

PERFORMANCE MONITORING & EXTERNAL RELATIONS COMMITTEE MEETING

Minutes of March 4, 2026, Meeting
Northside Conference Room
1230 W Boone Avenue, Spokane, WA

In person meeting with optional virtual link

COMMITTEE MEMBERS' PRESENT

Tim Hattenburg, City of Spokane Valley*
Dan Sander, City of Millwood (*Ex-Officio*)
~~Bill Campbell, City of Airway Heights (*Ex-Officio*)~~
Josh Kerns, Spokane County
Michael Cathcart, City of Spokane
Zack Zappone, City of Spokane
Karl Otterstrom, Chief Executive Officer

**Committee Chairman*

COMMITTEE MEMBERS' ABSENT

Bill Campbell, City of Airway Heights (*Ex-Officio*)

STAFF PRESENT

Brandon Rapez-Betty, Chief Operations Officer
Carly Cortright, Chief Communications and Customer Service Officer
Emily Poole, Chief Planning & Development Officer
Kade Peterson, Chief Information Officer
Nancy Williams, Chief Human Resources Officer
Robert Hamud, Chief Financial Officer
Molly Fricano, Executive Assistant to the COO

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 Hattenburg called the meeting to order at 1:30 p.m. and roll call was conducted.
 2. **COMMITTEE CHAIR REPORT**
Chair Hattenburg had no report at this time.
 3. **COMMITTEE APPROVAL**
 - A. **Minutes of February 4, 2026, Committee Meeting**
Mr. Cathcart moved to approve the February 4, 2026, committee meeting minutes. Mr. Hattenburg seconded, and the motion passed unanimously.
 - B. **Demand Response Transit Software: Scope of Work Approval**
Ms. Poole provided background on the request for Demand Response Transit Software. She noted that STA plans to launch new Mobility on Demand (MOD) pilot programs and enhance Paratransit service, which will require a modern software platform. The goal of the project is to enhance rider experience, improve operational efficiency, and ensure STA has the tools needed for future mobility initiatives.
The total estimated cost of the software is \$2,315,000, which includes components for Paratransit, eligibility, and MOD service. A general timeline for the procurement process was presented, showing the MOD pilots beginning in September 2026.

Mr. Cathcart moved to approve, by motion, the general scope of work and authorized staff to advertise the Request for Proposal for Demand Response Transit Software. Mr. Hattenburg seconded, and the motion passed unanimously.

4. COMMITTEE ACTION

A. Board Consent Agenda

1. Paratransit Operating Strategy

Mr. Rapez-Betty provided an overview of the Paratransit Operating Strategy and explained that STA is considering moving from a hybrid model, using contractors to supplement service, to a fully directly operated service with the goal of improving reliability, customer experience, and long-term financial sustainability. Performance data showed that STA's directly operated service has consistently outperformed contractor-provided service, and long-term projections indicated that bringing all service in-house would yield substantial operating and capital savings over the coming years. A transition approach was discussed, and key metrics were outlined that would be used to monitor success.

Discussion ensued about rising costs, long-term uncertainties, and reviewing more financial comparisons. Staff explained that even at low projected cost increases, STA would still save over \$2 million and outperform contractors. It was noted contractor costs have risen 40%, RFP responses would likely be weak, and transition time is limited. Questions were raised from committee members about labor impacts, bargaining, fixed vs. variable costs, and long-term cost trends. Staff confirmed extensive analysis, union coordination, and contractor discussions.

Mr. Cathcart moved to approve, by motion, to forward the Paratransit Operating Strategy to the Board as Board Discussion without a recommendation. Mr. Zappone seconded, and the motion passed unanimously.

5. REPORTS TO COMMITTEE

A. 2025 Preliminary Year-End Financial Report

Mr. Hamud presented the 2025 Preliminary Year-End Financial Results, highlighting revenues slightly above budget and expenses below budget due to division-wide savings and lower operating costs. He noted that STA's strong cash position continues to support its debt-free approach and ongoing capital projects and outlined the upcoming audit timeline with the State Auditor's Office, scheduled for April to July 2026.

Staff plans to establish a dedicated Capital Reserve Fund to improve transparency which will make it easier for the board and the public to understand capital expenditures, savings, and their relationship to operating costs.

Mr. Otterstrom noted that this is the first year the cash balance has decreased after many years of growth, due to project implementation and service levels expanding, by about 35%, during the COVID period. With the Connect 2035 plan, the cash balance is expected to decline over the next five to seven years, and the high 2024 balance is unlikely to return soon.

B. 2025 Year-End Performance Measures

Mr. Rapez-Betty presented a condensed version of the 2025 Year-End Performance Measures and advised the full presentation is available on the STA website. Each Performance Measure relates to a specific Spokane Transit priority. These quantifiable benchmarks demonstrate the agency's commitment to accountability.

C. Legislative Update

Ms. Poole provided a brief legislative update noting the Governor's supplemental transportation budget retains funding for the STA projects which were reviewed with the committee in December 2025. Key bills were discussed, including one that updates the state's Complete Streets policy, which has advanced to the House Rules Committee. The other bill, having to do with driver negligence in crashes involving vulnerable road users, did not pass but will be introduced again in the next session.

6. CEO REPORT

Mr. Otterstrom referred to the final service revisions report included in the committee packet and now available on the STA website. He noted that no immediate changes will be made to the Peaceful Valley area, and that STA will proceed with the Hillyard improvements because Kootenai County is no longer pursuing a partnership, freeing up the necessary service hours.

Before revisiting any changes to Peaceful Valley service, staff will conduct community outreach and review alternative routing options, some of which could affect Browne's Addition. Community members also raised concerns about a staircase planned for approval in 2027 that currently lacks pedestrian lighting. Staff recommend partnering with the City of Spokane to add lighting through the capital budget to improve accessibility. In about 1.5 to 2 years, staff expect to revisit the question of service changes in the Peaceful Valley area.

7. MARCH 4, 2026 – COMMITTEE MEETING DRAFT AGENDA REVIEW

8. NEW BUSINESS

9. COMMITTEE MEMBERS' EXPRESSIONS

Mr. Zappone shared that the North Monroe Road business district asked whether they could help pay for shelter enhancements, including adding artwork to the glass. They also raised concerns about overflowing garbage cans. Larger cans cannot be installed due to standardized equipment and truck sizes, but staff can evaluate adding a second trash can at stops where needed.

Mr. Zappone asked for an update next month on the implementation of telematics and how the rollout is progressing.

10. ADJOURN

With no further business to come before the committee, Chair Hattenburg adjourned the meeting at 3:10pm.

The next committee meeting will be held on Wednesday, April 1, 2026, at 1:30 p.m. in person with a virtual Teams joining option.

Respectfully submitted,

Molly Fricano
Executive Assistant to the Chief Operations Officer