

**Minutes**  
**INTERCITY TRANSIT AUTHORITY**  
**Regular Meeting**  
**March 5, 2025**

**CALL TO ORDER**

Chair Cox called the March 5, 2025, meeting of the Intercity Transit Authority to order at 5:30 p.m. This was a hybrid meeting held at the Pattison Street facility.

**Members Present:** Chair and City of Lacey Councilmember Carolyn Cox; Vice Chair and Community Representative Sue Pierce; City of Tumwater Councilmember Kelly Von Holtz; Community Representative Justin Belk; Labor Representative, Mark Neuville; Community Representative Wendy Goodwin; City of Olympia Councilmember Robert Vanderpool; Thurston County Commissioner Tye Menser.

**Members Excused:** Thurston County Commissioner Carolina Mejia; City of Yelm Councilmember Brian Hess.

**Staff Present:** Emily Bergkamp; Pat Messmer; Amanda Collins; Brian Nagel; Daniel Van Horn; Dena Withrow; Heather Stafford; Jana Brown; Jason Aguero; Jessica Gould; Jonathon Yee; Katie Cunningham; Matt Kinney; Michael Maverick; Nick Demerice; Nicky Upson; Noelle Gordon; Peter Stackpole; Ramon Beltran; Tammy Ferris; Rob LaFontaine; Jonathan Martin; Nicole Jones; Thera Black; Brenden Houx; Alana Neal; Jane Denicola; Rob Rinehart; Paul Kierzek; Jesse Eckstrom.

**Others Present:** Jeff Myers, Legal Counsel; Harrison Ashby, Community Advisory Committee; Justin Leighton, Executive Director WSTA; John Lee, Summit Law; Jakub Kocztorz, Law, Lyman, Daniel, Kamerrer & Bogdanovich.

**STAFF INTRODUCTION**

- A. Jonathon Yee introduced **Jason F. Aguero, Maintenance Administrative Assistant.**

**APPROVAL OF AGENDA**

**It was M/S/A by Von Holtz and Vanderpool to approve the agenda as presented.**

**PUBLIC COMMENT**

Members of Amalgamated Transit Union Local 1765 and the general public (in person and remotely) gave public comments regarding wages and benefits being considered in Intercity Transit's current contract negotiations with ATU Local 1765. ATU is the labor union representing Operators, Customer Service Representatives and Dial-A-Lift Dispatch Specialists.

**APPROVAL OF CONSENT AGENDA**

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**A. Surplus Vanpool Vehicle #2205.** Vanpool 2205, a 2012 Dodge Caravan 7-passenger van, was recently involved in an accident. Based on an assessment provided by WSTIP, Intercity Transit's insurance provider, the total estimated pre-accident fair market of the vehicle is \$4,282.00. The estimated cost to repair the damage to this vehicle is \$7,914.57, which exceeds its fair market value, and the vehicle has therefore been deemed a total loss. The recommended action is to work through WSTIP to facilitate sale of the vehicle through its salvage dealers. *(Noelle Gordon)*

**It was M/S/A by Von Holtz and Vanderpool to declare Vanpool Vehicle #2205 as surplus.**

### **NEW BUSINESS**

**A. Update on Labor Negotiations with the Amalgamated Transit Union Local 1765.**

The ATU represents 345 employees in the positions of Operator, Dial-A-Lift Dispatch Specialist, and Customer Service Representative. The current collective bargaining agreement expired on December 31, 2024. The parties began Open negotiations in November 2024 and have not yet reached a tentative agreement.

Lead negotiator and legal counsel from Summit Law, John Lee, along with IT's Chief Financial Officer Jana Brown, provided an update on labor negotiations, as well as the economic impact of the agency's and ATU's most recent proposal.

Lee explained the first bargaining session began November 18, 2024, and there have been seven bargaining sessions, and two other sessions that were scheduled needed to be cancelled at the request of the ATU. The last session was February 25, and a proposal was made that day, in which a counteroffer from the Union was made. A follow up meeting with ATU President, Mark Neuville, and a sidebar meeting was held on February 27 and March 3 and that's where things are right now. Intercity Transit had proposed issues and the ATU had a list of issues to the proposed changes, and we've worked through most of those, and in our estimation, we've made significant progress in working through those issues. Lee highlighted some of those economic enhancements/improvements to the contract that were tentatively agreed upon:

1. Tentatively agreed to a new \$1,800 a year family and wellness benefit for every employee.
2. Tentatively agreed to introduce paid bereavement leave for the first time in this contract of up to three days, plus two more, depending on the distance the employee needs to travel to make arrangements.
3. Tentatively agreed to increase the deferred compensation match from 6 1/2 to 8 1/2 percent.
4. Tentatively agreed to more vacation leave slots every day over the next three years so that we can ensure more employees are able to take their vacation time. Outside of those slots, Intercity Transit would be addressing other types of leave that come on a daily basis, from sick leave to longer term leaves.

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5. Tentatively agreed to more money for instructor pay, spread time pay, increase day-for-day holiday pay.
6. Tentatively agreed to a new paid administrative leave for work related assaults and hate speech.
7. Tentatively agreed to new safety and non-discrimination contract protections.

There are a few outstanding issues that remain, including an economic factor. Lee provided a review of the general wage increase.

Across the board, Intercity Transit proposed a “what-if” three-year contract with 10.75% over three years with 4.25% year one; 3.5% year 2; and 3% year 3. The ATU proposed a 21% increase over three years with 8% year one; 7% year two; 6% year 3. In addition, both the Union and IT proposed changes to the wage step progression, to reduce the number of steps in both situations to increase the pay so the general wage increases just mentioned are a component, but the collapsing of the wage steps actually provides some pretty significant increases. Under the current pay rates the top paid Operator earns \$32.12/hour based on 2080 hours - that is \$66,809.60 under the most recent IT proposal by 2027. The third year of the contract, an Operator would earn \$38.48/hour - approximately \$80,000/year. Under the ATU proposal by the third year, the top paid Operator would earn \$42.48 or \$88,358.40.

Dial-a-Lift Dispatch Specialist under the IT proposal would earn top step at year 3, making \$46.43/approximately \$96,000+ a year, and the ATU proposal top step in 2027 would be \$51.14/hour approximately \$106,000.

Both parties proposed a new longevity pay which hasn't been in this contract. IT proposed adding an additional 2% for employees with 20+ years of service, the ATU proposed 2% for employees with 10+ years of service and 3% for those with 15+ years of service. The ATU proposed the Customer Service Representatives receive the same wage rates as the Operators.

Chief Financial Officer, Jana Brown, provided an overview of the economic impact of the ATU contract, starting with the following items that were agreed upon:

- Provide a list of current union representatives.
- Require an employee on a medical leave of absence to provide a full return-to-work release with a specific return-to-work date within the first three weeks of the bid.
- Allow more time for employees to work in Modified Duty status.
- Requirement to call into work daily while on Jury Duty.
- Scheduling housekeeping: Time to withdraw a proxy form, posting assignments, hold down bidding.

Three mutual requests were brought to the table by both parties:

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- Add 15 minutes per week to Operators' schedules to provide time to check agency emails (This was implemented in 2024, so it's not part of the cost increase as IT has been absorbing that cost).
- Gender neutral pronouns in the contract.
- General housekeeping items.

Brown included the ATU requests, noting items **A – H have an economic impact:**

1. Designate time for ATU to meet with new hires at the end of training period.
2. Eliminate "oral" work rule from Rights of the Parties.
3. Add "return to previous position" versus "demote" in Rights of the Parties article.
4. Bids to be posted no later than 14 days prior to the general bid.
5. Add new language to capture how overtime is awarded to Dial-A-Lift drivers.
6. Add new a new supplemental insurance (employee-paid) benefit option.
7. Add FTA's Public Transportation Agency Safety Plan (PTASP) requirements to contract.

**A. Increase pay per hour for Spread Time.**

**B. Increase pay per hour for Instructors.**

**C. Provide Day-for-a-Day holiday pay; holiday pay for the number of hours usually scheduled to work.**

**D. Add 2 additional available Vacation Slots (for employees to bid) per day in 2025, 2 more in 2026, and 2 more in 2027.**

**E. Up to 3 paid Administrative Leave days if assaulted or the target of hate speech.** *This item is not going to be in the economic numbers because it's hard to quantify but there will be an unknown amount IT will be incurring).*

**F. Increase amount of Employer match for deferred compensation from 6.5% to 8.5% match.**

**G. New \$1,800 per year per employee Family and Wellness benefits; direct pay, not reimbursed.**

**H. 3-5 days of paid Bereavement Leave depending on distance.**

Brown reviewed the following slide:

Item	ATU Proposal	IT Counter Proposal
Spread Time	10,046	10,046
Instructor Pay	6,927	6,927
Vacation Slots	172,200	172,200
New Bereavement Leave	63,468	63,468
Deferred Compensation Match	539,527	539,527
Family & Wellness Benefit	621,000	621,000
100% Medical for entire Family *	-	-
Vacation Cash Out	-	424,350
OT for Hrs worked over 8 Hrs**	1,384,561	-

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Floating Holiday Leave	371,306	-
Wages and Longevity	3,817,007	1,902,919
<b>Total Year 1 Increase</b>	<b>\$6,986,043</b>	<b>\$3,740,437</b>
Current ATU Costs	\$46,739,694	\$46,739,694
<b>Yr 1 All in Total of Proposed ATU Costs</b>	<b>\$53,725,736</b>	<b>\$50,480,130</b>

The first 6 items in green are those agreed to and the cost. The next block of items in white are still outstanding. There's 100% medical leave for the entire family. There is no change in the first year, however, in the ATU's proposal they would like IT to absorb 90% of the increases going forward. Overall, the cost increase from the ATU is just under \$7M and the increase that IT is proposing is \$3.7M. This is our base of what we calculate what we paid in 2024, and that brings the impact for ATU's proposal to 15% and IT is about 8%, and some items like administrative leave are not included and things we can't quantify, and 8 hours guaranteed for extra boards is not included.

Brown reviewed slides showing the impact of the percentage increase, the general wage increase of 4.25% plus the schedule, and the steps have been compressed from six to five, and the first column shows the 2024 baseline - what they're currently making today, and the first block on the top is Operator wages.

	2024 Baseline			2025-4.25% compressed		
<b>Operator Wages</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>
<b>Rate of Pay</b>	<b>\$24.44</b>	<b>\$28.09</b>	<b>\$34.63</b>	<b>\$25.48</b>	<b>\$30.33</b>	<b>\$36.10</b>
Total Gross Pay	\$54,901	\$63,088	\$77,782	\$59,062	\$69,940	\$82,914
Total Benefits	\$32,769	\$35,599	\$40,805	\$35,513	\$39,488	\$44,604
<b>Total Compensation Package</b>	<b>\$87,671</b>	<b>\$98,688</b>	<b>\$118,586</b>	<b>\$94,575</b>	<b>\$109,428</b>	<b>\$127,518</b>
				<b>7.88%</b>	<b>10.88%</b>	<b>7.53%</b>
<b>Customer Service Wages</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>
<b>Rate of Pay</b>	<b>\$23.66</b>	<b>\$26.09</b>	<b>\$30.27</b>	<b>\$24.67</b>	<b>\$27.90</b>	<b>\$31.55</b>
Total Gross Pay	\$52,762	\$58,181	\$67,502	\$56,814	\$64,017	\$72,157
Total Benefits	\$32,193	\$34,190	\$37,700	\$34,848	\$37,609	\$41,042
<b>Total Compensation Package</b>	<b>\$84,954</b>	<b>\$92,370</b>	<b>\$105,202</b>	<b>\$91,662</b>	<b>\$101,626</b>	<b>\$113,198</b>
				<b>7.90%</b>	<b>10.02%</b>	<b>7.60%</b>
<b>DAL Dispatch Wages</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>
<b>Rate of Pay</b>	<b>\$32.72</b>	<b>\$36.03</b>	<b>\$41.75</b>	<b>\$34.11</b>	<b>\$38.54</b>	<b>\$43.55</b>
Total Gross Pay	\$73,473	\$80,898	\$93,728	\$78,419	\$88,355	\$99,593
Total Benefits	\$38,170	\$40,905	\$45,729	\$41,995	\$45,834	\$50,255

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<b>Total Compensation Package</b>	<b>\$111,643</b>	<b>\$121,803</b>	<b>\$139,457</b>	<b>\$120,413</b>	<b>\$134,189</b>	<b>\$149,848</b>
				<b>7.86%</b>	<b>10.17%</b>	<b>7.45%</b>

	2024 Baseline			2026-3.5% compressed		
<b>Operator Wages</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>
<b>Rate of Pay</b>	<b>\$24.44</b>	<b>\$28.09</b>	<b>\$34.63</b>	<b>\$26.37</b>	<b>\$31.39</b>	<b>\$37.36</b>
Total Gross Pay	\$54,901	\$63,088	\$77,782	\$61,058	\$72,318	\$85,740
Total Benefits	\$32,769	\$35,599	\$40,805	\$36,154	\$40,267	\$45,560
<b>Total Compensation Package</b>	<b>\$87,671</b>	<b>\$98,688</b>	<b>\$118,586</b>	<b>\$97,212</b>	<b>\$112,585</b>	<b>\$131,301</b>
				<b>10.88%</b>	<b>14.08%</b>	<b>10.72%</b>

<b>Customer Service Wages</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>
<b>Rate of Pay</b>	<b>\$23.66</b>	<b>\$26.09</b>	<b>\$30.27</b>	<b>\$25.53</b>	<b>\$28.87</b>	<b>\$32.66</b>
Total Gross Pay	\$52,762	\$58,181	\$67,502	\$58,732	\$66,180	\$74,632
Total Benefits	\$32,193	\$34,190	\$37,700	\$35,464	\$38,320	\$41,882
<b>Total Compensation Package</b>	<b>\$84,954</b>	<b>\$92,370</b>	<b>\$105,202</b>	<b>\$94,196</b>	<b>\$104,500</b>	<b>\$116,514</b>
				<b>10.88%</b>	<b>13.13%</b>	<b>10.75%</b>

<b>DAL Dispatch Wages</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>
<b>Rate of Pay</b>	<b>\$32.72</b>	<b>\$36.03</b>	<b>\$41.75</b>	<b>\$35.30</b>	<b>\$39.89</b>	<b>\$45.08</b>
Total Gross Pay	\$73,473	\$80,898	\$93,728	\$81,088	\$91,383	\$103,024
Total Benefits	\$38,170	\$40,905	\$45,729	\$42,860	\$46,837	\$51,417
<b>Total Compensation Package</b>	<b>\$111,643</b>	<b>\$121,803</b>	<b>\$139,457</b>	<b>\$123,948</b>	<b>\$138,221</b>	<b>\$154,441</b>
				<b>11.02%</b>	<b>13.48%</b>	<b>10.74%</b>

	2024 Baseline			2027-3% compressed		
<b>Operator Wages</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>	<b>New</b>	<b>3 Year</b>	<b>10 Year</b>
<b>Rate of Pay</b>	<b>\$24.44</b>	<b>\$28.09</b>	<b>\$34.63</b>	<b>\$27.16</b>	<b>\$32.33</b>	<b>\$38.48</b>
Total Gross Pay	\$54,901	\$63,088	\$77,782	\$62,830	\$74,426	\$88,253
Total Benefits	\$32,769	\$35,599	\$40,805	\$36,722	\$40,959	\$46,411
<b>Total Compensation Package</b>	<b>\$87,671</b>	<b>\$98,688</b>	<b>\$118,586</b>	<b>\$99,552</b>	<b>\$115,385</b>	<b>\$134,664</b>
				<b>13.55%</b>	<b>16.92%</b>	<b>13.56%</b>



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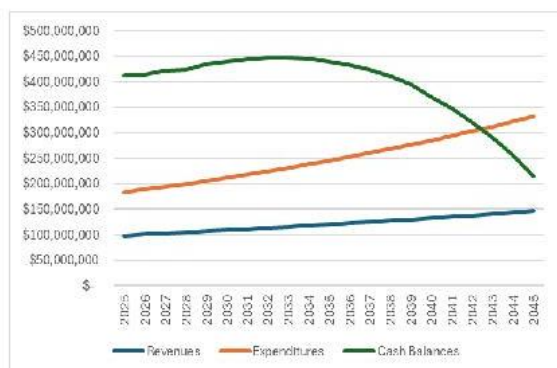
Customer Service Wages	New	3 Year	10 Year	New	3 Year	10 Year
Rate of Pay	\$23.66	\$26.09	\$30.27	\$26.29	\$29.74	\$33.64
Total Gross Pay	\$52,762	\$58,181	\$67,502	\$60,427	\$68,120	\$76,817
Total Benefits	\$32,193	\$34,190	\$37,700	\$36,009	\$38,958	\$42,624
Total Compensation Package	\$84,954	\$92,370	\$105,202	\$96,436	\$107,078	\$119,441
				13.51%	15.92%	13.53%
DAL Dispatch Wages	New	3 Year	10 Year	New	3 Year	10 Year
Rate of Pay	\$32.72	\$36.03	\$41.75	\$36.36	\$41.09	\$46.43
Total Gross Pay	\$73,473	\$80,898	\$93,728	\$83,465	\$94,075	\$106,052
Total Benefits	\$38,170	\$40,905	\$45,729	\$43,631	\$47,729	\$52,442
Total Compensation Package	\$111,643	\$121,803	\$139,457	\$127,097	\$141,804	\$158,494
				13.84%	16.42%	13.65%

Intercity Transit		Revenues increase by 2%; Expenditures increase by 4% with the exception of 2025-2027 Operator Salaries calculated w/ IT's 4.25/3.5/3.0% Proposal							
Long Range Financial Forecast		2025	2026	2027	2028	2029	2030	2031	2032
Operating Financial Plan		\$ 98,336,355	\$ 100,303,082	\$ 102,309,144	\$ 104,355,327	\$ 106,442,433	\$ 108,571,282	\$ 110,742,708	\$ 112,957,562
Total Operating Revenues		85,281,577	88,333,197	91,496,094	95,155,937	98,962,175	102,920,662	107,037,488	111,318,988
Total Operating Expenditures		13,054,778	11,969,885	10,813,050	9,199,389	7,480,258	5,650,620	3,705,219	1,638,574
Operating Excess for Reserves		(33,802,110)	(15,314,796)	(7,883,846)	(14,018,827)	(12,501,610)	(16,463,750)	(15,157,200)	(15,386,084)
Net Cash Flow from Capital Activity									
Cash and Reserve Balances									
Beginning Cash Balance		250,000,000	229,252,668	225,907,758	228,836,962	224,017,524	228,996,173	228,183,043	226,731,062
Net Current Year Cash Flow		(20,747,332)	(3,344,911)	2,929,204	(4,819,438)	4,978,648	(813,130)	(1,451,981)	(3,747,510)
Ending Total Cash (With Reserves)		\$229,252,668	\$225,907,758	\$228,836,962	\$224,017,524	\$228,996,173	\$228,183,043	\$226,731,062	\$222,983,552
Operating Financial Plan		2033	2034	2035	2036	2037	2038	2039	2040
Total Operating Revenues		\$ 115,216,713	\$ 117,521,047	\$ 119,871,468	\$ 122,268,898	\$ 124,714,276	\$ 127,208,561	\$ 129,752,732	\$ 132,347,787
Total Operating Expenditures		115,771,747	120,402,617	125,218,722	130,227,471	135,436,570	140,854,033	146,488,194	152,347,722
Operating Excess for Reserves		(555,034)	(2,881,570)	(5,347,254)	(7,958,573)	(10,722,294)	(13,645,471)	(16,735,462)	(19,999,935)
Net Cash Flow from Capital Activity		(5,625,915)	(5,877,231)	(8,140,596)	(6,416,603)	(6,705,875)	(7,009,064)	(7,326,857)	(12,697,472)
Cash and Reserve Balances									
Beginning Cash Balance		222,983,552	216,802,602	208,043,802	194,555,952	180,180,775	162,752,606	142,098,070	118,035,752
Net Current Year Cash Flow		(6,180,949)	(8,758,801)	(13,487,850)	(14,375,177)	(17,428,169)	(20,654,536)	(24,062,318)	(32,697,407)
Ending Total Cash (With Reserves)		\$216,802,602	\$208,043,802	\$194,555,952	\$180,180,775	\$162,752,606	\$142,098,070	\$118,035,752	\$85,338,345
Operating Financial Plan		2041	2042	2043	2044	2045	2046	2047	
Total Operating Revenues		\$ 134,994,743	\$ 137,694,638	\$ 140,448,530	\$ 143,257,501	\$ 146,122,651	\$ 149,045,104	\$ 152,026,006	
Total Operating Expenditures		158,441,630	164,779,296	171,370,467	178,225,286	185,354,298	192,768,470	200,479,208	
Operating Excess for Reserves		(23,446,888)	(27,084,658)	(30,921,937)	(34,967,785)	(39,231,647)	(43,723,366)	(48,453,202)	
Net Cash Flow from Capital Activity		(8,009,165)	(8,375,230)	(8,758,998)	(9,161,343)	(12,583,183)	(10,025,481)	(10,489,247)	
Cash and Reserve Balances									
Beginning Cash Balance		85,338,345	53,882,292	18,422,404	(21,258,531)	(65,387,660)	(117,202,490)	(170,951,337)	
Net Current Year Cash Flow		(31,456,053)	(35,459,888)	(39,680,935)	(44,129,129)	(51,814,830)	(53,748,847)	(58,942,449)	
Ending Total Cash (With Reserves)		\$53,882,292	\$18,422,404	\$(21,258,531)	\$(65,387,660)	\$(117,202,490)	\$(170,951,337)	\$(229,893,786)	

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### Notes:

- Revenues growth has slowed to approx. 2%
- Expenditures have grown from 2% - 12%; Used a conservative 4%
- Grants are in jeopardy (30% of revenues)
- Total Salaries represents 78% of Operating expenditures
- Operators are 55% of all salaries

Brown said she isn't showing all the total individual revenue items or the operating expenditures, and that 2025 is based on the past three years and we always try to keep our operating expenditures within our operating revenues. Any funds we have in reserves are eventually allocated for one-time capital activity.

Brown said the projections go into 2047. Based on this projection, while knowing long-range forecasting is difficult because things change, IT may need to make some hard choices around 2041 and in 2043 we show IT in the negative.

Neuville said all the numbers don't address choices some Operators report making month-to-month, and the future is not what they're thinking about because tomorrow is what they're thinking about. Neuville shared his perception the average seniority was around five years. All the numbers for the senior people that were presented apply to a limited number of people at the senior level. The purpose for the ATU recommending longevity was to give new people hope they could afford a home at some point. Most of the young drivers, if they don't have an outside source of income, can't afford to work at IT. The benefits are good, but that doesn't pay rent.

Von Holtz asked why does IT have so much in reserves and what is that used for?

Proposition 1 increased our sales tax revenues at the end of 2018, revenues that were planned for service expansion the community asked for when the voted for the proposition. Shortly after in early 2020 because of COVID, we were forced to reduce service to almost nothing and pause our expansion plans, while the world shut down as we all experienced. At this time, sales tax also went up again with



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people making more local purchases, and then it leveled back down after we came through the pandemic. That period of time allowed us to accumulate reserves that we never had before as an agency. At the same time, we started gearing up the agency by reorganizing, investing in technology, and took that opportunity because reserves are considered one-time money - once you receive it and don't spend it, it goes into your reserves, and it needs to be very thoughtfully used. It should not be used on ongoing expenses because then you create an environment that is not sustainable and so our reserves are put aside for our capital improvements, we have vehicle replacements which are heavily expensive. The other thing that happened during this time frame was our ability to purchase vehicles got pushed out. We had capital asset replacements on the books during those years, but because of the supply chain, we were not able to fulfill that and that also got pushed out. This is a storm of many events that have occurred that allowed us to build up these reserves, but we can see with our capital improvement plan going out that those funds will be needed for capital improvements.

Von Holtz said her position on the ITA is new and asked for clarification regarding the authoritative role of a Board member. Bergkamp said the term economic authority is misleading. Staff actually puts together a recommendation to the Board based on what staff thinks we can sustain, taking into consideration that we also need to keep our buses safe and replace them on a regular basis. If we don't do that, we're creating issues for Operators and the riding public and that's a really tough thing to balance. The voters showed support through an increased sales tax when we were at a crossroads of needing to look at decreasing service. The increased sales tax is good, and we've let the community know they asked for a lot of improvements through that sales tax. We are also at our absolute highest taxing authority for sales tax, and we can't go back to the public and ask for more sales tax. Sales tax is also our main revenue source - it makes up about 70% as grants only make up 30%.

Bergkamp explained staff like Brown have a well-rounded understanding of what our finances are and what we can sustain over the long term. Staff puts together that information and brings it before the Board based on the understanding that reserves are for one-time purchases. When the CFO brings that information to the Board, they are outlining what they believe we can sustain, and that's really the economic authority. The Board's role is to approve from a policy position.

Menser asked what starts happening in seven years that changes this model? Bergkamp said speaking from our capital improvement plan, when we purchase buses, we purchase large amounts of buses at the same time, it could be twelve groups of buses and even traditional diesel buses are just under \$1M. Looking at the replacement of a dozen buses the dollars add up fairly quickly.

Brown explained we focus on the general wage increase because when we have increases, it compounds. Looking at our cash and capital activity, the numbers stay

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consistent all the way through all the years, but the expenditures are increasing and compounding that increase year-over-year and that's the concern. Those are the costs we have to manage. We hope our new technology will lessen our expenditures, but when you have insurance that is going up 10, 12, and 13 percent every year, then that compounds. The revenues are not keeping up with those increases.

Vanderpool said it's hard to project sales tax that far into the future, but his concern is sales taxes will completely collapse if people aren't able to spend money in the community, and if a portion of the workforce cannot afford to live here, then our sales taxes are going to collapse. He supports a lot of what the ATU is proposing because it's about reinvestment in our community. He said if we don't support the Union and we don't support a good fair contract, then we will be alone in asking for support from the state or any other entity, or go back to the public, if the state gives us the authority to increase the sales tax. He believes meeting the needs of the contract is reasonable. He understands \$3.1M is a lot of money, but it's a reinvestment in the community in a lot of ways. He's concerned people in our community won't be able to afford to live here.

### **B. 2025-2027 State Biennium Legislative Session & Budget Update.** Justin Leighton, Executive Director of the Washington State Transit Association provided a review of the 2025-2027 biennium legislative session, and the impacts of project budget shortfalls to transit funding.

Leighton started with an update on the national level. He acknowledged there's a lot of uncertainty at the national level for all federal government entities. Public transit goes through the Federal Transit Administration (FTA), and we're in Region 10, which lost 33% of their staff through the probationary period firings and then buyouts, and they're not very commutative.

Leighton said we are not hearing back from the Federal Transit Administration on grants, and several transit members are having a hard time getting the grant funds from the award category to obligate, and that matters because we can't start drawing down grants until they're officially obligated by the FTA. President Trump signed an executive order to stop all funding, and through the court system that was overturned, and that doesn't mean there will be a slow approach in how funds will be delivered to grantees. Leighton is optimistic that the congressionally statutory funds approved through the budget process will eventually come out, but there's going to be a delay. Members are going to have to rely on reserves to help float some of those funds while the delays happen. That includes some of our smaller members. Leighton is less optimistic when it comes to the future budgeting, and pessimistic about what we call reauthorization at the federal level of the Federal Highway Surface Transportation bill where public transportation gets funded, and he's pessimistic that if left to a renegotiation that public transit would lose out in the levels of funding that we currently see, and that adds a really high level of

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uncertainty on the transportation side, not just for IT as an agency, but also for the State Department of Transportation, who relies on grants as well as the state of Washington's transportation budget. There is an assumption in their budget and forecasting about how much federal funds they're going to get for various things like bridges, ferries, roads, large capital investments over time and there's uncertainty about that. Leighton advises agencies to digest the issues as they come, and if something comes down from the federal government, don't have a "knee jerk" reaction. Instead, let the dust settle and see if the courts pick it up, and if they do, see where that goes before any decisions are made about policies or funding.

Leighton said the state is going through a major shift in their revenue forecasting and expenditures and for the first time since the Great Recession is facing deficits in both the operating and transportation budgets. While on paper they're saying it's close to about \$12B to \$15B deficit over the next few biennia for the operating budget, we are hearing that it is actually getting closer to \$20B deficit. The operating budget for the state is around \$70B to \$75B. For the transportation budget in this first biennium, they're looking at close to a \$1B deficit, and over the next three biennium, \$4B. To put that in perspective, the transportation budget is somewhere around \$17B a biennium.

Leighton said the cost of construction, including labor, is skyrocketing. There are two official bus makers in America and at some point, we may end up with just one and if that happens, the supply chain that feeds those will falter. That's why there is a larger increase in buying a 35 - 40-foot bus.

The other issue is revenues. The state is not seeing the revenues come in the way they were being forecasted for the operating budget, the B & O, property tax, and sales tax. Those are the big three major drivers in revenues for the state. On the transportation budget, there's fewer revenue sources, but the primary one is gas tax and we've known for a long time the gas tax revenue is and continues to decline.

We also know the other large revenue that impacts transit is the Climate Commitment Act fund, which is the carbon fee money, and that's seen a deficit over the next six years or the next three biennium of about \$1B. That all adds up to a scenario where for the first time since 2009, legislators are going to have to make hard choices in Olympia, whether they raise revenue taxes or cut their budget caseloads, projects, etc. Leighton pointed out the last time the state had to make any cuts to any budget was 2009, and there's only about five legislators left that had to make that choice. Most, if not all, of the legislators have never had to go through a scenario where the budgets had to be cut. When Leighton refers to large billion-dollar cuts, he's referring to food assistance for seniors and children, and higher education cuts, healthcare assistance for people with disabilities, and that's just the operating side of things. On the transportation side, it's a bit harder and this is where he's been focusing his conversation with the members and educating people about what we anticipate.

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Leighton said the House and the Senate are anticipating releasing what is called a book one and a book two budget. In the book one budget there will be no new revenue scenario. What we know about the book one budget with no new revenue is that on the House side we have been told there will be a priority about funding. They're going to take the revenues in and empty into a bucket and before they're statutorily put into their programs, they're going to buy down the priority. The first priority for the state in this scenario is the Federal court order mandate on culverts. We know the tribes of Washington sued the state of Washington the Department of Transportation to fix culverts, and they were successful and now we have a court order mandate that is several billion dollars' worth of work. If you take all the revenues coming in and start buying that, that's one. Two, spending money on construction projects that are currently turning dirt, which we drive through a lot of these all the time. There's constant construction. These are projects turning dirt under contract. The next priority is what's actually under contract, but maybe not a construction project. What we've learned is this budget exercise for book one, the money runs out at that point and what we have been told is that if we talk about the way public transit is funded, that one third of public transit dollars the state provides would be used in that scenario, they haven't even touched how to fund the ferry situation.

Leighton shared a slide to help educate about the public transit grant program that we have in the total funding. Leighton looks at the budget and tracks every dollar the state gives and puts it in a spreadsheet to ensure we're getting what we said we would get and that we have fought very hard over the years to build. At the last biennium the state provided almost \$700M in grants to public transit in the biennium. Because of the great work in Move Ahead Washington and rejecting bill 2117, of that, about 60% is funded through the Climate Commitment Act, and we worked very hard increasing grant and creating grant programs with those funds, and in capturing those funds moving forward. The other is funded by the multimodal account. When we pay car tab registration every year, we see a bunch of fees e.g. licensing fees. Those go into the multimodal account, which helps fund public transit. We don't get access to the gas tax that is 18th amendment protected.

There's not a lot of statutory strings attached to the multimodal funding, meaning it can be used for almost anything. The Climate Commitment Act (CCA) has a lot of strings attached to it. There's a lot of statutory elements on how the money can be spent, where it can be spent and that's why in a lot of these scenarios that we're hearing in a no revenue situation, they are sweeping the transit funds that are funded by the multimodal account.

Leighton referred back to the slide and said we have a multitude of grant funds funded by the state Public Transportation Department. During Move Ahead Washington, we created the bus and bus facility grant program, which is modeled off the national version and this helps fund buses and facilities expansion, but more

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importantly replacement. No grant program in the state was allowed to have replacement as an applicant, but we know facilities and buses age and we need to replace them. That's 100% funded through the CCA. We have commute trip reduction, which is very important for the vanpool and ride share programs. This is where companies actually get funds to help support people commuting to and from work. There's a grant called the Coordination Grant, and it's so small and it's mostly for Puget Sound transit agencies in the PSRC region. There is the green transportation grant program that was created in 2018 with Chair Fey and started off with \$16M in funding through the multimodal account. During Move Ahead Washington, we were able to plus that grant program up to have much more money in it. This is in support of funding that transition to zero emission vehicles. We know they cost much more, the infrastructure costs much more, and if this is a priority the state requires, then we want the state to help fund that opportunity for us.

Leighton continued reviewing the slides:

Public Transit Rideshare - 100% funded by the multimodal account - where we replace our vanpools and rideshare vehicles.

Regional Mobility Grant Program - 100% funded by the multimodal account - used by the larger agencies and it's certainly utilized by IT, and it's all about mobility for riders and growth opportunities.

Rural Mobility Grant program - 100% funded by the multimodal account - is less utilized at IT. If that's wiped away, several members may have to consider shutting doors down. Some agencies survive almost 50% on that one grant program alone, and in our nonprofit world, which helps supplement some of the services even here in the Thurston County regional area, are supported by the consolidated grant program, which is funded out of that program.

Special Needs Transportation - a formula grant program that is 45% funded by the multimodal count and 55% by the CCA. This is a formula, so all agencies in the state get these funds and if this multimodal account is swept, we would likely see the funds for IT and other transits currently receive cut nearly in half. And just because the funds get cut does not mean you don't provide special needs transportation. Transits are federally mandated to provide it. Therefore, you will have to find other ways to come up with revenues if you were to lose those grant programs, made up through consuming some of your other local routes.

Transit Projects - during Connecting Washington in 2015 there was a slew of transit projects that were allocated around the state and they're still working on getting through that list. Those that are funded through the multimodal account would be lost there, and some projects in Move Ahead Washington that were added were funded.



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Transit Support Grants - the kids ride free grant program that is funded by the CCA and is an easy grant program that can be used for capital or operating. When we created that grant program with state legislators, we made it very important that it's a local decision about how you should be utilizing your funds and not a state decision.

Leighton said if there were a true sweep of multimodal funds the grant programs that are funded would go away. We don't know if there is an appetite to move money around with the CCA. With only the CCA left, would there be moving money around to help backfill some of the grant programs that would be zeroed out or not? There are pros and cons to that. But there could be a theory where instead of funding the bus and bus facility grant program at \$38M of CCA funds, that we put that in backfill in what's lost in the special needs grant program.

Leighton's final thought and largest concern, and he's asked this of state leaders how many biennia is this going to be? If we lose these funds, is it one biennium, 2 biennia, or is it forever? He's concerned if we start utilizing these multimodal dollars on roads, bridges and ferries, will we ever get them back? He hasn't received a response. No legislature can bind a future legislature, and they can do it and take it as they see fit. We've worked very hard over the years as a transit association, and there's only 31 transit agencies across the state, so we're very well connected. We work well together and worked hard to get where we are and seeing these funds wiped away is very difficult. Those are hard decisions local agencies will have to make about what services and programs they would need to cut and consider deferring capital projects as needed.

Leighton said next there's a fiscal forecast that is due out next week by the state, and state budget writers are waiting to see what that says and as soon as we know that we'll see what kind of money they are working with, and we anticipate budgets, both versions of book one and book two coming out the week of the 24th.

People must understand no new revenue means cuts and revenues would mean this is what we can either save or buy from that point of view. The legislature is on day 52 of the 105-day session. Each chamber is voting on bills that originated from them, and then as soon as that cut off happens, they will switch over to how a bill becomes a law.

- C. **Cancel the March 19, 2025, Public Hearing.** Bergkamp recommended canceling the public hearing scheduled for 5:30 p.m., Wednesday, March 19, 2025, on the September 2025 Major Service Change Summary and Draft Equity Analysis. At the February 5, 2025, ITA meeting, the Authority authorized a public hearing be conducted on March 19, 2025, and a corresponding comment period for a systemwide network restructure of bus service anticipated to take effect in September 2025. However, staff proposes cancelling the public hearing to allow for additional time to review the restructure and corresponding equity analysis.

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**It was M/S/A by Goodwin and Von Holtz to cancel the public hearing scheduled for 5:30 p.m., Wednesday, March 19, 2025, on the "September 2025 Major Service Change Summary and Draft Equity Analysis."**

### **COMMITTEE REPORTS**

**A. Community Advisory Committee.** Harrison Ashby reported the CAC met February 24, 2025. Ashby said Rob LaFontaine provided background on the September 2025 network restructure and talked about the goals and objectives of the redesign and gave some highlights on route modifications, talked about specific community concerns including those related to safety and security, bus stop enhancements and extended service hours. He also talked about the implementation timeline and the equity analysis and answered many questions from CAC members, including the route to Yelm security and safety and updates to the website and materials. The second agenda item was collaborating on future CAC agendas and the items that CAC members are interested in hearing about at future meetings, or how to advocate for transit, how to connect with other CAC's, micro-transit Labor Relations, capital projects and events in outreach. Lastly, the members discussed consumer issues. There were a lot of examples given of positive interactions with coach Operators and then there are a few very specific issues that were addressed by staff.

### **GENERAL MANAGER'S REPORT**

On Monday, March 10, 2025, new ITA members Robert Vanderpool and Kelly Von Holtz will be onsite to receive an agency overview about Intercity Transit from the various Directors and senior staff.

State advocates David Foster and Joanna Grist recently facilitated meetings with 22<sup>nd</sup> Legislative District Representative Lisa Parshley. They provided a general agency update and discussed Intercity Transit's projects prioritized by WSDOT for funding consideration in the 2025-2027 biennium including:

- Battery Electric Coach Replacement Project
- Corridor Express Introducing New Limited-Stop Service from West Olympia to East Lacey
- Lacey Express Introducing I-5 Service from Lacey Transit Center to Sounder Station via Hawks Prairie and JBLM,
- Crosby Loop at SPSCC Improvements

Also discussed was possible funding of Intercity Transit's new route 14, which is taking the place of previous DASH service, by serving the Capitol Campus region and downtown Olympia with service to the Farmer's Market. IT is requesting 50% of estimated operating costs over the coming biennium (\$1,225,000).

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We are on track and excited to welcome the Operator Class 25-01 on March 17.

March 18 is National Transit Employee Appreciation Day, when we honor our essential workers and transit heroes – Operators, Operations Supervisors, Facilities and Maintenance staff. Executive and Marketing staff are partnering to ensure these frontline folks are publicly honored on this very special day for the work they do. The Board and CAC members will have an opportunity to share their gratitude, so keep an eye out for an email message from Clerk of the Board, Pat Messmer on how to participate.

Newly appointed ITA Board member, Wendy Goodwin, received the Distinguished Public Service Award from the City of Lacey for her time as a Commissioner on the Parks, Cultural, and Recreation Board. Wendy accomplished a lot during her brief time as the Chair of the Commission - a leadership role she held for two years. She advocated for a bus stop improvement at the RAC in Lacey which Intercity Transit agreed to provide. She worked in collaboration with the Commission on Equity to update vendor applications which communicated the City of Lacey's stance as a compassionate and equitable community and vendors are expected to respect that at community events. She worked with our federal partners on new ways of educating park visitors in Lacey. She was working with an advisory group, outside of the Commission, which explored new ways to fund our parks and brought their conclusions to the Lacey City Council. In her last acting role as Chair, Wendy was in front of Council endorsing that group's plan. Congrats Wendy!

Owing to the uncertainty in State and Federal funding, the Planning staff is re-evaluating the timeline for the bus system redesign, which is why the public hearing scheduled for March 19 was cancelled. Once we have a better idea of possible changes, Planning staff will return and give an update to the Board.

### **AUTHORITY ISSUES**

Goodwin thanked the Lacey City Council for the recognition she received. She said it was one of the best outreaches for community members, especially those we serve that don't get their voices heard all the time. She appreciated all of them coming to the city and celebrating the work that we do. Goodwin said there's been a lot of representation from just our community members on the work that they do every day behind the scenes and spotlighting them and she appreciates the City Council being very open and welcoming to all those community members.

Vanderpool said the Olympia City Council put \$30,000 of their Council goal money towards world relief to assist immigrant and refugee families that are here - about 40 families. Olympia City Manager, Jay Burney, emailed the various executive heads to see what other cities can do in joining and helping out and also asking members of the public to help out. These families are here legally, and their funding was cut by the federal government.

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Vanderpool said Olympia created a steering committee with the Olympia School District, regarding a school walking route. The school district has some grant funds, but they don't have transportation planning staff and so this is about how do we make it safer around our schools. How do we increase the number of students who live within that catchment that is not a school bus, but the parents are driving them there, even though it's a half a mile or less, and how do we get those numbers up because there are a lot of safety concerns because you have a lot of cars converging on one school. They're looking at ways to use some of that funding to improve it around that area, whether that's improving the crossings or adding lighting. It's not a lot of money but investing that into the elementary and middle schools will be valuable.

Vanderpool attended the ALICE Summit, sponsored by United Way of Thurston County, along with other community leaders, businesses, and residents, including Commissioner Menser. The ALICE Summit is a solutions-focused event addressing two of the region's most pressing issues: housing affordability and childcare accessibility. The summit featured insightful discussions with guest speakers, providing data-driven perspectives and actionable strategies to support ALICE (Asset Limited, Income Constrained, Employed) households—working families struggling to afford basic necessities despite earning above the federal poverty level. Attendees received a lot of facts that were eye-opening and a little depressing about where we are in our response to those issues. For example, from birth to age 5, the fact that we don't have that investment and it's costing the state about \$5 billion a year from three buckets, which is income, productivity in the economy and taxes lost, which is quite a bit of money. Vanderpool brings this up because this is the interesting thing about where we are in government and right now reinvestment in programs and people despite a tough situation does bring money back eventually. For every dollar spent on children in early learning and childcare, \$13 is returned to the economy over time. Vanderpool said there's an old economics term about the multiplier effect known as the Keynesian Theory, where during the Great Depression, when things were really bad, we just put money back into jobs and people, even if it cost a lot of money and it came back in return.

Menser said he took Route 14 to the Capital, and it worked out well and he'd do it again. Buses were frequent and on time.

On March 4, 2025, Cox said the Lacey City Council adopted Ordinance 1673 which aims to facilitate the disposition of surplus real property for affordable housing. City officials highlighted the importance of this ordinance, which aligns with state law allowing cities to transfer surplus property for affordable housing initiatives. The council recognized the pressing need for affordable housing in Lacey, emphasizing that this ordinance would serve as a vital tool in their ongoing efforts to ensure residents can afford to live in the community where they work. The ordinance mandates that any property transferred must include a covenant to maintain its use for affordable housing, with provisions for enforcement should the terms not be met. The unanimous approval of

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this ordinance marked a significant step forward in addressing the housing crisis in Lacey. Cox said those were important steps that are underpinning for more work along that line and our commitment on the part of Lacey and as a member of the Regional Housing Council, we're all working together to try to bring housing costs down as much as possible.

Cox said Lacey City Council took final steps and committed to placing a ballot issue on the August primary for the formation of a Metropolitan Park District.

**ADJOURNMENT**

**With no further business to come before the Authority, Chair Cox adjourned the meeting at 8:33 p.m.**

**INTERCITY TRANSIT AUTHORITY**

*Carolyn Cox*

Carolyn Cox, Chair

**ATTEST**

*Patricia Messmer*

Pat Messmer

Clerk to the Authority

**Date Approved: April 16, 2025**

Prepared by Pat Messmer, Clerk of the Board/Executive Assistant, Intercity Transit.