

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

PLANNING AND DEVELOPMENT COMMITTEE MEETING

Minutes of the October 6, 2021 Meeting
Via Video Conference

MEMBERS PRESENT

Al French, Spokane County -- *Chair*
Candace Mumm, City of Spokane
Karen Stratton, City of Spokane
Tim Hattenburg, City of Spokane Valley
E. Susan Meyer, Chief Executive Officer
Ex Officio

MEMBERS ABSENT

Kevin Freeman, Small Cities Representative
(Millwood) *Ex Officio*
Hugh Severs, Small Cities Representative
(Liberty Lake) *Ex Officio*

STAFF PRESENT

Karl Otterstrom, Director of Planning & Development
Brandon Rapez-Betty, Director of Communications
& Customer Service
Monique Liard, Chief Financial Officer
Nancy Williams, Director of Human Resources &
Labor Relations
Vicki Clancy, Executive Assistant to Director of
Planning and Development

PROVIDING LEGAL COUNSEL

Laura McAloon, McAloon Law PLLC
Kendel Froese, McAloon Law PLLC

1. CALL TO ORDER AND ROLL CALL

Chair Al French's request called the meeting to order at 10:00 a.m., and Ms. Vicki Clancy conducted the roll call.

2. COMMITTEE CHAIR REPORT

(No items being presented this month.)

3. COMMITTEE ACTION

A. MINUTES OF THE SEPTEMBER 1, 2021 COMMITTEE MEETING

Ms. Candace Mumm moved to approve the September 1, 2021, Planning and Development Committee meeting minutes. Mr. Tim Hattenburg seconded, and the motion was approved unanimously.

4. CITY LINE PROJECT UPDATE

Ms. E. Susan Meyer presented an updated on the City Line Project. The City Line is a six-mile, corridor-based Bus Rapid Transit (BRT) route. The City Line will provide more frequent, longer hours of services. Project budget totals \$92.2 million including: \$60.6M federal funds, \$17.2M state funds, and \$14.4M STA funds. This project was announced to be operational in May 2022, and will now launch in July of 2023 due to COVID related issues such as supply chain shortages which impacts the station shelters schedule, largely due to limited supply and extended lead times for rolled tube steel. Despite these setbacks, the project remains well within the \$92.2 million budget. The new launch date allows for completion of Riverside Avenue by the City of Spokane and some extended systems testing. Twenty-nine (29) of the 33 City Line stations include rolled tube steel totaling over 2,000 linear feet.

Staff have engaged an engineering company who is familiar with STA and the City Line project to review STA's preparation to launch the project. This company has recommended additional end-to-

end system testing, adding approximately four months to the schedule, in addition to 10-11 months related to the delay in the shelter fabrication. Changes to the schedule to account for these factors reflects a new launch date of July 2023 and a reduction of overall project risk. Charging infrastructure is in place and buses are already on campus. Ms. Meyer reviewed the project schedule. The shelter manufacturer, Future Systems, is creating a completed prototype scheduled to be approved by STA next month. Ms. Meyer reviewed the City Line Financial breakdown. Next steps include notifying project and community stakeholders, issue a press release to the media, communicate to FTA Region 10, and coordinating schedule updates with all internal and contract team members.

Cardinal Infrastructure has been STA's advisors from the beginning of the City Line. Ms. Sherry Little and Mr. Sev Miller both worked at the Federal Transit Administration before starting their own company. Together they have created a strong, knowledgeable team with great expertise and important information and relationships related to Federal Transit Administration funding. Ms. Meyer asked Ms. Little and Mr. Miller to attend today's committee meeting. Ms. Little shared her perspective on this project and Spokane compared to other projects nationwide. FTA is hearing about project complications across the country, with projects facing significant impacts to schedule and budget. One of the reasons STA is in such a good position is due to the diligence and willingness to share information with the region, its reputation as a good partner with FTA – which includes regular reviews (i.e., Triennial Review) and participation at workshops, and being very careful about the risk analysis. The City Line schedule change is not idea, but the outlook is much more than other projects facing similar challenges in the CIG pipeline right now. Ms. Little expressed the opinion that FTA has no concerns about STA's ability to deliver the project.

Chair Al French thanked Ms. Little for sharing with the Committee. (For the record, Pam Haley, joined the meeting.) Ms. Candace Mumm asked if this delay would affect the request for the Division project. Ms. Little responded that there is an analysis done by the FTA at the conclusion of the grant process once the project is delivered (put in revenue operation service). She is not aware of any example within the past 20 years, where a project that had been previously delivered by a transit agency and was delayed, impacted the potential investment on a second project. The City Line delays aren't significant, and we have the ability to make up the difference in the Federal funding, that STA should be well positioned if it is decided to go for a second full funding grant agreement for that project.

Chair French added that due to COVID, and the supply chain problems across the globe, it is not surprising that STA is being impacted by supply chain problems. It was really a matter of "when" and "how much". We've "adjusted our sails" and still moving forward. Kudos to Ms. Meyer, Mr. Otterstrom and the entire Team. Ms. Little added that the Biden White House has appointed John Porcari, previous deputy transportation secretary in a previous administration, to a senior position within US DOT to review transportation related delay and how COVID has impacted the supply chain.

5. COMMITTEE ACTION

A. BOARD CONSENT AGENDA

1. DIVISION BUS RAPID TRANSIT: DESIGN AND ENGINEERING SERVICES AWARD OF CONTRACT

- A. Mr. Karl Otterstrom presented. The Division Street Bus Rapid Transit (BRT) project is envisioned to be the second BRT line in the region, and will extend from downtown Spokane along the Division Street corridor and Newport Highway for approximately nine miles to the Mead area. STA *Moving Forward* plan called for further study of full high performance transit (HPT) investments on Division Street. In conjunction with *DivisionConnects* corridor study, STA Board of Directors have adopted a locally preferred alternative to implement bus rapid transit in the corridor. Mr. Otterstrom

reviewed the major phases of the project, the procurement timeline, the proposed evaluation and scoring, and budget and cost estimates.

On June 2, 2021, the Planning and Development Committee approved the Scope of Work for the Division BRT Design and Engineering services and authorized staff to issue a Request for Qualifications (RFQ). A pre-proposal meeting was held on June 17, 2021, and three proposals were received and deemed responsive on July 23. After careful consideration of all submissions, consultant interviews, and evaluation criteria, the evaluation committee determined Parametrix to be the most qualified firm to provide Division BRT Design and Engineering Services.

Total value of the design and engineering services contract is estimated between \$16 and \$20 million and does not include all professional services in the conceptual contracting plan. Work will only be authorized as approved funding allows.

Ms. Candace Mumm moved to recommend the Board authorize contract negotiations between STA and Parametrix for design and engineering services for the Division BRT project consistent with the scope of work as issued on June 6, 2021; and, authorize the CEO to execute said contract if the terms are deemed to be fair, reasonable, and in the best interest of STA. Furthermore, if said terms cannot be agreed to, recommend the CEO be authorized to proceed with said negotiations and contract execution with HDR. Mr. Hattenburg seconded, and the motion was approved unanimously.

2. PASSENGER INFORMATION DIGITAL DISPLAYS: AWARD OF CONTRACT

Mr. Karl Otterstrom presented. To support an ongoing system improvement plan, STA plans to install digital displays for customer information throughout its system of bus stops and high performance transit facilities over the next three (3) to five (5) years. Customer information will include: bus departure/arrival times, service alerts, service and community announcements, dynamic content and social media. The scope of the project is the provision of approximately 200 digital displays and compatible mounts for outdoor applications. Mr. Otterstrom reviewed project background, evaluation criteria and results. Three (3) proposals were received and deemed responsive to the RFP from responsible contractors. After careful consideration by the evaluation team, Daktronics was selected as the recommended vendor to provide Passenger Information Digital Displays for an estimate contract value of \$1.6 million.

Mr. Tim Hattenburg moved to recommend the Board of Directors authorize contract negotiations between STA and Daktronics for maximum 5-year term for the provision of Passenger Information Digital Displays at an estimated contract value of \$1.6 million, and authorize the CEO to execute said contract if the terms are deemed to be fair and reasonable and in the best interest of STA. Ms. Karen Stratton seconded, and the motion was approved unanimously.

3. HIGH PERFORMANCE TRANSIT: AMENITIES FABRICATION CONTRACT AMENDMENT

Mr. Karl Otterstrom presented. Staff is seeking approval of an amendment for the High Performance Transit (HPT) Shelter and Amenities Fabrication contract with Future Systems US, Inc (FSI) to accommodate necessary unit cost increases. The original 3-year contract (with two 1-year options) was executed on November 2, 2020 for City Line type shelters,

HPT markers, pedestrian light poles. These increases, reviewed and determined justified by staff, are due to 1) pricing increases to raw materials largely resulting from COVID-related supply chain challenges and supply/demand volatility, and 2) necessary revisions to the design that was included in the original RFP which called for additional material for production. Per tonnage price of steel has increased by about \$1,478.00 from a price of \$600 at the time of bid.

Mr. Kevin Freeman asked if supplies had to be “Buy America.” Mr. Otterstrom confirmed that FTA requires manufactured goods, including steel components in the shelter, to meet Buy America requirements.

Upon request by STA, FSI conducted an analysis; the results, combined with the necessary revisions to fabrication processes and materials, yield a total estimated increase in cost for City Line shelters and amenities of \$1.13 million and \$270,000 for amenities to be installed in other facilities and lines for an aggregate total of \$1.4 million, excluding applicable sales tax. Because the amendment is based on estimated price increases as of September 13, 2021, the amendment will include a clause stipulating the establishment of a final pricing adjustment which is based on the actual market prices of raw materials at the time of order placement.

Mr. Tim Hattenburg moved to recommend the Board of Directors authorize the CEO to negotiate and execute a contract amendment with Future Systems US, Inc. to adjust the unit prices of the shelter and amenities to accommodate material price escalations and design-driven material quantity adjustments for an amount not to exceed \$1.4 million. Ms. Candace Mumm seconded, and the motion was approved unanimously.

B. BOARD DISCUSSION AGENDA

(No items being presented this month.)

6. REPORTS TO COMMITTEE

A. DRAFT 2022 ACTION PLAN

Mr. Otterstrom reviewed the annual strategic plan, which is now called the draft 2022 Action Plan. A full draft of the plan will be available to share prior to the October Board meeting. This action plan has four major actions; deliver core infrastructure and services, advance high performance transit, improve the customer experience, and look to the future. The deliverables include the following: Fare Collection System, Battery Electric Technology, May 2022 Fixed Route Service Revisions, and Near-term Investment Opportunities (*subject to Board approval, December 2021*).

B. DRAFT 2022 OPERATING AND CAPITAL BUDGETS

Ms. Monique Liard presented the Draft 2022 Operating and Capital Budgets. As in past years, staff prepares the draft budget in line with the STA Vision and Mission statements, the organizational priorities, and with board guidance.

Operating Budget – The draft budgets assume \$143,418,568 in operating revenues, an increase of \$46,423.813 (+47.9%) compared to the 2021 adopted budget of \$96,9994.775. The increase is driven primarily by the recovery to a more normal sales tax level (not COVID constrained), and federal stimulus packages (one time funding) that STA is receiving through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan.

The draft budget proposes \$90,521,875 in operating expenditures, an increase of \$8,292,184 (+10.1%) compared to the 2021 adopted budget. The increase is driven by increases in labor/benefits (higher staffing/medical/dental/retirement), services (consulting/temporary help/etc.), contracted transportation (paratransit), materials (maintenance supplies/furniture/vehicle repairs), and insurance/utilities/other (property and liability insurance/trainings/meetings).

Ms. Liard reviewed the Service Hour Plan, operating expense changes in 2022, and the operating budget assumptions.

Capital Budget - This year staff worked to assess impacts of cost changes or schedule delays related to the pandemic cost/supply chain issues. Staff are proposing a \$2.2M increase in capital from the Capital Improvement Plan (CIP) the Board approved with the Transit Development Plan (TDP). Approximately half of that is related to cost/supply increases and schedule changes. Staff is also adding two new projects: more substantial, safety-based driver shields in our coaches, and an upgrade to our fixed route bus routers for improved communication with our computer aided dispatch and automated vehicle location. Total draft Capital Budget is \$67,690,286. Funding sources include federal (\$19,855,432/29.3% of the total), state (\$1,073,200/1.6% of the total), and local (\$46,761,654 / 69.1% of the total) which includes \$9,051,977 from the Fleet Replacement Fund. Total 2022 Capital/Fleet Replacement Contribution Budget is \$76,314,713.

Ms. Liard reviewed the budget comparison 2021 to 2022 and the 2022 cash and reserve analysis. 2022 estimated end of year cash balance after reserves is \$121,143,183 exclusive of the Board designated reserves which total approximately \$24.4M and the Fleet Replacement Fund which is at \$12.9M. Total cash is approximately \$161M which is used to fund the 2022–2027 Capital Improvement Plan. Those requirements for 2023-2027 are estimated to be approximately \$113.8M. This cash is needed to cover all of our future strategic projects as well for 2025-2035 once identified.

This draft budget will be reviewed at the October Board meeting. Citizen and employee outreach will take place in November. A public hearing will be held at the November 18 Board meeting along with the adoption of the 2022 Action Plan. A recommendation of the 2022 final budgets will be presented at the December 1 Planning and Development Committee. Board adoption of the 2022 Final Proposed Budget-operating and Capital will take place at the December 16 Board meeting.

7. CEO REPORT

Ms. E. Susan Meyer deferred her CEO Report to the regular Board meeting since we're running a little long on time.

8. COMMITTEE INFORMATION

(No items being presented this month.)

9. NOVEMBER 3, 2021 COMMITTEE MEETING DRAFT AGENDA REVIEW

10. NEW BUSINESS -- *None*

11. COMMITTEE MEMBER'S EXPRESSIONS -- *None.*

12. ADJOURN

With no further business to come before the Board, Chair French adjourned the meeting at 11:25 a.m.

NEXT COMMITTEE MEETING: WEDNESDAY, NOVEMBER 3, 2021, at 10:00 a.m. VIA WEBEX.

Respectfully submitted,

Vicki Clancy

Vicki Clancy, Executive Assistant
Planning and Development Department