

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

PLANNING AND DEVELOPMENT COMMITTEE MEETING

Minutes of the July 5, 2023, Meeting
Via Video Conference

MEMBERS PRESENT

Al French, Spokane County – *Chair*
Karen Stratton, City of Spokane
Tim Hattenburg, City of Spokane Valley
Dan Dunne, Small Cities Representative
(Liberty Lake)
Chris Grover, Small Cities Representative
(Cheney), *Ex-Officio*
E. Susan Meyer, Chief Executive Officer
Ex Officio

MEMBERS ABSENT

Dan Sander, Small Cities Representative
(Millwood) *Ex Officio*

STAFF PRESENT

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

PROVIDING LEGAL COUNSEL

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

1. CALL TO ORDER AND ROLL CALL

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

2. COMMITTEE CHAIR REPORT

3. COMMITTEE ACTION

A. MINUTES OF THE MAY 31, 2023 (JUNE), COMMITTEE MEETING

Mr. Tim Hattenburg moved to approve the May 31, 2023, Planning and Development Committee meeting minutes. Ms. Karen Stratton seconded, and the motion was approved unanimously.

4. COMMITTEE ACTION

A. BOARD CONSENT AGENDA -- *None*

B. BOARD DISCUSSION AGENDA

1. 2024-2029 TRANSIT DEVELOPMENT PLAN: FINALIZE AND APPROVE (RESOLUTION)

Mr. Karl Otterstrom presented. The plan's purpose is to address requirements under state law and agency implementation program needs. The TDP (Transit Development Plan) reflects the latest costs, service levels and regional development expectations, and is the tactical framework for implementing the strategic comprehensive plan over 6 years. Plan development began in Mid-February of this year through May. The preliminary draft was made available to the public on May 26, 2023. A SEPA Determination was published on May

30, 2023, and a Public Hearing took place at the June 15, 2023, STA Board Meeting. The statutory submission deadline to WSDOT (Washington State Department of Transportation) takes place September 1, 2023. Minor edits to the TDP includes an adjustment to the fleet replacement fund contributions to better balance the annual fund balance in line with anticipated fleet needs. This added detail for ending cash balance before the Replacement Fund. One comment was received regarding accelerating the addition of night and weekend service on Route 11 from September 2024 to May 2024, to address growing activity in the North Bank of downtown Spokane.

Ms. Monique Liard presented on Capital Improvement Program (CIP) Assumptions which provides full funding for capital expenditures for the six-year period through 2029. A change was made to reflect the 755 revenue hours that added projected cost of just under \$200,000. Ms. Liard reviewed breaking out the Fleet Replacement Fund to look at the cash balances before and then after the Fleet Replacement Fund. One of the items discussed in the past is the utilization of financial resources. The financial forecast shows through the TDP period of 2024 through 2029 that we are consuming our resources in the advancement of transit in the region. By 2029 the cash balance, after reserves and before the fleet replacement fund, will be down to \$5.5 million. Ms. Liard reviewed some of the set asides that are planned in the TDP relative to giving bandwidth to make decisions with what to do with the Strategic Plan Connect 2035. There are two key projects in Connect 2035: Division Street Bus Rapid Transit (BRT), and the estimated \$105m placeholder funds for future Connect 2035 projects which includes service expansions and transit-oriented development collaborations. Not included is any further electrification of the fleet.

Mr. French pointed out that there is a statutory requirement to convert the fleet from diesel/fossil fuels to electric; this means STA will need to add millions of dollars to the capital program in the future for procuring zero emission vehicles and for building and electrifying a facility that will house those buses. These funds have not yet been identified.

Mr. Tim Hattenburg moved to recommend the STA Board of Directors adopt, by resolution, the 2024-2029 Transit Development Plan. Mr. Chris Grover seconded, and the motion was approved unanimously.

2. CITY LINE PROJECT SAVINGS (RESOLUTION)

Mr. Otterstrom presented a recap of the current financial outlook as of the last STA Board meeting, where 74% (\$68.4M) of the City Line budget has been spent, 7% (\$6.1M) of the budget committed, 4% (\$3.8M) forecasted, and 15% (\$13.9M) uncommitted. City Line is expected to be completed between \$10M and \$14M under budget. The anticipated savings are comprised of federal and local funds, and the exact amount will not be known until the last invoice has been paid on the project. Federal funding is provided on a reimbursement basis; the unspent federal funds are retained by FTA. State funds, derived from Connecting Washington and the Regional Mobility Grant program, have been expended. The local share of savings is projected to be between \$3.7M - \$5.2M. Staff drafted a resolution for Committee and Board consideration to apply these funds strategically to the Division Street Bus Rapid Transit's (BRT) construction and implementation phase as local match.

Mr. Otterstrom introduced Ms. Sherry Little, Cardinal Infrastructure, who called in to share additional information regarding the strategic opportunity created by the City Line project coming in under budget. Ms. Little provided context in how other US transit organizations have chosen to use under-runs when they have had them for a Capital Investment Grant (CIG) project. It is a unique opportunity which is fairly uncommon for major transit projects. The Deputy Administrator will be in Spokane within a few weeks to celebrate the City Line launch. This will be a unique opportunity for the STA Board Members to have discussions with her and local officials about this under-run. The current STA reputation is that STA delivers what they state they will deliver and has superior project delivery skills. Ms. Little explained that any remaining FTA funds for City Line do not automatically roll over to Division Street BRT; these go back to the treasury, because FTA does not allocate that whole chunk of funding to the agency. Instead, they are investing in an individual project based on merits of that project, including the agency's financial commitment to the project. The best chance of receiving funds to expand Division BRT is to roll the local share of funds over into the project first. This is a powerful message to the FTA, as it demonstrates local and regional financial commitment to expanding transit in the region.

Ms. Little noted that with the debt relief deal that was struck recently, the treasury may have less funds to distribute for transit, meaning there is a need to be more competitive with peer agencies to receive these funds for projects like Division.

Mr. French pointed out that having this local fund as a rollover demonstrates a commitment to BRT.

Mr. Otterstrom reviewed the City Line Project Savings (Draft Resolution). There are two sections: Section 1 -- STA Board declares its intent to commit the local share of City Line BRT savings to the Division Street BRT project Construction and Implementation Phase once the City Line project is closed out. Section 2 -- Directs staff to report back to the STA Board, the final amount to be reallocated and to ensure those funds are a component of Division Street BRT. Mr. Otterstrom highlighted the current projected costs of Division Street BRT, stating that reallocating savings from City Line to Division Street BRT Construction and Implementation Phase will reduce the local share of STA's second BRT project that is yet-to-be secured. There are three phases: Project Development, Construction and Implementation, and BRT Fleet Procurement.

Mr. Dunne inquired as to whether there were any other needs (urgent or pressing) for consideration that these funds could elsewhere be allocated to, such as converting diesel buses to electric. Ms. Meyer responded that after the first forty battery electric buses are purchased by the end of the year, STA has funded diesel bus replacements in this CIP; that is an identified opportunity for the Board to make a decision if funding was made available. Ms. Meyer also mentioned the need to expand vehicle storage and maintenance facilities.

Discussion ensued. Mr. French stated that there are sources of funds and grants that can be looked at to replace the fleet, and that the best option for local savings in the City Line project is to roll over the funds to continue improving the system. The commitment of these funds chip away at how much funding is yet to be secured on the project.

After discussion, **Chair French called for the vote. Mr. Tim Hattenburg moved to recommend the Board approve, by resolution, the reallocation of any unspent local funds from the City Line BRT project budget, for future dedicated use in the Division Street BRT project Construction and Implementation Phase. Chair French, Mr. Tim Hattenburg, and Ms. Karen Stratton voted in favor and Mr. Dan Dunne opposed the motion. The motion passed 3-1.**

3. DIVISION STREET BUS RAPID TRANSIT: PROJECT DEVELOPMENT PHASE FUNDING (RESOLUTION)

Mr. Otterstrom presented. Division Street is the main north-south roadway in Spokane and is one of the busiest in the region. Connect Spokane and STA Moving Forward have both called for exploring and advancing High Performance Transit in the corridor. STA, by Resolution No. 785-21, adopted the Locally Preferred Alternative (LPA) of fixed-guideway Division Street BRT with the preliminary alignment and station locations in April 2021, as refined in Resolution No. 809-23 adopted May 18, 2023. This project is currently in the Preliminary Engineering and Environmental Scoping Phase. This includes past work of the refinement of the LPA, preliminary ridership modeling, public outreach, Title VI assessment, and initial coordination with FTA. Currently, STA is preparing to enter the Project Development phase, which includes conceptual design work, environmental scoping and updated cost estimates. The Preliminary Engineering and Environmental Scoping Phase are not considered eligible for local match for future federal funds. The project's funding plan includes a substantial local share, combined with Move Ahead Washington funds and future federal Small Starts grant award. Federal funds for this project will not be received until after the project development phase. The \$101M in federal funds is prospective, as is the projected local share, the committee is recommending that up to \$5.2M of the local share be secured from savings from the City Line project budget. Mr. Otterstrom recapped the funding sources for the \$15M costs of Project Development as projected in the current 2024-2029 Capital Improvement Program. This includes \$1M from the SRTC in 2022, \$7.746M from Washington State Move Ahead WA (2023-2025) enacted budget, \$3.86M from the Washington State Move Ahead WA (2025-2027) program, and \$2.3940M from STA local funds (\$1.8M of total is in 2023 Capital Budget). Mr. Otterstrom provided an overview of the Project Development Phase, entry into this phase formally ushers the project into the Capital Investment Grant (CIG) program "pipeline," but not as far as to provide commitment of CIG funding. This phase will include all design, engineering, environmental review, and other activities necessary to prepare the project for future federal funding award and initiation of construction and implementation. Project Development will include design, cost estimating, value engineering and risk reviews at various design milestones, including 30%, 60%, and 90% design. There will be updated cost estimates as the project progresses through each phase. It will be up to the FTA to decide what the final budget is and the commitment to that will be based on the Board's decision. STA anticipates seeking a CIG funding rating in 2025, to be eligible to obtain funding award by late 2026/early 2027. While the status of federal funding is currently unknown for 2026 and 2027, entering the Project Development Phase is key to moving forward. Mr. Otterstrom highlighted the Division Street BRT Schedule, beginning in 2022 and preliminary engineering scoping work going through 2030. During this time there is FTA CIG processes, NEPA, Design, Construction, and Implementation. STA is now seeking to enter the Project Development Phase, requiring a formal letter request from the CEO and a

demonstrated financial commitment to the Project Development Phase. It is anticipated that the FTA could allow entry into Project Development as early as 45 days from submission of a request, and potentially as late as October, depending on how much back and forth occurs between STA and the FTA. All non-federal funds for Project Development will be eligible to match federal funds if STA receives a Small Starts grant award under the CIG program.

Subject to Board approval, STA is proposing to seek entry into Project Development in late July 2023. Mr. Otterstrom reviewed the proposed Board Resolution that would authorize requesting entry into Project Development. The first section of the draft resolution affirms the funds projected in the 2024-2029 CIP as programmed for the Project Development Phase. Section two affirms that \$1.8M in local funds in STA's 2023 Capital Budget are committed to the Project Development Phase and available to begin work immediately. The third section commits the Board to ensure all other funds in Section 1, including budget carryover from one year to the next, remain available for this phase of work. Section four commits STA to providing local funds to cover any delayed or deferred state funds fully for this phase of work. Finally, section 5 authorizes the CEO to submit a letter to FTA seeking entry into Project Development (Board authority was obtained in July 2014 for City Line Development Phase). Mr. French commented that this is a critical step in the evolution of this project. Mr. Dunne questioned if there would be a voter action regarding BRT and if so when. Ms. Meyer that there is nothing else required to finish Division Street BRT.

Mr. Dan Dunne moved to recommend the Board of Directors approve, by resolution, the funding sources, and commitments for the project development phase of Division Street BRT and authorize the CEO to request approval to enter Project Development under FTA section 5309 CIG program. Mr. Tim Hattenburg seconded, and the motion was approved unanimously.

5. REPORTS TO COMMITTEE

A. CONNECT SPOKANE COMPREHENSIVE PLAN: PHASE 2 UPDATE

Mr. Otterstrom presented. *Connect Spokane* is STA's 30-year Comprehensive Plan, it contains a long-range policies and principles. The last major update was in 2017. *Connect Spokane* is the foundation of the hierarchy of plans. A major update was initiated in late 2020 and in 2021 was divided into two phases. The first phase was completed in 2022 and addressed items that would inform the first phase of strategic planning. The second phase is set to kick-off this fall. This second phase is an opportunity to review and refresh the entire document. Mr. Otterstrom showed a timeline for the comprehensive and strategic initiatives integrated timelines. Mr. Otterstrom reviewed the proposed scope of the Connect Spokane Phase 2 update.

Ms. Stratton was glad to see the low-income fares and Title VI included in the proposed updates. Mr. French inquired about getting service to those in the PBTA boundary that currently do not have service areas like Five Mile Prairie and Latah Valley, and Eagle Ridge.

B. CONNECT 2035 STRATEGIC PLAN: PHASE 2 OVERVIEW

Mr. Otterstrom presented. Connect 2035 Phase 2 scope of work is building on the three goals adopted in the Phase I Strategic Document, along with their associated strategies. Phase 2's primary objective is to develop a 10-year strategic plan that includes sequenced initiatives for

achieving established goals and performance measure targets. Effective and informative stakeholder engagement to ensure careful consideration of stakeholder input as broad support of the plan recommendations. Project management and community engagement will be key factors throughout the project. Upcoming project activities are a project initiation call with staff and consultants on July 11, followed by an internal project kick-off with consultants on July 26 and 27. The focus of the second set of meetings is on community engagement strategies, the funding model for scenarios review, and a fixed route network assessment. Upcoming board activities, on September 6th there is a tentative board workshop to discuss engagement strategies. In late October/early November there will be another board workshop to discuss funding scenarios.

6. CEO REPORT

Ms. E. Susan Meyer presented the CEO Report:

June 2023 Voter-Approved Sales Tax Revenue (April Sales) Update: Actual (\$9,336,760) compared to budget (\$9,233,669) for a 1.1% difference of \$103,091. Sales tax revenue is 2.0% YTD above budget (\$1.1M), for a 1.1% favorable variance of \$203,091, and 2.0% YTD above 2023 actual (\$1.1M).

City Line Launch Event: Ms. Meyer gave an overview of the itinerary for the Board Members regarding the City Line Launch events for Saturday, July 15, and for the official ribbon-cutting ceremony on Tuesday, July 18. Confirmed speakers for the ribbon-cutting event include Governor Jay Inslee; Spokane Mayor Nadine Woodward; Federal Transit Administration Deputy Administrator Veronica Vanterpool; Gonzaga University President Dr. Thayne McCulloch; Washington State Senator Andy Billig; Spokane City Council Member and STA Board Chair Lori Kinnear; Spokane County Commissioner and STA Board Vice Chair Al French; and STA Chief Executive Officer E. Susan Meyer.

7. COMMITTEE INFORMATION – *None*

8. REVIEW SEPTEMBER 6, 2023, COMMITTEE MEETING AGENDA

9. NEW BUSINESS - *None*

10. COMMITTEE MEMBERS' EXPRESSIONS - *None*

11. ADJOURN

With no further business to come before the Committee, Chair Al French adjourned the meeting at 11:33 a.m.

NEXT COMMITTEE MEETING: WEDNESDAY, September 6, 2023, at 10:00 a.m. VIA WEBEX. *(No August Meeting)*

Respectfully submitted,



Vicki Clancy, Executive Assistant
Planning and Development Department