discussion: None. Motion passed unanimously.

c. Resolution No. 17-60, Bid Award for Rich Passage 1 Spare Engines

Executive Director Clauson explained this resolution provides authority to award the contract for the Rich Passage 1 spare engines.

Commissioner Lent moved and Commissioner Wolfe seconded the motion adopting Resolution No. 17-60, authorizing staff to award the contract for Rich Passage 1 spare engines to Vigor Kvchak, LLC in an amount not to exceed \$310,000 including applicable taxes and fees. Discussion: None. Motion passed unanimously.

d. Next Generation ORCA Update

Service and Capital Director Lillie presented background information on the current ORCA system as well as modifications and improvements planned for Next Generation ORCA.

In 2009, the "Legacy ORCA" rolled out and the current contract with Vix Technologies will expire in 2021. ORCA Next Generation is building on the successes of the Legacy system.

New Features will include:

- Mobile Applications
- Account Revalue, eliminating the delay between loading value and fare payment
- Ability to add other transit agencies
- Improved cardholder website with improved customer interface
- Open Architecture Infrastructure with the ability for customization (i.e. integration with our ferry reservation system)

Lillie explained the process timeline includes ensuring the current system keeps running while coordinating the transition between the two systems with existing and new transit partners. The business processes will be established, development of the backend system, hardware & customer interfaces, security measures to ensure customer data is safe and providing the ability for new technology.

Commissioner Gelder spoke to his participation on the Regional Fare Forum and the process of simplifying the fare structure. Gelder noted the importance of the open architecture, collaboration and that the ability to make changes has been held hostage by the current vendor. Gelder questioned why Washington State Ferries' (WSF) amount is so small.

Lillie explained that WSF has less infrastructure than the other transit agencies because of their fixed location and no need for mobile devices. In addition, the percentage is based on ridership.

Lillie provided details on the associated costs including a system integrator/contract manager, cellular service on each bus to process real time transactions, field equipment purchased by the individual agencies (onboard validators, driver display units, wayside validators, handheld validators for the ferries and ticket vending machines), new website, mobile applications and management system. The total project cost over the next five years is \$123,800,000. Kitsap Transit's ngORCA total over the next five years is \$4,000,000.

Commissioner Tollefson questioned the timeline for implementation. Lillie stated the timeline is five years; in 2021, the old system will be turned off and the new system turned on. Tollefson asked about the capital shares determined by ridership. Lillie explained the capital shares are based on ridership, and agency-specific costs are determined by the fleet size that requires the equipment. Tollefson asked if the capital shares are updated periodically or are they fixed. Lillie clarified the anticipated costs are fixed for this project based on 2016 data to set the percentage for each agency.

Commissioner Huddy questioned how Phase 2 costs will be determined. Lillie explained Phase 2 pieces will be chosen by each agency and expenses will be paid by the individual agency. If there are projects that all the agencies participate in, the ridership aggregation tool will be used to determine the costs.

Commissioner Wolfe questioned the budgeted estimates for the consultants and program oversight. Lillie clarified that the amount is for a five year period and includes working through the processes and problems with each of the partner agencies.

Commissioner Erickson asked by why there is not the ability to use visa cards. Lillie stated that while she didn't have a direct answer, use of the ORCA card provides a direct benefit with a built-in transfer. Erickson suggested taking a step back and looking at the possibility to simplify the integration between transit agencies.

Commissioner Gelder spoke to the many decision points that the customer is making between agencies, making it tough to anticipate all of the possibilities.

Executive Director Clauson explained it is very complicated process that includes not only fares, but also transfers between agencies and within each agency, and the appropriation of the fares among agencies.

e. 2nd Quarter 2017 Financial Report

Finance Director Shinnars presented the year to date actuals relative to the budget amendment in July.

Operating Income: includes fare revenue, advertising, parking and lease income and is tracking very close to the amended budget.

Operating Expenses: performing well to budget, tracking 5% or \$850,011 year to date under the amended budget with the variances in Operator Wages & Benefits, Service Development, and Fuel.

Non-Operating Income (Expense): sales tax represents 85% of our revenue base. Performing at approximately a 6% increase over prior year, with 4% budgeted. The accrual will come more in line with the approximate 2% over budget as we get closer to the end of the year.

Total Revenue: the graph depicts 2012 to June 2017 year to date as of June. Sales tax revenue has experienced growth in recent years after flat numbers during the recession. The increase in sales tax revenue has been offsetting the decline in fare revenue primarily due to shipyard's transition from a 6-month contract to the monthly self-certification process.

Net Expenditures: the fluctuation in the Capital Program is due to the large projects such as North Base, Wheaton Way Transit Center, Annapolis and rolling stock. The decline in debt service includes the retiring of significant debt in 2012 and 2013 with moderate growth in operating expenses.

Revenue and Expenditures: the current assumptions include 4% sales tax revenue growth; 5% Operating; fuel for 2017 is budgeted at \$2.25/gallon, \$2.50/gallon for 2018 with a current price per gallon of \$2.10. The local contribution to capital fluctuates from year to year based on the projects and available grants. A large capital program is anticipated in 2018 with the assumption of local contribution of \$3 million in the outlook years. Shinnery noted that these numbers may change when the budget is brought back to the Board.

Unrestricted Reserve: the graph depicts the 4% sales tax assumption looking forward with a variable of 1% increase or 1% decrease in sales tax revenue growth. The minimum reserve policy is two months operations and 25% of the annual depreciation. These numbers are tracking well provided that sales tax is in line with the assumptions.

Commissioner Huddy pointed out the notable impact of sales tax, and the sales tax increase of 37% with fare revenue decrease 28%. Huddy questioned the change in ridership over same period of time.

f. *2nd Quarter 2017 System Performance Report*

Deferred to a future meeting.

7. PROGRESS REPORTS:

a. Draft Financial Reports through August 2017

- b. Capital Work in Progress
- c. Fuel Costs Report through the end of September 2017

8. STAFF INFORMATION/EMPLOYEE RECOGNITION:

- a. Employee Recognition

Operations Manager Freer introduced Joey Paul as June 2017 Routed Driver of the Month. Joey has been with Kitsap Transit for six years and this is his fourth time as Driver of the Month.

Joey stated that this is the greatest job he has ever had and that he loves his job. He tries to add a personal touch by learning his passengers by name.

Freer introduced Dayle Livermore as the August 2017 Driver of the Month in Routed. Dale has been with Kitsap Transit since April 2013 and this is his third time as Driver of Month. Dayle's goal is to work on his 1969 Mustang convertible.

Dayle stated it is a great job and he is happy to be here.

Freer introduced David Korpela as the August 2017 Driver of the Month in ACCESS. David has been with Kitsap Transit since January 2015 and this is his first time as Driver of the Month. David enjoys golf and working at his design business.

David thanked the Board for the award and stated that this job has given him a different perspective on people, helping the community and engaging with the public on a daily basis. He laughs a lot and he enjoys his job.

Cyndi Griffey, Worker/Driver Supervisor, presented the Washington State Transit Insurance Pool (WSTIP) Accident Free Driving Recognition Awards to Samuel Pruiett and Mark Brown.

Mark Brown has been a Worker/Driver for 32 years with a cumulative 29 years of accident free driving. Mark's most memorable moment was getting home at 8:30PM during a blizzard and has participated in the Rodeo twice as a competitor and twice as a judge.

Sam Pruiett has been a Worker/Driver for 23 years with a consecutive 22 years of accident free driving. His most memorable moment is when a car passed him on the right shoulder as a passenger was getting ready to disembark and he had to close the doors quickly.

- b. September 2017 report from KT's state lobbyist

9. OTHER PUBLIC COMMENTS

Michael Williams commented on Commissioner Erickson comments and earlier discussion on the safety of the Rich Passage 1 vessel.

10. FOR THE GOOD OF THE ORDER:

11. ADJOURN: Chairperson Putaansuu adjourned the meeting at 9:59AM.

ADOPTED by the Kitsap Transit Board of Commissioners at a regular meeting thereof, held on the 19th day of October 2017.

Robert Putaansuu, Chairperson

ATTEST:

Jill A. Boltz, CMC
Clerk of the Board

DRAFT



Board of Commissioners Agenda Summary

MEETING DATE: October 17, 2017

AGENDA ITEM: Resolution No. 17-61, Rich Passage 1 Exhaust Replacement & Noise Attenuation

SUBMITTED BY: Hayward Seymore

TITLE: Director of Maintenance

DEPARTMENT: Maintenance

**EXHIBITS/
ATTACHMENTS:** Resolution No. 17-61

BUDGETARY IMPACT *(if applicable)*

BUDGETED: _____

EXPENDITURE REQUIRED: \$120,000.00

FUNDING SOURCE: Other: Bond

REVIEWED BY: Executive Director

MEETING DATE: _____

RECOMMENDATION: Approve

COMMENTS:

**SUMMARY
STATEMENT**

Staff is requesting permission to go out to bid for the exhaust rebuild and addition of noise attenuation to the Rich Passage 1. The exhaust system has been identified as a cause of service disruption. During repairs and evaluation of the Rich Passage 1 mechanical systems it was determined that the filters were in need of replacement. Staff has reached out to suppliers and the manufacturer of these filters to conclude they no longer exist. In addition, staff has heard concern from residents along the Rich Passage 1's route regarding noise emissions. Staff is recommending the exhaust system be replaced and noise attenuation added to improve reliability and address internal and external noise emissions.

**RECOMMENDED
ACTION/MOTION:**

MOTION: Move to adopt Resolution No. 17-61, authorizing staff to seek bids for replacement of the exhaust system and addition of noise attenuation to the Rich Passage 1 in an amount not to exceed \$120,000 plus applicable taxes and fees.

RESOLUTION NO. 17-61

A RESOLUTION OF KITSAP TRANSIT BOARD OF COMMISSIONERS AUTHORIZING STAFF TO REQUEST BIDS FOR THE REPLACEMENT EXHAUST SYSTEM AND NOISE ATTENUATION FOR THE RICH PASSAGE 1

WHEREAS, staff continues to evaluate the operational systems of the Rich Passage 1 (RP1) to ensure reliability; and

WHEREAS, the exhaust system internal to the boat has encountered wear, and substantial maintenance is required to address system leaks; some leaks have caused service interruptions; and

WHEREAS, the filters installed on the RP1 were in need of replacement and were therefore removed; however these filters are no longer available through suppliers or the manufacturer; and

WHEREAS, the current exhaust system of RP1 does a fair job of suppressing external noise discharge into the environment; however, residents along the vessel's route have remarked the sound emission is noticeable; and

WHEREAS, staff is requesting permission to seek bids for the replacement of the Rich Passage 1 Exhaust System and Noise Attenuation; and

WHEREAS, the estimated cost for purchase and installation is \$120,000; and

WHEREAS, Kitsap Transit will fund these vessel upgrades with proceeds from the forty-five million (\$45,000,000) limited sales tax general obligation bonds;

WHEREAS, the bid award will be brought forward to the Kitsap Transit Board of Commissioners for final approval in accordance with the procurement policy and procedures; and

NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners hereby authorizes staff to request bids for Exhaust System and Noise Attenuation for the Rich Passage 1 as presented in this resolution.

ADOPTED by the Board of Commissioners of Kitsap Transit at a regular meeting held on the 17th day of October, 2017.

Robert Putaansuu, Chairperson

ATTEST:

Jill A. Boltz, CMC
Clerk of the Board

DRAFT

KITSAP TRANSIT – 2018 Legislative Agenda

2018 Session Preview

The 2018 legislative session is set to convene on Monday, January 8, 2018, and is scheduled to run for 60-consecutive days. While there are several key holdover issues from 2017 that the Legislature will be addressing, including a Capital Budget and various proposals regarding the Hirst water decision, early indications are that the session will be relatively light in the hopes of ending on time. Below is a draft list of potential action-items for Kitsap Transit in 2018.

Possible Kitsap Transit-led Issues

- Capital bond exemptions for PTBAs
 - In RCW 39.08.030, there is an allowance for cities, towns, and water-sewer districts to set, by ordinance, a bond requirement of no-less than 25%.
 - Further, in RCW 39.08.100 governing marine vessel construction, WSDOT or a county may substitute "one or more of the following alternate forms of security in lieu of all or part of the bond: Certified check, replacement bond, cashier's check, treasury bills, an irrevocable bank letter of credit, assignment of a savings account, or other liquid assets specifically approved by the secretary of transportation or county engineer, for their respective projects."
 - Using these RCWs as guides, KT could potentially look to add PTBAs, passenger-only ferry districts, or both, to one or both of the subsections above, thus putting transit agencies on the same level as other governmental entities.
- DNR Lease Fees – Exemption or Directed Maintenance
 - KT has worked closely with the Department of Natural Resources to reduce fees associated with waterfront property owned by DNR but used by KT for waterborne uses.
 - Washington State Ferries (WSF), public ports, and certain other government entities are exempt from paying DNR lease fees on properties utilized for water-borne uses.
 - Eliminating DNR lease fees to equalize PTBA's with other government entities could save thousands of dollars annually; alternatively, requiring fees to be utilized solely for facility maintenance could further the public interest.
 - KT will likely seek to continue working on a non-legislative solution to this issue prior to introducing legislation in Olympia.
- Capital Projects
 - Maintain funding received in 2017-19 biennial transportation budget for system transit centers, and begin discussion on future efforts for near-term capital needs for park & ride system and transit transfer centers through Regional Mobility Grant Funding and other sources.

- West Sound Alliance (KRCC and other Regional Partners)
 - Continue supporting the ongoing efforts of the West Sound Alliance to further the aims of regional project identification and funding.
- Washington State Transit Association (WSTA)
 - Continue supporting efforts by WSTA on legislative and administrative proposals of interest to transit operators statewide.

2018 Possible Issues – WSTA

- Parking Demand Management Strategies
 - Locally-owned park & ride lots, as well as FTA- and FHWA-owned facilities have authority to implement demand-based pricing with HOV and carpool getting reduced rates; however, state-owned park & rides lots, including those for which PTBAs manage the maintenance, are prohibited from being operationally managed by PTBA, even for parking issues.
 - Discussions with the Puget Sound Regional Council, WSTA, and other agencies indicate a potential direction in 2018 and beyond that would seek to grant PTBAs authority to issue parking citations, similar to current authority of other local jurisdictions and WSF. This would likely be a necessary component of any larger parking management plan for enforcement of any parking restrictions.
 - A concurrent proposal could be explored that creates a pilot program for one or more impacted agencies to take on management operations at those facilities at which the PTBA already manages maintenance.
- Bus Fleet & Bus Facility Replacement Grant Program
 - WSTA is beginning the conversation on the possibility of creating a state-wide bus fleet and bus facility replacement/expansion grant program. The first step is determining future cost needs. A study bill is possible in 2018 to explore the potential scope of such a program.
- Volkswagen Settlement Funds
 - As part of the Capital Budget, the state is looking to create a framework for the distribution of the roughly \$112 million in funds coming to Washington State from the VW settlement. The majority of these funds will likely be used for electric vehicle infrastructure. WSTA is working to ensure transit-agency eligibility for as much of that money as possible.
- Use of Traffic Cameras for HOV-only and Transit-only lane enforcement
 - WSTA, King County Metro, and others are looking into the possibility of utilizing traffic cameras similar to school zone or red-light cameras to aid enforcement of transit-only lane usage.