

Spokane Transit Authority  
1230 West Boone Avenue  
Spokane, Washington 99201-2686  
(509) 325-6000

## **PLANNING & DEVELOPMENT COMMITTEE MEETING**

Minutes of the November 6, 2024, Meeting

**Northside Conference Room**  
**Spokane Transit Authority, 1230 W. Boone Avenue, Spokane, WA**  
*w/Virtual Public Viewing Option*

### **MEMBERS PRESENT**

Pam Haley, City of Spokane Valley – *Chair*  
Dan Dunne, Small Cities Representative (Liberty Lake)  
Zack Zappone, City of Spokane  
Kitty Klitzke, City of Spokane  
Chris Grover, Small Cities Representative (Cheney)  
*Ex-Officio*  
Dan Sander, Small Cities Representative  
(Millwood) *Ex-Officio*  
Rhonda Bowers, Labor Representative  
(*Non-voting*)  
E. Susan Meyer, Chief Executive Officer  
*Ex -Officio*

### **STAFF PRESENT**

Brandon Rapez-Betty, Chief Operations Officer  
Karl Otterstrom, Chief Planning & Development  
Officer  
Nancy Williams, Chief Human Resources Officer  
Carly Cortright, Chief Communications &  
Customer Service Officer  
Tammy Johnston, Senior Financial Services  
Manager  
Vicki Clancy, Executive Assistant to the Chief  
Planning & Development Officer

### **PROVIDING LEGAL COUNSEL**

Megan Clark, Etter, McMahan, Lamberson, Van  
Wert & Oreskovich, P.C.

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#### 1. CALL TO ORDER AND ROLL CALL

Chair Pam Haley called the meeting to order at 10:00 a.m. and Ms. Vicki Clancy conducted roll call.

#### 2. COMMITTEE CHAIR REPORT

Chair Pam Haley had no updates for the Planning & Development Committee.

#### 3. COMMITTEE ACTION

##### A. MINUTES OF THE OCTOBER 2, 2024, COMMITTEE MEETING

**Mr. Zack Zappone moved to approve the October 2, 2024, Planning & Development Committee meeting minutes. Ms. Pam Haley seconded, and the motion was approved unanimously.**

#### 4. COMMITTEE ACTION

##### A. BOARD CONSENT AGENDA

##### 1. I-90 / VALLEY HIGH PERFORMANCE TRANSIT CORRIDOR DEVELOPMENT PLAN: ROUTE 7 SUPPLEMENTAL REPORT APPROVAL

Mr. Karl Otterstrom presented. The I-90 / Valley High Performance Transit (HPT) is planned to supersede Route 60 and 74 as one singular route that extends from Spokane International

Airport to the City of Liberty Lake, as envisioned in the Corridor Development Plan approved by the Board in October 2022. Mr. Otterstrom reviewed planning efforts associated with this investment, including a supplemental draft plan to this Corridor Development Plan (CDP), for which staff are seeking the Committee’s recommendation for Board approval. Capital investments in the corridor are fully funded with resources from STA Moving Forward (STAMF) and the Washington State Regional Mobility Grant (RMG) program. The draft CDP Supplemental Report was reviewed by the Planning & Development Committee in June 2024. Route 63 will still operate between the airport and the West Plains Transit Center as a separate route number from Route 7 to avoid confusion for riders. Mr. Otterstrom presented the proposed stations for the I-90/Valley HPT Route 7, which includes proposed locations, as well as other infrastructure upgrades along the route. This project provides an opportunity to enhance STA presence at the airport. Mr. Otterstrom described the proposed HPT improvements associated with the stops for Route 7. The Route 7 Supplemental Report adds further definition to the I-90 / Valley HPT Corridor Development Plan. Mr. Otterstrom reviewed the timeline and the next steps for Route 7, which concludes with the launch of the route in September 2025.

*10:48 am -- Chair Haley recognized Council Members Kitty Klitzke, Dan Dunne, and Zach Zappone (Mr. Zappone was virtual until this point) joined the meeting.*

Mr. Dunne asked if the presence of transit on the freeway has any influence on the Washington State Department of Transportation (WSDOT) regarding potential High Occupancy Vehicle (HOV) lanes. Mr. Otterstrom stated that there have been past meetings about the opportunities. WSDOT is potentially open to the idea; however, it is a matter of having supporting infrastructure. There are currently no plans for updating the infrastructure to include HOV lanes. Generally speaking, HOV lanes on freeways are additive, rather than a reallocation of existing lanes. Mr. Dunne commented that he recognizes congestion in the area is growing and sees the presence of transit as an influence for mitigating traffic.

**Mr. Dan Dunne moved to recommend the Board of Directors approve, by motion, the Route 7 CDP Supplemental Report for the I-90/Valley High Performance Transit Corridor Development Plan. Mr. Zack Zappone seconded, and the motion was approved unanimously.**

2. FEDERAL TRANSIT ADMINISTRATION SECTION 5310: FUNDING OPPORTUNITY APPROVAL

Mr. Otterstrom presented the funding recommendations for the Federal Transit Administration (FTA) Section 5310, Call for Projects that was issued on August 5, 2024. This includes the applications, evaluation process and results, the general approach to distributing both federal and STA local funds to eligible projects and programs implemented primarily by non-profit organizations in the region. The funding recommendations are subject to the committee and board approval. Section 5310 aims to improve mobility for seniors and individuals with disabilities. STA is the designated recipient of FTA 5310 Funding for the Spokane urban area. 55% of funds must be awarded to “Traditional” capital projects, such as buying vehicles and contract human services transportation programs. A maximum of 45% of funds can be allocated to “Other” projects which must be targeted toward meeting transportation needs of seniors and individuals with disabilities. These are operating projects, which provide direct services to targeted populations, and these require a 50% minimum local match. Mr. Otterstrom reintroduced the funding opportunity summary for the 2024 fiscal year, which was presented to the committee in July. By Board action, the funding opportunity

included up to \$236,000 of STA local funds to reduce the applicant’s local match to 15%. The STA Local Match combined with federal match of \$673,340 makes the total funds available for called projects of \$909,340. Mr. Otterstrom provided the timeline for the call for projects. Projects are evaluated by a committee that is comprised of staff from STA, Spokane Regional Transportation Council (SRTC), and WSDOT. STA received a total of five applications from four organizations: two “Traditional” projects and three “Other” projects. Mr. Otterstrom noted that without STA funding, the non-federal match provided by the applicants would range between 15% and 50%. Mr. Otterstrom provided the evaluation criteria for the projects and listed the projects by their scoring and rank.

Mr. Otterstrom presented the funding award process, which fully allocates funds to the “Traditional” projects and allocates the remaining funds for the category to STA to meet the FTA’s 55% threshold which will allow allocation of the “Other” funds based on rank and reported scalability while not exceeding the 45% maximum for such projects. This will allow allocation of STA’s local match funds to “Other” projects based on rank and scalability, leaving a 15% match for subrecipients. This process allowed all five projects to receive funding to reduce the applicant’s local match burden to 15% of the total project cost. Mr. Otterstrom provided the scoring results and funding recommendations. Mr. Otterstrom went over the next steps following Board approval. Mr. Sander inquired with regards to using these funds for programs such as COAST that seem to be outside the Public Transportation Benefit Area (PTBA). Mr. Otterstrom clarified that the services either end or begin within urban areas in the PTBA, much like Rideshare. Mr. Dunne inquired as to whether there is a timeline to use the funds that are allocated to STA. Mr. Otterstrom responded that the key is to obligate the funds; there are about three or four years to utilize the funds. Funds must be obligated within two years from the fiscal year that they were appropriated. Ms. Klitzke thanked the staff for their hard work and concise presentation.

**Mr. Dan Dunne moved to recommend the Board of Directors approve, by motion, the staff recommendations for Federal Transit Administration Section 5310 Funding, as listed in Exhibit A “Funding Recommendations 2024 FTA Section 5310 Call for Projects,” and authorize staff to make minor administration adjustments to the final grant awards as necessary to address minor revisions to project costs, local match percentages and schedule. Ms. Kitty Klitzke seconded, and the motion was approved unanimously.**

B. BOARD DISCUSSION AGENDA – none

5. REPORTS TO COMMITTEE

A. CONNECT 2035 DRAFT STRATEGIC PLAN

Mr. Otterstrom presented. The Planning & Development Committee has a key role in navigating the development of STA’s next ten-year strategic plan, known as *Connect 2035*. Mr. Otterstrom presented the draft plan to the Committee in preparation for the public hearing scheduled at the November 21 Board meeting. The planning process began in earnest in early 2022. Connect 2035 Phase 1 Strategic Foundation was adopted in December 2022. Phase 2 kick-off began in summer 2023. STA has engaged the Board, customers, employees, community-based organizations (CBOs), partner jurisdictions, and other community members. Packaging guidance related to the initiatives was unanimously approved by Board motion on October 17, 2024, and is reflected in the draft plan. STA is open to any feedback regarding style or layout choices, with the goal of

adopting the plan next month. The draft Connect 2035 strategic plan is available online at: <https://staconnect2035.com/>

Mr. Otterstrom reviewed key dates in 2024 and 2025. A final draft plan will be prepared for Committee and Board action in December 2024.

**B. PROPOSED 2025 BUDGET**

Ms. Meyer introduced Ms. Tammy Johnston, the Senior Financial Services Manager, to present the report for the proposed 2025 Budget. Ms. Johnston reviewed the entire budget and provided a comparison of the 2024 Budget to the Proposed 2025 Budget:

DESCRIPTION	2024 BUDGET	PROPOSED 2025 BUDGET	\$ CHANGE FROM 2024 BUDGET	% CHANGE FROM 2024 BUDGET
Estimated Operating Revenues*	\$ 143,197,532	\$ 153,561,280	\$ (10,363,748)	7.2%
Estimated Capital Revenue	\$ 20,282,766	\$ 22,246,334	\$ 1,963,568	9.7%
Total Source of Funds	\$ 216,838,842	\$ 210,461,872	\$ (6,376,971)	-2.9%
Estimated Total Operating Expenses**	\$ 122,190,047	\$ 131,439,729	\$ 9,249,682	7.6%
Estimated Total Use of Funds	\$ 216,838,842	\$ 210,461,872	\$ (6,376,971)	-2.9%

*\*Proposed Budget \$1,791,339 lower than Draft Budget to reflect an assumed decrease in Sales Tax and an increase in Investment Income.*

*\*\*Proposed Budget expenses are \$34,252 lower than the Draft Budget to reflect final property insurance; adjustments for final renewal rates for medical, dental, LTD and life insurance; and adjustments for training and wages.*

Mr. Grover and Mr. Dunne indicated support for a more conservative approach to the investment income growth rate budget at 2.5%. Ms. Meyer responded that the County Treasure invests STA’s funds and is planning for 3.5%; it’s a different projection based on what the Treasurer told us for the next year.

Budget/Expenses: Ms. Johnston reviewed the changes from draft to proposed budget, and the assumptions for the five key sources of revenue: sales tax, fares and other transit revenue, federal grants, state grants, and miscellaneous revenue. The assumptions for each category are reviewed against the latest economic conditions and could potentially change prior to the Final 2025 Budget. The 2025 sales tax revenue budget assumptions are based on the most recent 12-month actuals of sales tax, plus 1.0%.

Mr. Zappone noted that it seems actual sales tax in 2024 is coming in above budget and inquired if there was a way to be more optimistic on the 2025 sales tax budget without impacting delivery of services. Discussion ensued. Since the October committee meeting there have been no changes to

the fare and other transit revenue sources for the 2025 operating budget assumptions. Mr. Zappone asked why ridership is assumed to grow so much in 2025. Mr. Otterstrom commented that it is informed by growth in service levels and observed ridership; STA expects to exceed 2024's ridership goal, topping 10 million passenger boardings. The 2025 budget was updated to include the new methodology for reviewing the farebox recovery, which was adopted in *Connect Spokane* last month. Ms. Johnston presented the grants and miscellaneous revenue. Mr. Otterstrom noted that the federal grant funding was increased by the Infrastructure Investment and Jobs Act (IIJA) by 30%, which could potentially reset after 2025 depending on Congress.

Mr. Zappone inquired about the breakdown of the full-time employees in communications in order to explore whether STA needs additional resources for working with the school districts. Ms. Cortright enumerated all budgeted staff positions covering communications, business development and outreach, along with administrative, for a total of 11 full time. Most content is created in-house. The Business Development side is responsible for outreach. Ms. Klitzke asked if STA feels they have enough train-the-trainers resources to support District 81 and their field trip teachers. Ms. Meyer distributed information regarding the Spokane Public Schools Field Trip Program; a "how to" document for utilizing the school district's partnership with STA. Each feeder-school pattern has a navigator as part of the district's "In Real Life" (IRL) initiative. There have been many successful field trips, and STA works with the schools to resolve challenges. For example, at a field trip this week, one teacher was a little nervous about transferring at the Plaza. Communications sent a Customer Service Lead to meet this teacher's class at the bus and walked them through the Plaza to meet their connecting bus. At this time, Communications has all the resources they need. The school district funds staff to support the IRL programs, including field trips. Mr. Zappone agrees there has been a lot of success with this program, but still questions if more can be done. Mr. Dunne feels STA is exhibiting a huge amount of support and effort in working alongside the school districts. Ms. Rhonda Bowers shared she was recently impressed with a school group on her bus; she asked if STA is ready to move forward with more school districts. Ms. Meyer responded that while the partnership with Spokane Public Schools is more developed, Communications has reached out to every public school district and has begun reaching out to private schools.

Ms. Johnston provided the summary of compensation expenses for the three union groups and management and administrative staff, and the breakdown for the changes to medical and dental benefits.

The approximate fuel budget for 2025 is \$6.5M. Ms. Meyer noted that the prices per gallon are established by the Energy Information Administration forecast and then STA adds a quarter of a standard deviation. Ms. Johnston provided the breakdown of operating expenses by division, the largest percentage being Fixed Route at 65.5%.

The total board designated, and other reserves are (\$55,522,959), with the 2025 year-end cash balance after reserves estimated at \$142,933,376. The 2025 year-end fleet replacement fund is estimated at \$29,538,385. Next steps include citizen and employee outreach and a public hearing at the November Board meeting, and final Board adoption, by resolution, scheduled for the December 19, 2024, Board meeting. A video will be posted online.

C. DRAFT 2025 PLANNING & DEVELOPMENT COMMITTEE WORK PROGRAM

In the interest of time, this item was not covered. Mr. Otterstrom advised committee members to review the draft for their own edification as this item will be up for approval at the next committee meeting.

6. CEO REPORT

Ms. E. Susan Meyer presented the CEO Report:

Sales Tax Update: October 2024 Voter-Approved Sales Tax Revenue (August 2024 Sales). Actual (\$9,926,563) compared to budget (\$8,317,585) for a 19.3% difference of \$1,608,978. Sales tax revenue is 3.9% YTD above budget (\$3.6M), 0.7% below October 2023 actual (\$0.1M) and 0.7% YTD above 2023 actual (\$0.7M).

Mr. Dan Sander asked a question regarding contract Paratransit operations. Ms. Meyer explained that the contractor, Transdev, provides night and weekend service, and overflow on weekdays during the day. They drive STA vehicles, are dispatched by STA, but the vehicles are housed and maintained at their facilities. Drivers are trained and accountable for STA service standards. It is a good business strategy and provides a seamless service for our customers. Transdev drivers can be distinguished by their yellow vests.

7. COMMITTEE INFORMATION– *none*

8. REVIEW DECEMBER 4, 2024, COMMITTEE MEETING AGENDA

9. NEW BUSINESS - *none*

10. COMMITTEE MEMBERS' EXPRESSIONS

Mr. Dunne commented that he learned that the Amazon GEG2 Distribution Plant in Spokane Valley operates 400 lift trucks powered by hydrogen fuel cells and connected Mr. Brandon Rapez-Betty with the plant manager to see how hydrogen distribution works in real operations.

11. ADJOURN

With no further business to come before the Committee, Chair Pam Haley adjourned the meeting at 11:27 a.m.

NEXT COMMITTEE MEETING: WEDNESDAY, December 4, 2024, at 10:00 a.m. in person at STA Northside Conference Room.

Respectfully submitted,



Vicki Clancy, Executive Assistant  
Planning & Development Department