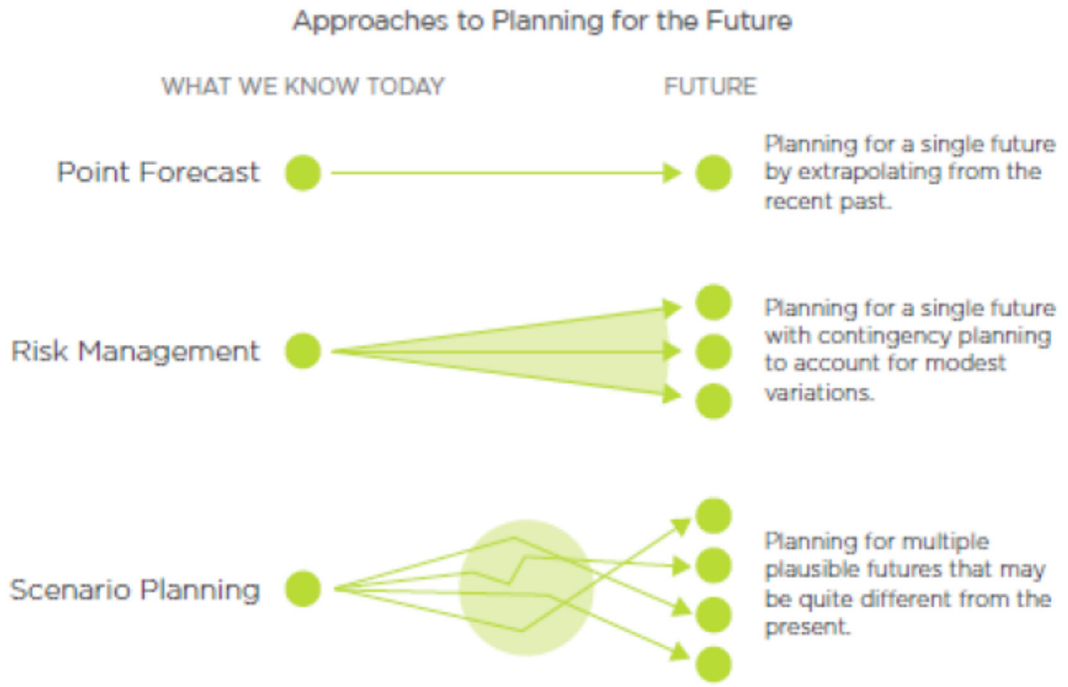
APPENDIX D – SCENARIO PLANNING

The purpose of scenario planning is to test the robustness of a strategic plan against a projected future(s). There are three frequently used basic methods to facilitate this process (Figure 1). Each of these methods has a place and an application and each of these methods has advantages and disadvantages.

Figure 1 Approaches to Planning for the Future



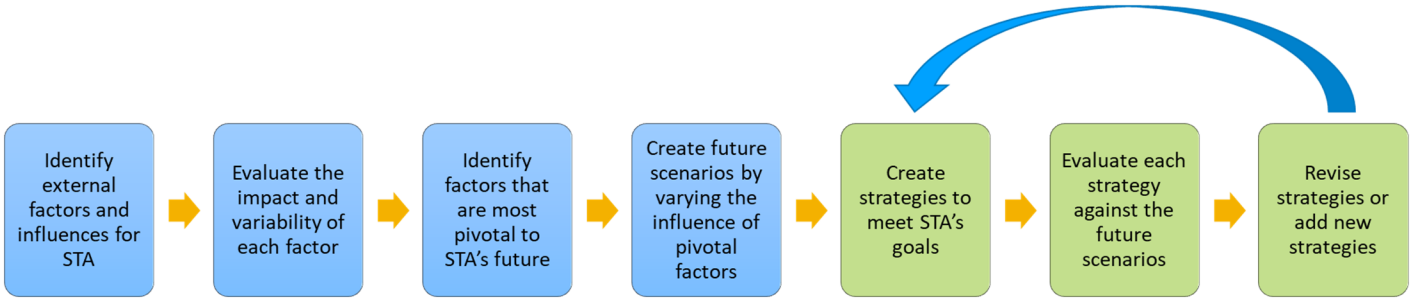
A point forecast is useful when there is high certainty the future is known. A Strategic plan that uses a point forecast is designed to respond, specifically, to the certainties.

Risk management operates similarly to point forecasting, but also embraces the assessment of risk, or response, if the point forecast is not exactly what occurs. These plans often contain differing strategy sets that may be deployed depending on the specific condition being observed in the external context.

Scenario planning offers the option to consider a wide range of future outcomes and essentially "tests" the strategies against those outcomes. Typically, the strongest strategies are those that remain viable under a wide variety of possible future outcomes.

The scenario planning format where strategies are tested against a backdrop of potential outcomes to assess the relative robustness of a strategy was used in this planning effort. This is a process, as opposed to a single point decision, which is illustrated in the diagram below (Figure 2).

Figure 2 Connect 2035 Scenario Planning Process



In the case of the STA Strategic Plan, an important consideration is that the plan is intended to cover a relatively short span of time (ten years). This factor makes it less likely that trends already in evidence will shift, or change, substantially over that period. On the other hand, some of the resulting projects will endure well beyond the ten-year planning horizon. For example, substantial infrastructure like an operating base or a park-and-ride lot will have a useful life that stretches far beyond the planning horizon of this strategic plan. Therefore, consideration of trends and potentials beyond the planning horizon can help clarify the value of a project beyond the horizon of the strategic plan.

Informed by input gathered in phase 1of outreach, the project team identified 12 external factors that are likely to influence the services of STA most significantly over the next decade. These are:

1) Population growth
2) Economy
3) Employment and wages
4) Housing affordability and supply
5) Regional perspective
6) Changes in travel behavior
7) Homelessness
8) Demographic shifts
9) Technology
10) Climate change

11) Inflation
12) Regulatory environment

The general influence of these factors and how they might be considered in strategic planning essentially have two dimensions: Impact and variability.

- Impact is a measure of the overall effect this factor would have on the region.
- Variability is a measure of the relative degree of confidence in being able to predict change. The metric should not be confused with the magnitude of expected change. For example: there is general agreement that the population of the region will continue to expand at about 0.8% per year, which is year over year, a significant growth rate. Authorities and experts almost universally agree on that projection. Our degree of confidence in projecting ongoing population growth for the region is very high, meaning the variability of this factor is low; the area is going to grow.

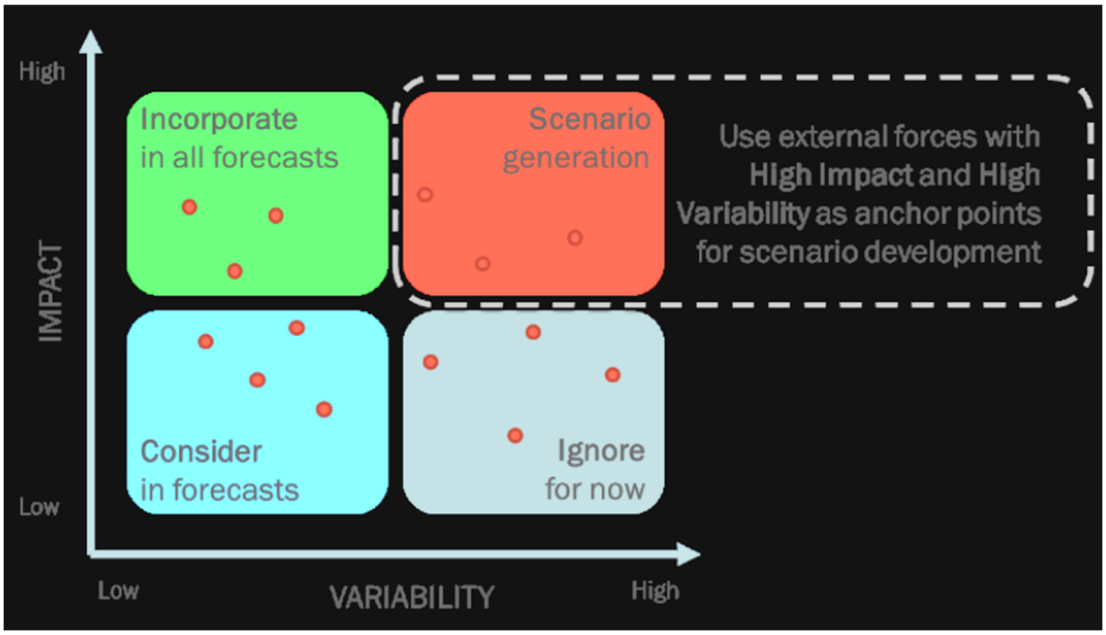
  For the purposes of framing scenarios that are appropriate to evaluation of STA's strategies, some of the variation is important to assess in terms of the geographic distribution. Going back to the population example, if all 0.8% per year of population increase regionally were to occur in a concentrated location, that has one set of implications for STA. If, on the other hand, that growth is spread over the entire region, there is another set of strategic implications for STA. To account for the geographic consideration for some factors, the distribution of an external factor has been split into a separate factor with independent impact and variability assessment. This is because the geographic distribution of some of the factors is a critical variable for STA and can move nearly independent of the regional change and the impact.

For this process, we have simplified the metrics used to characterize the magnitude of the impact and variability into high, moderate, and low. While it is possible to create and access a far more quantitative measure, the purpose of the rating system is to help identify those factors that create the most significant pivot points for STA in terms of creating scenarios. Given this purpose, more quantitative or granular evaluations will not necessarily yield more useful outcomes.

These two dimensions are then arrayed with impact on one axis and variability on the other (Figure 3). Factors that are both high impact and high variability are the most pivotal factors in creating scenarios, as they imply the most uncertainty and have greater influence. Other factors, such as those with high impact but are more predictable, also exert significant influence, but because they are more predictable (i.e., they have less future variability), they constitute factors that are essentially foundational to all futures, or scenarios. Factors that have low impact and low variability are considered as background factors in future scenarios. The rare factors that have high variability, but low impact can essentially be ignored in

establishing scenarios, or futures. By way of preview, there are none of those types of factors catalogued in STA's look at external factors.

Figure 3 Impact and Variability Tradeoffs



Population Growth - Short of a major recession, the Spokane area will continue to grow in population. Regional experts and stakeholders are universally agreed that the population of the region will continue to increase. The research effort has looked at numerous resources to assess the economic health, of which population increase is one indicator. There is no case in which an authority or expert forecasted a population decrease for the region. Two forecasting agencies project future growth at about 0.8% per year[1], which is roughly half the rate experienced over the past decade of 1.47% per year. No authoritative source has yet combined Spokane and Kootenai County populations or economies into a single region in terms of projections. The US Census does publish historic data for the combined metropolitan statistical area (MSA).

The impact of population growth on the region is unmistakably high. As the population expands, it is in direct relationship to the employment trend and significantly influences the economic direction of the region.

[1] The Real Estate Report, Fall 2021, Spokane-Kootenai Real Estate Research Committee – pages 27 and 28. HIS (global insight) projects 0.9% per year, 2020 to 2035, WA State OFM projects 0.7% per year 2020 to 2035, The projections are about half the growth rate of the last decade which is 1.47% 2011-2021, page 27. Note this is ONLY for Spokane County. No authority, to date, is projecting population for the combined MSA of Spokane and Coeur d'Alene/Kootenai County.

The variability portion related to this trend is low due to the high probability that the region will continue to grow.

Population Growth Distribution - This factor is similar to population but has been segregated to more clearly illustrate the relative importance of the geography related to where the population increase occurs.

The impact of this factor is high, as for the overall growth.

The variability is moderate with respect to where that population will settle. This factor will closely follow the trends in housing distribution.

Economy - The overall economy of the region will tend to follow the general economic and business cycles of the western US, at least for the next decade. The business cycles could well include some temporary downturns, but there is little evidence to suggest those would become permanent changes. Nevertheless, the variability is expected to be low. Longer term there is a possibility the Pacific Northwest assumes an even greater role in food production as areas of California and southern Oregon are predicted to see continued drought conditions. This will tend to focus even more attention on the Spokane region in the longer term and contribute to the robustness of the regional economy. That said, a prolonged drought, like that being experienced in much of the Intermountain West and California, could begin to exert greater influence on the availability of water for irrigation or the productivity of dryland farming, so the focus may only be temporary.

Aside from the general state of the local economy, STA is highly dependent on one specific measure of the local economy: sales tax generation. Sales tax is directly tied to the state of the economy and is influenced by the make-up and location of that economy. There are three major sectors of sales tax: retail trade, construction, and accommodation and food services. The generation of sales tax is based on either the explicit location of the sale, or, in the case of online sales, the location of the address of the purchaser. Some retail sales, such as autos, are based on the address to which a vehicle is registered. For example, a Washington resident may purchase a vehicle in Idaho where there is no sales tax, but to license and register that vehicle in Washington, the state requires the payment of the sales tax. On the other hand, an Idaho resident may purchase a vehicle in Washington but has several different pathways to being exempt from the sales tax.

The impact of the general state of the local economy and the location of retailers is a high impact variable for STA.

The variability is co-dependent on a good economy and the location of retailers and construction sites and is also, therefore, high.

Employment and Wages – Short of a major recession, employment in the Spokane area is expected to grow. The variability is more a question of the sectors in which growth will occur.

In the immediate past, transportation and logistics have emerged as a growth area in addition to construction and small manufacturing.

The impact of employment growth on the region is unmistakable.

The economy of the area is highly driven by two relatively stable industries: Fairchild Airforce Base and health care. A third industry, also foundational to the regional economy, is agricultural support (equipment, transportation, and finance). These industries are not entirely recession proof, but historically have been shown to be more resilient than other employment sectors. Due to this factor the variability of employment in the region is considered moderate. However, one of the larger unknowns is the potential influence of the manufacturing industry on employment. At one time, more than one in five workers in the Spokane region was employed in manufacturing; now it is closer to one in ten. Economic development influencers for the region are in a continuous effort to recruit new employers to the region and a new large manufacturer(s) remains a possibility given the availability of large tracts of under-utilized industrial land, low-cost power, a talented workforce, a highly rated quality of life, and good rail and highway access.

Employment and Wages Distribution - In many respects, employment growth is a background factor for STA to consider, but the distribution of where that growth occurs, the wage levels of those jobs, and the travel patterns influenced by the location of housing suited to the level of wages offered by the employment are more pivotal to STA's future.

The impact and the variability of this factor are both high.

Housing Affordability and Supply – This strategic factor is, perhaps, the most volatile and has a very significant influence on the region. The affordability component of this factor is, perhaps, more of a factor of the Spokane region's attractiveness relative to other growing regions in the US. If housing costs remain below those of areas like LA, San Diego, Seattle, Portland, the Research Triangle (North Carolina), or Austin, it is likely the region will continue to be an attractive place for settlement. Long term, Spokane may assume a new position on the national housing affordability scale, but it is unlikely to significantly change its current relative position over the next decade following the most recent meteoric rise in housing costs, meaning the area will continue to be attractive, but also more expensive, than a mid-west location such as Des Moines, Iowa or Kansas City, Kansas.

The impact of this factor is high. The variability is low as a rapid reversal in price or supply is unlikely. The current leading indicators[2] are that supply will be added at a rate that will help

[2] City of Spokane one-year pilot to increase housing supply in single family areas and simplified processes to apply for and receive building permits. Kootenai County increase in building permits issued to surpass Spokane County building permits.

to mitigate or slow down the rapidly increasing costs but is unlikely to significantly change affordability in the near term.

Housing Affordability and Supply Distribution - The issue that is very relevant for STA is the location of housing that is affordable and in good supply to a broad range of incomes, but most especially household incomes at, or below, median income. For example, if new housing is only available in North Idaho, the vast majority of residential population growth will focus on North Idaho. This has very clear implications for how regional travel will evolve, as well. At this point it is unclear if efforts of the jurisdictions in Spokane County to improve the ability to build more supply will be successful. In this case, the impact and the variability are high.

Changes in Travel Behavior – This trend focuses on emerging behaviors and the influence they will imprint on regional travel. The factor will help shape the future overall travel market and may pose opportunities and challenges for STA. The pandemic created several significant shifts in travel behaviors in areas such as shopping and routine medical visits. From the regional travel analysis, we know that the volume of shorter distance trips has declined, especially in some parts of the region, while longer trips declined less, leaving the overall average trip length at about 11 miles per trip, compared with about 9 miles per trip prior to the pandemic. While we do not know the precise reasons for this, we can postulate that changes in travel behavior play some role in this shift. For the future, it is still unclear if the habits formed during the pandemic will remain, will dissipate, or will intensify. These may be joined by other emerging behaviors to change travel more notably. The influence of technology in a variety of fields, including retail, medicine, and education, is affecting how people interface and consume these services via virtual platforms rather than physical locations.

For example, of significant impact to STA is a shift toward reduced in-person presence for institutions of higher learning. Even pre-pandemic, many colleges and universities were taking advantage of the relative availability of internet connectivity to replace in-person, in-class time. The pandemic has accelerated this trend and further reduced the need for many students to make a daily trip to a campus. The end result is reduced ridership volume for STA and a shift in the time of day when demand occurs.

Also of consequence, in the pandemic and prior to the pandemic, online shopping and home delivery increased substantially. Trips to local retailers were replaced by trips made by delivery trucks. A further emerging trend in retail delivery is the use of drones, already being used and tested in several US markets. If this becomes the predominant delivery method, it will almost certainly speed up delivery of goods ordered online, which is very likely to spur even more people to replace shopping trips with online shopping when goods are delivered within a very short window after placing an order. While shopping trips make up only a

portion of regional travel, the influence of people taking transit to reach retailers, including grocery stores, will almost certainly change.

The impact of this trend is moderate, as many of these changes will influence a portion of regional trip-making, but the variability of these trends is very high and very difficult to predict. It is not beyond the realm of possibility to foresee a future where trips to the Spokane Valley Mall or Eastern Washington University are substantially reduced. For regional malls, trips might be more focused on the theaters located in these complexes rather than the retailers located in these gathering spots. For universities, it is possible that students' needs to be on-campus are reduced significantly and, perhaps as important in terms of the rider experience, that the length of time spent on campus on any given day is reduced. This might indicate that frequency of service to campuses is equally important all day and not just a traditional class start and end times.

Demographic Shifts – This external factor is no less important than some of the others, but it is also more stable and more predictable. In the Spokane region, much of the growth has been with younger adults with families (average household size for the region is high compared to other areas). This growth has counterbalanced the overall aging of the pre-existing population base. The result is that the age profile of the region is fairly stable. Unlike many parts of the country that are simply continuing to grow older, the Spokane region has a predictable trend that is well balanced. Also apparent is that the area will continue to become increasingly diverse. While this factor will influence how STA presents information and may also influence the overall attitude regarding use of public transportation, those are both positive and predictable, not to be confused with ignoring these factors, but thinking of them more as factors that STA needs to count on for the future. This is a moderate impact, low variability factor.

Homelessness – Similar to demographic shifts this is not an issue that STA will be able to disregard, but in the larger picture, it is both predicable and has an impact that is somewhat lower in comparison to other factors. Perhaps the larger impact is related to general public perspectives and attitudes regarding the homeless population. Variability will continue to be moderate for this strategic consideration. There has been a very rapid increase in the number of unsheltered homeless people in the region. This could continue to advance, or the trend line redirected through community efforts could focus on housing the unsheltered. The region has recently formed a plan to begin to address unsheltered homelessness (May 2022)[3] that depends less on government and more on community-based organizations and business to tackle the issue. It will take time to see the results, but it is likely to begin to address what seems to be a pressing and salient community issue.

[3] homelessness-plan-2-2022-04-26.pdf

One note on this trend is that it is a national tragedy. Many cities in the US continue to grapple with how to resolve unsheltered homelessness. In the data collected to better understand this trend the team looked at two similar-sized communities in Washington: Tacoma and Vancouver. Neither of the two similar sized cities have seen the same percentage increase as Spokane over the past five years, but the trend has been toward an increase in unsheltered homelessness in the two other cities as well. Moreover, all three cities now share very similar overall statistics in terms of the number and incidence of unsheltered homelessness. Clearly, what is happening in Tacoma and Vancouver is unlikely to change perceptions in Spokane regarding this issue, but the relative "sameness" of the situation may trigger greater collaboration between communities as various strategies are utilized to address the issue.

Technology – The influence of this factor is relatively easy to predict for the next decade as technology shifts that will become common over the next ten years are already in evidence in the marketplace today, just not in common usage. For STA in the near term, the significant variable is the possibility that the technology trends will become disrupters that influence how people travel as described in the Changes in Travel Behavior trend above. The trend toward increasing the autonomous features of vehicles could reach a point where the disruption occurs very quickly, and people rapidly shift to a different way of moving around. However, this is somewhat unlikely due to the length of time required for turnover of the present-day collection of autos with a typical average age of 10 to 12 years and a matching slow turnover rate. The long-term outlook for autonomy is more certain, but the impacts are not as easy to predict. These influences should be considered as STA contemplates developing capital facilities with life spans that will far exceed the lifetime of this strategic plan. For example, if autonomous neighborhood shuttles were to become popular to the extent that people use those to access high-capacity transit operating on a regional spine, it is possible that the park and ride lot features constructed in conjunction with transit centers and stations could fall into disuse, while the remainder of the facility continues to host high levels of passenger activity. Most of the variability of this factor is in the longer range (beyond 2035), but one still cannot discount the potential of a short-term disrupter taking center stage.

The above discussion should not displace the place that technology will have in improving internal operations and enhancing the customer experience at STA. These are positive influencers that will have moderate impact, are relatively predictable, and are not necessarily external factors over which STA has no control. Intentional inclusion of new technology may be an important strategy that will support achievement of STA's goals.

Regional Perspective – Today the greater Spokane region is growing with a state boundary that creates a barrier to coordination and collaboration of the region based on jurisdictions being on either side of the state line. Growth and responses to growth are being managed

differently by each state. Collaboration based on recognition that the area is rapidly becoming one large urban/exurban area is rare. This is a high impact issue for STA. On the one hand, there are demands and desires for extending services into Idaho; on the other hand, there are very practical reasons this is not happening. This issue has been visited and revisited many times over in other areas of the country where a state line segregates what has become one urban area. Some examples are St. Louis, Kansas City (there are two of them one in Missouri and one in Kansas), Fargo-Morehead, Lake Tahoe, Portland-Vancouver, Washington DC, southern Maryland, and Northern Virginia, and New York and New Jersey in the NYC Metro region, just to name a few. All these areas are in various stages of regional collaboration and suffice it to say none of them are perfect. However, the lesson learned is that the regional perspective when divided by a state boundary has a more complicated evolution than an urbanizing region that is made up of jurisdictions all within one state. Presently, Spokane and Coeur D'Alene are essentially on independent pathways, but many constituents share each side of the border, and the state line tends to be a rather invisible boundary to many of these frequent travelers. The variable in this instance is where the regional perspective exists on a scale of collaboration, ranging from the present somewhat independent perspective to a full bi-state regional perspective as the one that exists in St. Louis, or from a transit perspective, in the National Capital Region (WMATA). This is a very important variable for STA, given the level of regional growth that is occurring in Northern Idaho and will play an important role in STA's ability to respond to regional growth and changes in travel patterns.

Regulatory Environment – There is always the possibility that local, state, or federal legislative and/or regulatory bodies will pass new laws or promulgate new regulations that will have a direct impact on STA's future. One example is the most recent funding authorization of Washington State, "Move Ahead Washington," that gives STA potential access to new state funding in exchange for eliminating fares for people under the age of eighteen years old. That is seen broadly as a positive step for transit funding in the state. But what happens next? For example, there have been discussions within the state about mandating transit agencies to transition to zero emission buses. While STA is already well on the way to that transition, it is possible a regulatory body could move up the timeline and cause a re-shuffle of STA's strategic priorities. The impact of changes like this could range from low to high and are set to a singular moderate impact. The variability is, perhaps, more predictable. For example, the move to increase spending on transit at the state level has been under discussion for quite some time, finally reaching fruition in early 2022. It was somewhat predictable that something would happen, although no agency was already including that potential in a financial plan until it happened. Similarly, legislation has been introduced that would mandate transit agencies conversion to zero emission vehicles, but so far this has not received broad support. This is primarily because many transit agencies have already adopted plans to transition to zero emission vehicles. Nevertheless, new regulatory directions

surface with some regularity and can create both strategic opportunity as well as strategic disruption.

Climate Change – This factor has higher impact, but also relatively low variability. Climate change will occur inexorably but will evolve relatively slowly. It will occur as increasing incidents of various weather types, as opposed to a sudden change in the year-round temperature of the area. Climate change appears to be nearly inevitable, and we see the influences constantly. In Spokane, as with most other parts of the US[4], some of the more noted aspects of climate change will be increased incidents of extreme weather conditions, including times of extremely cold and extremely hot weather. Other weather-related influences may include an increasing intensity of storms, including the incidents of extreme weather events such as tornados. Two other important factors for Spokane that could be the result of climate change. One is the increased incidence of heavy smoke inundation from wildfires in the region. It is difficult to predict how this might change the region as the influence is more likely to be based on perceived comparisons to other areas, such as, "it never gets smokey in Des Moines, but Spokane has smoke all the time." The other climate change influencer already mentioned is that of water supply, should even more serious drought conditions afflict the region, similar to what has happened in California's San Joaquin Valley. The economic influences of such an event would be very substantial. A portion of the region's economic engine will slow down and, like many California agricultural communities, the growth in population and the economy will slow down as well. We do not know how much, or even if, sustained drought conditions will be observed in the region, but it remains a very real possibility.

Inflation – In the past months, we have observed historically significant rates of inflation. This has multiple influences in STA's financial well-being particularly in terms of sales tax revenues and buying power. At least historically, inflation has been cyclical in the US and has been controlled, to a degree, by federal policies on the money supply and interest rates. The recent pattern will continue into the future; however, we have observed unprecedented occurrences in the past two years, and breaking the old rules of economic cycles remains a possibility. However, because it appears to be cyclical and its influences more temporary than permanent, it has lower impact as well as lower variability, as it is unlikely to resolve quickly. Economic cycles are likely to continue and are predicted to occur about every five to seven years. This requires some restraint in predicting future financial conditions, as well as sound fiscal policy for STA, both of which are now solidly in place within the organization.

[4] https://www.spokaneclimateproject.org/

https://www.ucsusa.org/climate/impacts

https://www.un.org/en/climatechange/science/key-findings#physical-science

Maintaining that position should be a strategic priority as it serves the agency well as the cycles continue to occur through time.

There is a counter impact to inflation that should also be noted. It is possible that inflation of costs related to transportation may offer some positive influences for STA. Individuals may find value offsets in their travels by taking advantage of services provided by STA. This may mean that inflation may not be a completely negative impact as an economic factor.

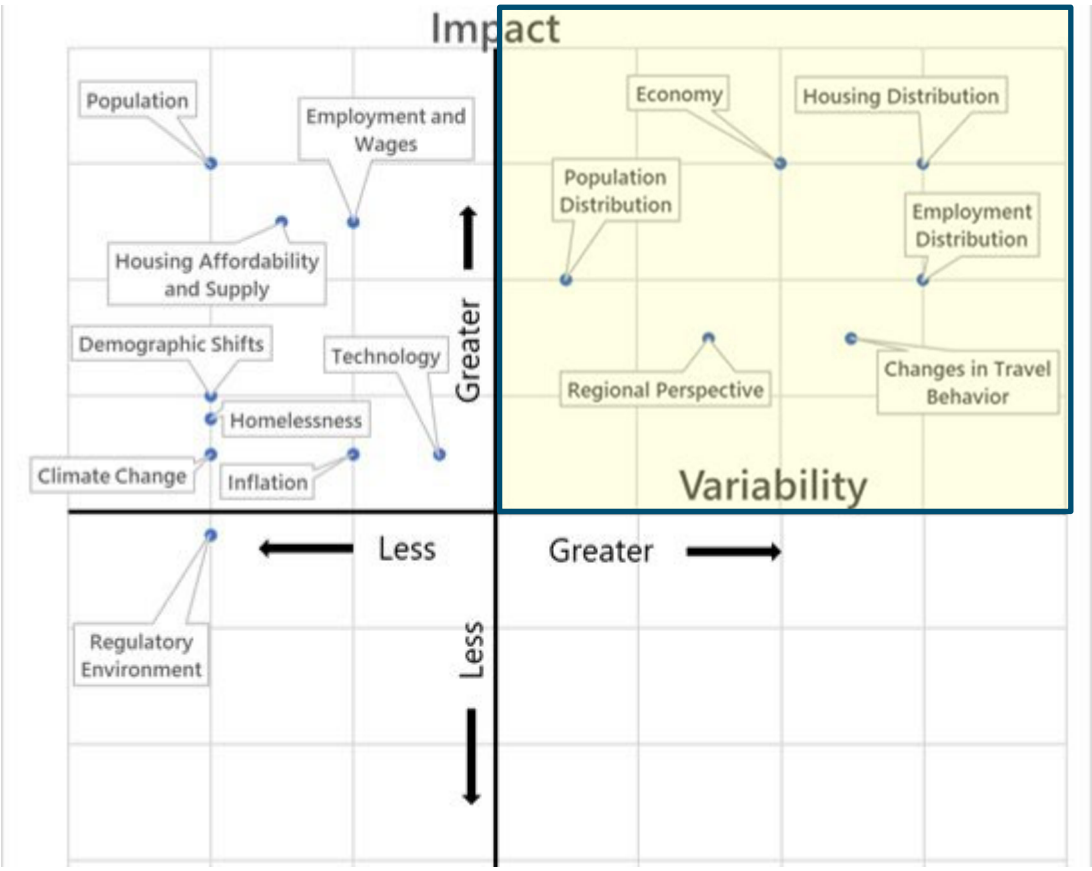
The following table shown in Figure 4 is a summary of the impact and variability ratings of each of the above-described factors.

Figure 4 Scenario Factors, Impact, and Variability

Factor	Impact	Variability
Population growth	high	low
Population growth distribution	high	moderate
Economy	high	high – with respect to STA
Employment and wages	high	moderate
Employment and wages distribution	high	high
Housing affordability and supply	high	low
Housing affordability and supply distribution	high	high
Homelessness	moderate	moderate
Changes in travel behavior	moderate	high
Demographic shifts	moderate	low
Technology	moderate - short-term	moderate
Climate change	moderate	low
Regulatory environment	moderate	low
Regional perspective	moderate	high
Inflation	moderate	moderate

The figure below (Figure 5) shows the relative position of each factor in terms of its impact on STA's strategic future. The highlighted quadrant shows factors with the highest impact and highest variability for STA. These are ingredients for scenarios to test resiliency of goals and strategies.

Figure 5 STA Scenario Factors Impact and Variability Matrix



Scenarios

Scenarios present a series of possibilities given a mix of issues that are pivotal to STA's planning. Most of these externalities are found in the upper right-hand quadrant of the impact versus variability chart. The externalities that will most influence the context in which STA operates are those that have both the highest impact and that have the greatest degree of variability. Given the number of those factors in the grid, the various combinations and permutations are nearly endless. There are some logical groupings; for example, population distribution and housing affordability and supply distribution are closely linked and it is not impossible, but it is improbable that one would change in one direction without the other following that same direction.

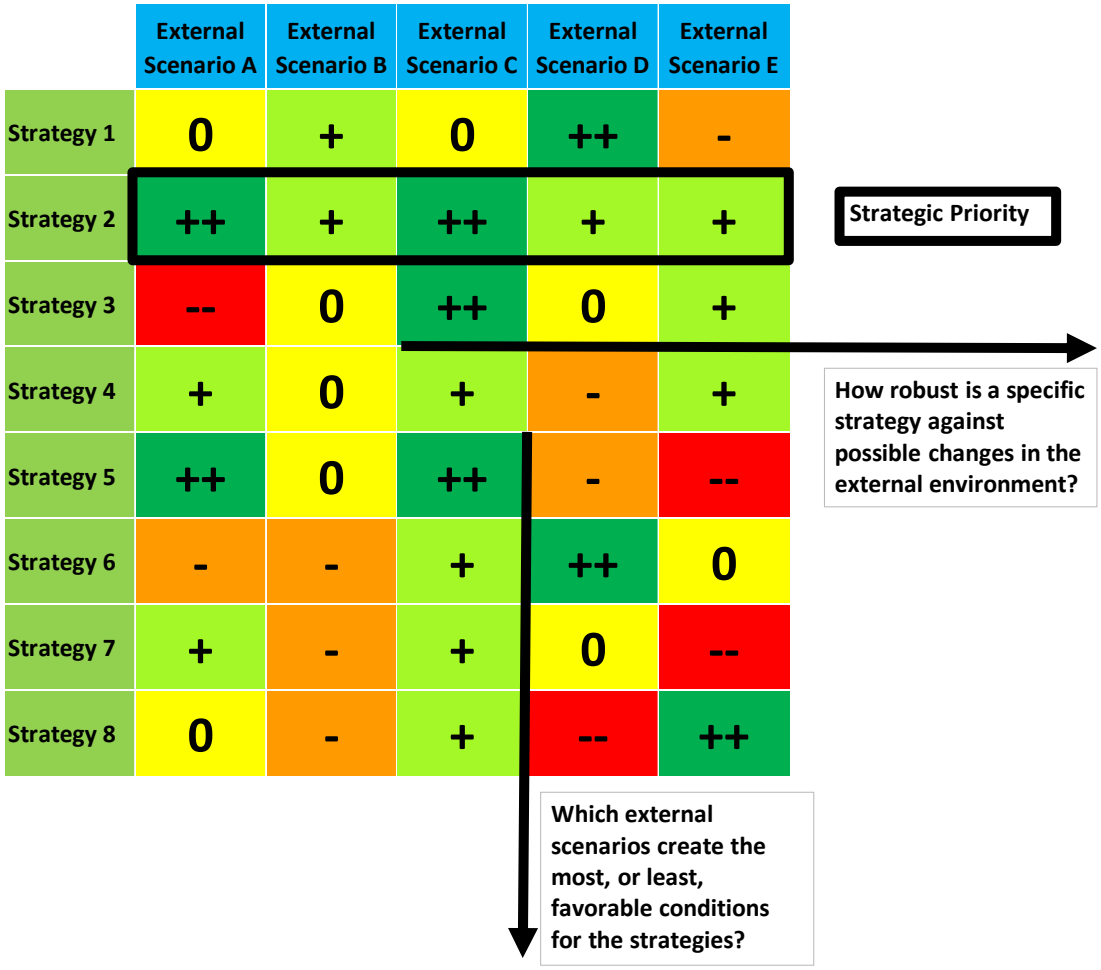
In many respects, there are no wrong scenarios. There are some that are less probable than others, but the importance is to frame scenarios that give perspective to and test various strategies that may be embodied into STA's strategic plan. It is, therefore, good practice to adopt a wide range of possible and probable futures against which to evaluate the effectiveness of strategies. To help reduce some of the many possibilities a short list of the above factors has been established to construct scenarios. That list includes:

- The economy
- Employment and wage distribution
- Housing affordability and supply distribution
- Population distribution
- Changes in travel behavior
- Regional perspective

Factors depicted in the upper left quadrant (high impact, but lower variability), such as population growth, housing affordability and supply, employment and wages, demographic shifts, technology, and climate change are underlying factors that are assumed in all scenarios.

To provide a little more clarity on the process, the graphic below (Figure 6) is intended to depict how strategies are evaluated against various scenarios and how to identify scenarios where the strategic position is strong and those scenarios where the strategies may have weaknesses, create challenges or even threats.

Figure 6 Strategy Evaluation Matrix Example



Based on the short list of factors and approach described above, the six scenarios below are presented possible future outcomes. It must be noted that none of these scenarios are predictions of a future for the Spokane region. Rather, they are constructions of what could happen based on the most probable factors that have high impact and high variability. These scenarios create the ability to test the adaptability and resilience of the strategies adopted in the strategic plan. The purpose is to understand what futures present the greatest risks for STA and which strategies offer the greatest robustness against a backdrop of widely varying futures. The scenarios are not intended to be predictions of the future; they are expressions of what might be the future.

Scenario A - Current Trends

- Regional population, employment, and economic growth continues apace.
- Residential growth is focused in the East Valley, North Idaho, and the West Plains. Housing continues to be short in supply and drives affordability further out of reach for more households and rental properties continue to increase in cost with tight supply.
- Job growth occurs mostly in the more outlying portions of the region and is characterized by small to moderate sized employers or employment sites. Most new job opportunities are in manufacturing or transportation and logistics. Employment growth in these outer areas will continue to be heavily auto oriented, with longer regional trips, and regionally unfocused.
- Downtown Spokane continues to be an important, but not the penultimate, activity center, mostly due to technology improvements that continue to allow many workers greater opportunity to work remotely.
- Travel behavior changes with some shorter trips for shopping and medical purposes continuing to create historically lower travel demand for shorter trips. Trips for non-essential workers and post-secondary students continue at lower rates of days per week than pre-COVID. The number of participants continues to grow, but the actual volume of trips is trending lower on a trips-per-capita basis.
- There is still little coordination across state lines between North Idaho and the Spokane region.

Scenario B - Resurgence of Downtown Spokane

- Regional growth continues as discussed in the "Current Trends" scenario
- Downtown Spokane (a spatially larger definition that includes the medical services area and North Bank) partially re-invents itself and becomes a dominant focus of housing, employment, and activity growth in the region.
- Housing supply is partially addressed by re-purposing existing buildings in downtown into a combination business/commercial/residential mixed-use district. The impact of adding more residents to the area adds even more vibrancy to the area and it becomes, once even more, the place to be. Other areas of the region continue to supply single family housing and the growth is focused in the US-395 Corridor, East Valley, West Plains and North Idaho.
- Other areas of the region continue to grow, but not to the exclusion of downtown. Transportation, logistics, and manufacturing employment continues to grow in the outlying portions of the region with an increasing share of that landing in North Idaho.

- Employment, because of the increased full-time occupancy of downtown, changes character but increases in the downtown area. Boutique retail, restaurants and grocery stores become more common features of the area.
- Travel behavior changes with some shorter trips for shopping and medical purposes continuing to create historically lower travel demand for shorter trips and in the case of downtown, due to the compactness of the area, many are converted to walking trips. Trips for non-essential workers and post-secondary students continue at lower rates of days per week than pre-COVID. The number of participants continues to grow, but the actual volume of trips is trending lower on a trips-per-capita basis.
- There is still little coordination across state lines between North Idaho and the Spokane Region.

Scenario C - Large Employment Centers

- The recent opening of two Amazon fulfillment centers in the Spokane region offers the inspiration for this scenario.
- Announcement of a very large manufacturing plant to be located in the Spokane region that is related to producing green transportation. The plant will employ 2,000 to 3,000 people.
- Moderate, market-level housing is in high demand and the market reacts with several new developments along the north US-395 corridor, in West Plains, East Valley, and North Idaho. Similar to the "Resurgence of Downtown Spokane" scenario, some of the region's housing needs are met in downtown Spokane.
- A second manufacturer announces intent to site a plant in the region but appears to be focused on a plant site in Post Falls. That plant will employ a similar number of people compared to the first announcement. Essentially, these two announcements are the second coming of the Kaiser Aluminum smelter, although not necessarily in that location, that once was a major employer in the Central Valley. As a result, manufacturing employment reaches toward 15% of the active workforce in the Spokane region.
- Travel behavior changes with some shorter trips for shopping and medical purposes continuing to create historically lower travel demand for shorter trips and in the case of downtown due to the compactness of the area many are converted to walking trips. Trips for non-essential workers and post-secondary students continue at lower rates of days per week than pre-COVID.
- The advent of this major manufacturing facility is a catalyzing event that creates a willingness and an opportunity for North Idaho and the Spokane Region to collaborate with respect to regional planning and how to resolve regional transportation challenges.

- Automation of transportation has become a major disrupter. Autonomous shuttles (taxis) are now commonplace in Spokane and people use them to make short trips to work, to medical services, to shop, to the park, to school, etc. Some people use them to access regional transit services. The result is that STA's ridership is now made up of mostly regional trips.

Scenario D - Idaho Shift

- The present trend of building median value housing in North Idaho not only continues, but it accelerates and expands to also include substantial levels of multi-family units constructed in the Post Falls area.
- By 2025, the number of housing units permitted in Kootenai county outstrips Spokane County by a two to one ratio and most of this housing is constructed within ten miles of the Washington border in the vicinity of Post Falls and the Rathdrum Prairie.
- Several large employers have either already moved or announced they will move, into North Idaho. This includes an announcement by one of the major hospital purveyors that they will build a new major regional medical center in Post Falls and de-emphasize one of the major medical centers in Spokane.
- Major retailers plan to invest in expansion into the area and possible de-commissioning some Spokane area locations. Post Falls also develops an auto center, a collection of auto dealerships. One result of this migration of retailers is that significant sales tax generators are leaving the service area and sales tax generated per capita in Spokane begins to fall.
- The advent of this growth in Eastern Kootenai County does not encourage more regional partnerships as the area has become increasingly less dependent on the Spokane region for support. As a result, collaboration between the North Idaho and the Spokane Region continues to be minimal yet demands for connections into Kootenai County from Spokane County continue to grow in volume and popularity.

Scenario E - North Spokane Corridor Influences

- The North Spokane Corridor is completed with a direct connection to I-90.
- The area inside Spokane County's urban growth area along US-395 booms with new housing.
- Peak traffic volumes on US-395 quickly grow to congested levels.
- New large-scale industrial employment centers are opened to the northeast of Hillyard as the area is presently zoned for heavy industrial development.
- This scenario mixes with the "current trends" scenario with the result being that the "center of gravity" of the region is moved to the northeast.

- The trend of housing being built in Idaho continues but remains at about the present pace.
- Expressed desires from Valley communities for connections into Idaho are joined with desires from the northern reaches of US-395, but those communities also want good transit connections into Wandermere, the northeast industrial area, and the core of Spokane, including the medical services area and North Bank.
- Travel behavior changes with some shorter trips for shopping and medical purposes continuing to create historically lower travel demand for shorter trips. Trips for non-essential workers and post-secondary students continue at lower rates of days per week than pre-COVID. The number of participants continues to grow, but the actual volume of trips is trending lower on a trips-per-capita basis.
- The regional perspective begins to take shape with increased willingness for North Idaho and the Spokane Region to collaborate with respect to regional planning and how to resolve regional transportation challenges.

Scenario F – Regional Backtrack

- Employment opportunities shrink due to lack of available workforce, which has been impacted by the lack of affordable housing. The population of the region stagnates and then begins to decline in response to the economics of employment and housing. Population distribution stays about the same, but declines are universal among geographies.
- Downtown Spokane activity levels decline substantially, and the Spokane Valley Mall becomes a deserted mall.
- Small businesses, especially those that are service-oriented, struggle and many cease to exist.
- Transit ridership declines steeply because of fewer jobs, fewer people, and fewer activity centers.
- Sales tax revenues stagnate and show cycles of loss and no growth.
- Little planning coordination across state lines between North Idaho and the Spokane regions.

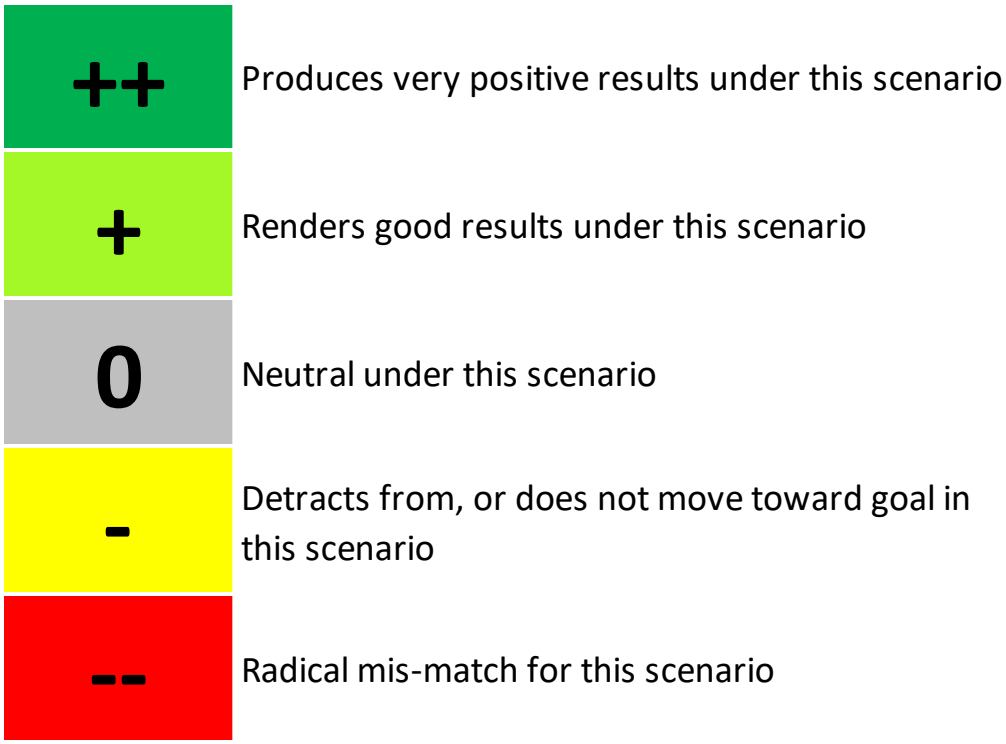
Evaluation of Strategies

The above draft scenarios are coupled with the draft goals and strategies and evaluated based on how well each strategy performs under each scenario. Because there is no specific list of projects, the evaluation is, by necessity, a qualitative assessment of how well each strategy will advance toward STA's goals in view of the scenario.

The evaluation levels are illustrated in the figure below (Figure 7). Generally, the more adaptable strategies receive the higher scores, while those that depend more on current

trends and history are somewhat less adaptable to futures where the scenario suggests there is a marked change in the region. It is critical to understand that the scenarios and the evaluation of those scenarios is not a prediction of future conditions. The evaluation is a way to test the adaptability of a strategy to a range of possible future conditions.

Figure 7 Scenario Planning Evaluation Levels



	A- Current Trends	B - Resurgence of Downtown	C - Large Employment Centers	D - Idaho Shift	E - North Spokane Corridor	F - Regional Backtrack
GOAL: Elevate the customer experience						
1.1 Expand and adapt mobility options to attract and serve more people	++	++	++	+	++	++
1.2 Advance frequent, easy-to-use, fast, and reliable service	++	++	+	-	-	++
1.3 Deliver an outstanding door-to-door experience	++	++	++	++	++	++
1.4 Create a welcoming, comfortable, and secure environment for all customers	++	++	++	+	++	++
GOAL: Lead and collaborate with community partners to enhance the quality of life in our region						
2.1 Collaborate to enhance access to transit	++	++	++	0	++	++
2.2 Support community partners to amplify community benefits	++	++	++	++	++	++
2.3 Proactively initiate partnerships to promote and help employers, service providers, and residential development to locate near high-frequency transit	++	++	++	+	++	++
GOAL: Strengthen our capacity to anticipate and respond to the demands of the region						
3.1 Develop, prepare, and empower our team members	++	++	++	++	++	++
3.2 Engage in proactive assessment and planning, and deliver strategic long-term investments most beneficial to our communities	++	++	++	+	++	++
3.3 Exemplify financial stewardship to maintain public trust and organizational sustainability	++	++	++	++	++	++

Overall, The Strategic Plan offers a robust and resilient plan for STA under a wide spectrum of future possibilities. There are, however, two notable exceptions where the plan is not as strong with some future conditions.

Under the Idaho Shift Scenario, the overall strategies are not as strong as when compared in the backdrop of other possible scenarios. For STA, this condition is mostly due to the fact that planning and collaboration over the state line is, at least today, minimal. STA is only one player in the region which weakens STA's ability to plan effectively for potential expansion into Idaho. While STA could operate in Idaho, there are no existing agreements for placement of stops, or perhaps more importantly, revenue to support operations in Idaho. Strategies related to this scenario would need to capture funding, governance, and network modification to lower the risk should regional expansion into Idaho accelerate.

Strategy 1.2 indicates some weakness when the spectrum of future growth in travel moves into the periphery of the region. Emphasis on the existing network in this strategy is a weakness when the travel patterns of the region are developing in a way that is not consistent with the current network. To be clear, it is unlikely the current network will become any less valuable, or lose utility compared to today. The issue is where the growing edge of the network is focused and how new resources are deployed to address the regional growth pattern that could, under these scenarios, develop significantly at the edge of the present urbanized area. A general weakness in the strategies that will guide network development is that there is no consideration for adaptation to these possible conditions. To a lesser degree, this is also true under the large employment center scenario as the service needs are more focused, but also likely to be in areas where STA does not currently provide service. The weakness in this strategy can be addressed by also adding in action items that relate to consideration of network adaptation to changing land use.