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

STA SPECIAL BOARD WORKSHOP

Approved Minutes of October 16, 2025, Workshop
11:15 am – 1:15 pm
Spokane Transit Boardroom
In-person with Virtual Meeting joining Option

MEMBERS PRESENT

Pam Haley, City of Spokane Valley *(Chair)*
Al French, Spokane County
Betsy Wilkerson, City of Spokane
Dan Dunne, Small Cities, Liberty Lake *ex-officio*
Dan Sander, Small Cities, Millwood-*ex-officio*
Hank Bynaker, Small Cities, Airway Heights-e*x-officio*
Josh Kerns, Spokane County
Kitty Klitzke, City of Spokane
Lance Speirs, Small Cities, Medical Lake *(Chair pro-tem)*
Michael Cathcart, City of Spokane
Tim Hattenburg, City of Spokane Valley
Zack Zappone, City of Spokane
Rhonda Bowers, Labor Representative, *Non-Voting*

MEMBERS ABSENT

Chris Grover, Small Cities, Cheney-e*x-officio*

STAFF PRESENT

Karl Otterstrom, Chief Executive Officer
Brandon Rapez-Betty, Chief Operations Officer
Carly Cortright, Chief Communications & Customer Service Officer
Emily Poole, Interim Chief Planning & Development Officer
Kade Peterson, Chief Information Officer
Nancy Williams, Chief Human Resources Officer
Robert Hamud, Chief Financial Officer
Dana Infalt, Clerk of the Authority

PROVIDING LEGAL COUNSEL

Megan Clark, Etter, McMahon

GUESTS

Christine Varela, DH *(Virtual)*

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1. Call to Order and Roll Call – As Chair Haley was running late, Chair pro-tem Speirs called the meeting to order at 11:45 and the Clerk conducted roll call.

   Ms. Wilkerson moved to approve the agenda as presented. Ms. Klitzke seconded, and the motion passed unanimously.

2. Welcome & Introductions – Mr. Otterstrom thanked everyone for being here and expressed his appreciation and acknowledged the time commitment it takes to attend the workshops and board meetings. He recognized the executive team and noted Ms. Christine Varela was in attendance virtually.

3. Workshop Objectives - Mr. Otterstrom noted this workshop is a continuation of efforts on Connect 2035 and advised the workshop also ties back to the STA Moving Forward plan. He commented that STA's success is driven by the community and its responsibilities to the community. Mr. Otterstrom shared that would be discussed today, along with what STA has delivered through STA Moving Forward and how service has been improved for the community. He advised today's workshop will also revisit the financial expectations of Connect 2035 that allow STA to deliver more improvements to advance the Board's vision of connecting everyone to opportunity, and explore the potential intersection with community conversations.

4. Sustain: STA Moving Forward – Mr. Rapez-Betty said he was pleased to be able to speak about STA Moving Forward (STAMF). The years in which it was implemented were a very exciting time here at STA and in the community. He reflected on the professionals who got the real-world experience of

implementing transit growth in the region, the customers who saw real benefits, and the engagement and support of the Board of Directors. He noted much of the success of STA Moving Forward was the agency and Board's ability to tell the story in a way that people could easily track the benefits. He touched on the benefits of transit to people in the community – not just riders but also the business owners - and the regional economic development. He talked about a variety of projects, enhancements and partnerships that have improved access and availability of transit funded in the STA Moving Forward plan. Mr. Rapez-Betty said growing an agency by more than 30% over a ten-year period was an ambitious effort that kept everyone busy.

Mr. Rapez-Betty touched on the sales tax ballot measures, including the initial failure in 2015 followed by the successful measure in November 2016. STA worked extensively to gather community feedback, re-sequence key projects with the STA Moving Forward plan, and find a path to deliver the plan with a graduated increase in sales tax at a lower rate than the original measure. He noted the sunset clause of the sales tax is an important part of the STA Moving Forward story, established as an accountability measure for STA. He shared a highlight reel that called out the many accomplishments of the STA Moving Forward plan in a brief video.

Mr. Otterstrom presented detailed facts and figures demonstrating the scale of service and infrastructure improvements.

Board Members were then asked to rank order the what STA Moving Forward investments they believed made the biggest impact. Responses included 1) Service Improvements, Technology Customer Information, and 3) Bus Stop Improvements / Shelters & Lighting, 4) Transit centers and Park & Rides, and 5) Zero Emission Vehicles and other fleet upgrades. Mr. Cathcart reflected that some items might have had a higher impact, (i.e., shelters, expanded services) would have rated higher had they been more highly prioritized. Mr. Dunne noted the service improvements are the most visible and immediately accessible to STA riders, saying they receive the immediate benefit and recognize an increase in area, service, and hours.

Mr. Otterstrom discussed 2016's Proposition 1, the sunset clause, and STA's no-debt status. He shared a comparison of transit sales tax rates in select Washington cities. Mr. Otterstrom provided a comparison of ridership of large urban agency peers in Washington and reflected on STA's ridership numbers. He discussed the agency's success in securing grant funding of nearly $138M in discretionary/competitive funding to deliver investments in the plan and STA's zero-emission vehicle transition. When discussing return on investment, he noted in 2016, STA asked the voters for an additional 2 cents for every $10 they spent. This modest investment by taxpayers has resulted in a robust system that will serve over 10 million riders in 2025. He advised that to continue serving these riders, the ask would be a renewal of the same sales tax approved in 2016 – not a new tax. He shared annual regional economic impacts of STA spending which amounted to $417.1M. He also noted that during the last decade, STA implemented other projects, programs, and partnerships and was able to leverage these opportunities due to prudent management of STA Moving Forward funds.

Chair Haley and Mr. Hattenburg arrived.

Mr. Otterstrom asked Board members to choose two items posed as a Menti-meter question; When we think about the most compelling success story, what's the best thing that came out of STA Moving Forward? The Board members chose Cost Effective Project Delivery and Increased Service Hours as the two highest ranked items. Other rankings followed with Grant Success and Youth Ride Free; Economic Impact and Ridership Growth; and then Upgraded Technology and Fleet Transition. While Board members were casting their votes, Mr. Otterstrom clarified that Youth Ride

Free was not a commitment of the program but was something STA was able to accomplish during the STA Moving Forward time frame.

Mr. Otterstrom discussed moving forward together and noted that during the Board's development of the new strategic plan, STA has heard ongoing interest in public transportation. He talked about what has been heard from the community and advised that recent survey results indicate the community considers STA essential, riders consider STA affordable, people see STA as a convenient travel mode that reduces stress, and riders and the community highlight safety as a priority. People have asked for more frequent buses, high performance transit, expanded service, and areas for new and increased service.

He reviewed PTBA survey results completed by Critical Data in April 2025 in which 710 individuals responded. He noted the political makeup and some key findings: 64% said STA was doing good or excellent in providing public transit; 73% said it was very important for the region to support and fund public transportation; and 77% strongly or somewhat agreed with renewing the existing sales tax of 0.2%. A separate Community Perception Survey was conducted in February 2025 and had 447 responses. Of those that responded, 56% said STA was doing good or excellent in providing public transit, while 66% said it was very important for the region to support and fund public transportation.

5. <u>Invest: Looking Forward: Connect 2035</u> – Mr. Otterstrom reiterated the three goals of Connect 2035 and discussed how that tied back to other elements of planning and building a strong transit system. He reviewed the initiative and investment framework before delving into implementation funding and investment principles. He discussed the sustainable financial path of maintaining 0.8% sales tax rate and shared future cash balance projection (based on 2024 budget).

   Mr. Hamud reviewed the 2035 fund balance projection which assumes voter reauthorization and Mr. Otterstrom discussed the Connect 2035 funding and investment principles as adopted by the Board on April 18, 2024.

   Mr. Otterstrom presented three "doors of possibility" regarding the ballot timing: 1) successful ballot by Q1 2027; 2) successful ballot by Q3 2028; and 3) sales tax lapses.

Mr. French arrived

Mr. Otterstrom reviewed the pros and cons of each "door" and asked if members had any questions about the three options.

Mr. Cathcart commented on Door 3 – Sales Tax Lapses – and asked if the Board would create an alternative budget if renewal failed. Mr. Otterstrom said STA should be cautious about predicting outcomes, noting it's difficult to predict the Board's response and implementation of reductions should STA be required to draw down reserves to sustain operations for a period of time.

Mr. Zappone asked about Door 2 and whether Division BRT delays would result from using reserves. Mr. Otterstrom explained delays would stem from not being able to show FTA a financially sound plan or secure a grant agreement. STA could not commit to construction without voter approval. He added only $1M in federal design funding has been received, so it wouldn't be impacted, but a lapse would require turning back or re-scoping state funds and could push other projects out due to cost increases.

Board members further engaged in clarifying the timeline of "Door of Possibility" in relation to STA projects, such as Division Street BRT, as well as other community initiatives, such as a public safety tax measure that is anticipated to be up for voter consideration in the near future. Mr. Otterstrom provided appropriate clarifications and emphasized that the current effort is to ensure Board and community engagement to retain all options for the timing of a ballot measure. He also confirmed that delaying the timeline impacts projects primarily due to construction cost inflations.

The Menti-meter results showed all Board members had a good understanding of the three scenarios.

Mr. Otterstrom turned it over to Mr. Hamud to present the financial framework and considerations. Mr. Hamud reviewed the impacts to STA if the sales tax were not renewed: STA would need to unwind the service expansions of STA Moving Forward and further shrink the system to operate sustainably; without necessary reductions to service levels; STA would be unable to meet Board-required reserves and reach negative cash balance within 5 years; STA will no longer qualify for Washington State Transit Support Grant (~$8M/year); and STA would be unable to implement Division Street BRT in its current scope, and federal funding would no longer be available.

He shared STA estimated total revenues 2024 – 2035, noting the estimated loss without reauthorization to be approximately $346M during the timeframe ending 2035.

Mr. Hamud offered to answer questions.

Mr. French said STA must “earn and retain community trust,” noting unmet commitments and stating he cannot support the ballot measure until the Board honors past promises. He cited the 20% farebox recovery policy objective that was previously in place, and suggested risks because STA does not achieve this objective. Discussion ensued between Board members concerning the nature of the former farebox recovery policy and its relation to community trust and Board transparency. Mr. Otterstrom noted that returning to the previous farebox recovery policy would require a dramatic increase in the standard fare and increase to a range of $4-$5, when accounting for zero fare for youth and transfer activity.

Mr. Kerns questioned whether STA would spend down all reserves, as suggested in the presentation in relation to Door 3. Mr. Otterstrom explained the projection illustrates what happens if service isn’t cut, noting STA treats service as an ongoing obligation. He assured the Board would act before reserves go negative, as required by law, and emphasized Door 3 remains the most uncertain option.

Mr. Cathcart sought to better understand the relationship between state funding levels and transit ballot measures. Mr. Otterstrom highlighted the history of past funding decisions, including successful ballot measures, and noted that state funding generally comes with expectations of maintaining and/or expanding service. For example, the transit support grant, amounting to approximately $8M per year, is granted to STA on account of the agency’s zero fare youth, while committing to not reduce the local sales tax for public transit.

Discussion ensued among Board members concerning the benefits and limitations of the updated fare benchmarks and their relation to farebox recovery, as well as the potential implications for public support or opposition for renewing the sales tax to sustain current services. Mr. Otterstrom offered to review the commitments made in the 2016 ballot measure. He thanked Board members for their robust engagement.

Mr. Otterstrom added that STA will review 2016 ballot materials to clarify commitments versus outcomes, again noting Youth Ride Free was not part of the plan. He acknowledged ridership is below projections but emphasized STA’s strong record of delivering promised projects and thanked the Board again for its engagement.

Mr. Otterstrom posited as a response to the "doors of possibility" the importance of leaning into Connect 2035. He noted community support will be key to sustaining and investing in transit in the future; the Board's Connect 2035 plan represents a compelling set of investments to continue momentum to advance STA's vision of connecting everyone to opportunity; and subject to Board support, STA is poised to engage the community to ensure no "door of possibility" is closed prematurely.

6. Proposed Community Conversation – Dr. Cortright presented the proposed community conversation and next steps to share the progress with the community. She advised a new website is underway to highlight key projects completed as part of the STA Moving Forward plan. She shared staff's intent to present the information to the public, including to location jurisdictions. Dr. Cortright further noted the conversations are scheduled to be completed by the end of Q1 2026, ensuring all options remain open to the Board and community. She finished by asking if anyone had questions, what aspects of STA Moving Forward each Board member finds to be most impactful, and what do Board members personally find most effective for gathering feedback from community stakeholders. Dr. Cortright took note of the variety of questions being posed and responses offered. Brief discussion ensued.

7. Wrap-Up – Mr. Otterstrom thanked everyone again for attending and asked if there were any concerns of beginning the conversation with the community about the future of transit - not closing any doors. There were no concerns expressed and Mr. Otterstrom said staff would be bringing something back to the Board Operations committee next month to have them determine the best approach going forward and which committee should own the process.

8. Adjourn – To provide everyone a break between the Workshop and the Board meeting, the Chair advised the Board meeting would begin at 1:35.

   With there being no further business to come before the Board, the Chair adjourned the meeting at 1:27 pm.

Respectfully submitted,

Dana Infalt

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Clerk of the Authority