



**SEATTLE CITY COUNCIL**  
**\*SPECIAL\* TRANSPORTATION COMMITTEE**  
**\*Please note Change in Speakers\***  
**Wednesday August 12, 2009**  
**12:00 p.m.**

Members: Jan Drago, Chair  
Sally Clark, Vice-Chair  
Richard McIver, Member  
Jean Godden, Alternate

Staff: Katherine F. Mackinnon, Legislative Aide

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Committee Chair Telephone: 206-684-8801  
Council Meeting Listen Line: 206-684-8566

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Unless otherwise noted, all meetings are held in Council Chambers on the  
2<sup>nd</sup> floor of City Hall, 600 Fourth Avenue, Seattle, Washington

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		<u>RECOMMENDED ACTION</u>
1.	Chair's Report	
2.	PRESENTATION by Metro Transit on current budget shortfalls <i>Presenter: Kevin Desmond, Metro Transit</i>	BRIEFING AND DISCUSSION
3.	DISCUSSION by panel of current budget shortfall proposals and implications for City of Seattle ridership <i>Presenters: Kurt Triplett, King County Executive; Kevin Desmond, Metro Transit; Jon Scholes, Downtown Seattle Association; Rob Johnson, Transportation Choices Coalition</i>	DISCUSSION
4.	Public Comment	



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print and communications access provided on request. Call  
206-684-8888 (TDD: 206-233-0025) for further information.



# Proposed Metro Transit 2010-2011 Budget

August 2009

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## Executive Proposal

- Takes a four year horizon
- Recognizes the projected long term structural deficit
- Based on considerable stakeholder input
- Offered as a pragmatic middle ground to prevent a regional battle over transit service

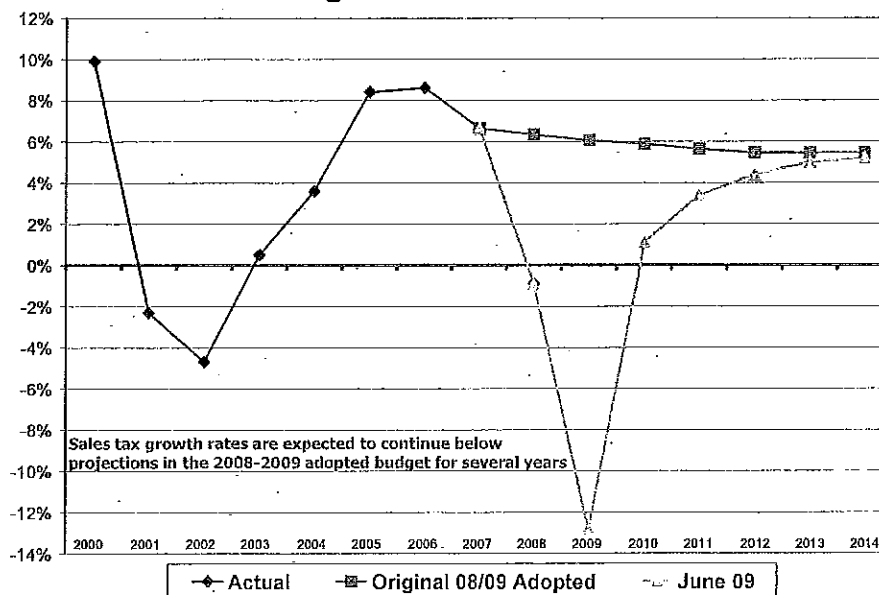
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## Context for Executive Proposal

- Substantial sales tax loss caused by recession
- New Transit revenue authority sought from state
- Stakeholder outreach on service and budget scenarios (RTC; subarea boards)
- Examination of Metro's program costs with the KC Council inter-branch working group
- Performance audit
- Transit system is interdependent and a sustainable solution must work for everyone

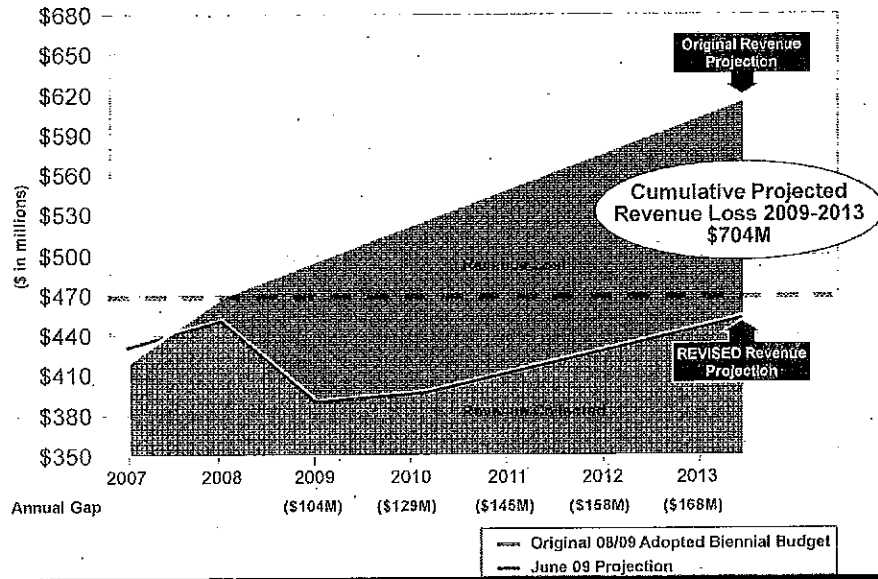
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### Transit Program — Sales Tax Revenue



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### King County Metro - Sales Tax Shortfall



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When combined with other factors, the loss of sales tax results in an annual budget deficit that widens each year.

(\$ in millions)	2009	2010	2011	2012	2013	Total
Total Revenue Shortfall - June	(\$104)	(\$129)	(\$145)	(\$158)	(\$168)	(\$704)
Gap starting point for 2010/2011 planning	(\$36)	(\$88)	(\$87)	(\$113)	(\$140)	(\$464)
Federal Stimulus	\$25	\$25				\$50
Updated sales tax (March & June) and ridership	(\$34)	(\$35)	(\$28)	(\$20)	(\$15)	(\$132)
<b>Revised Gap 7/23/09*</b>	<b>(\$45)</b>	<b>(\$98)</b>	<b>(\$115)</b>	<b>(\$133)</b>	<b>(\$155)</b>	<b>(\$546)</b>

\* Gap to be addressed with 2010/2011 budget and financial plan

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## **Exploring New Revenues**

Washington State Legislature approved two new revenue options for public transportation:

- Congestion reduction tax: \$20 vehicle license fee (subsequently vetoed by the Governor)
- Property Tax: up to 7.5 cents for expanding service on SR520 (1 cent) and transit-related expenditures (6.5 cents)

## **Meetings with Stakeholders: February-June**

- Regional Transit Committee
- Sub-area boards
- Two joint meetings of the County Council's Physical Environment and Budget committees ("inter-branch working group")

## Examining costs – Transit Building Blocks

- Basic service – operate a safe vehicle with a trained driver, reliable under normal conditions, comply with all laws and regulations (\$445M)
- Complementary program – additional activities performed to support mission and goals (\$32M)
- Service quality– activities that meet and enhance customer and public expectations (\$32M)

## Performance Audit: Identifying Efficiencies

Topics under review by auditor include:

- 1) Bus Service Planning/Scheduling
- 2) Technology and Information Management
- 3) Human Resource Management (Vehicle Maintenance, Operations, Police)
- 4) Financial and Capital Planning
- 5) Paratransit
- 6) Fare Strategies
- 7) Trolley Replacement

## 2010-2011 Transit Budget Proposal Objectives

- Long term system sustainability
- Preserve as much existing service as possible
- Position for rebound if/when economic conditions allow or new revenue sources

## Key Elements of the Proposal

1. **Defer bus service expansion:** Suspend remaining Transit Now improvements except Rapid Ride and already-approved partnerships.
2. **Capital program cuts:** Reprioritize capital program and reduce number of buses purchased
3. **Non-service related cuts:** reduce supplemental programs and service quality expense by 10%
4. **New revenue/Property tax swap:** 5.5 cents for transit: 1 cent for 520 Urban Partnership; 4.5 cents for Rapid Ride
5. **Operating reserves:** temporary reduction for 4 years
6. **Increase fares:** additional fare increase in 2011
7. **Fleet replacement reserves:** \$100 million over four years
8. **Audit efficiencies:** implement savings where impacts to service quality can be limited
9. **Bus service suspensions:** Reduce overall system size by 9% or 310,000 hours by the end of 2011. Additional cuts by likely in 2012/13

## 1. Defer Bus Service Expansion

- Complete implementation of RapidRide
  - \$ 45 million in grants have been acquired to fund much of the capital, \$18 million additional is pending
- Proceed with partnership program commitments with regional and local entities
  - SR520 Urban partnership (contingent on new revenue source)
  - Alaska Way Viaduct service agreement with WSDOT
  - Transit Now service partnerships: over 40% are implemented, remaining scheduled for 2010-13
- Defer the remaining Transit Now service investments
  - More than 120,000 hours of Transit Now are already in place
  - Over 270,000 of the planned 590,000 hours will be operating by 2013
- Defer planned investments in schedule maintenance

## 2. Capital Program Cuts

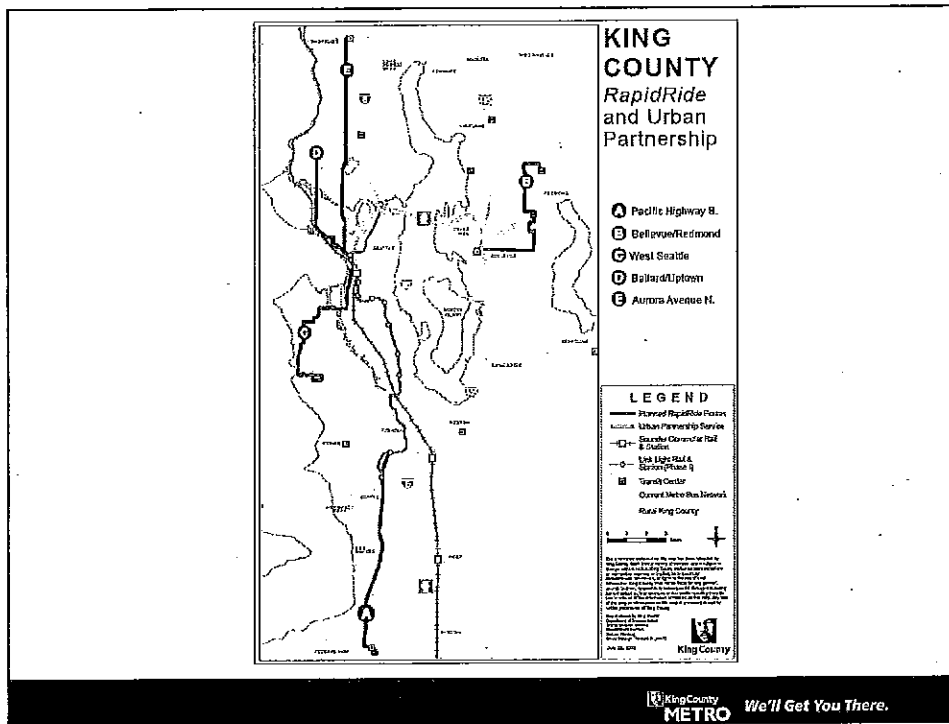
- \$83 million reduction in capital program over the next four years.
- Fewer service hours means a smaller fleet requirement. Most savings are in bus purchase costs.
- Passenger facility, speed and reliability, and asset maintenance programs are also reduced.

### 3. Non-Service Related Cuts

- 10% reduction in complementary programs and service quality
  - Internal reorganizations
  - Marketing & customer information
  - Planned security enhancements
  - Operations support for special or unplanned events
  - Park and ride landscaping and facility cleaning

### 4. New Revenue/Property Tax Swap

- Cancel 4.5 cents of the ferry district property tax and one cent of the Automated Fingerprinting System (AFIS) property tax. Levy 5.5 cents of property tax for transit
- One cent is spent for service adds on SR 520 related to the Federal Urban Partnership. Will generate 1 million new annual transit trips.
- The remaining 4.5 cents is dedicated to support new RapidRide service, and the underlying service in those corridors. Will generate 5.5 million new annual transit trips.

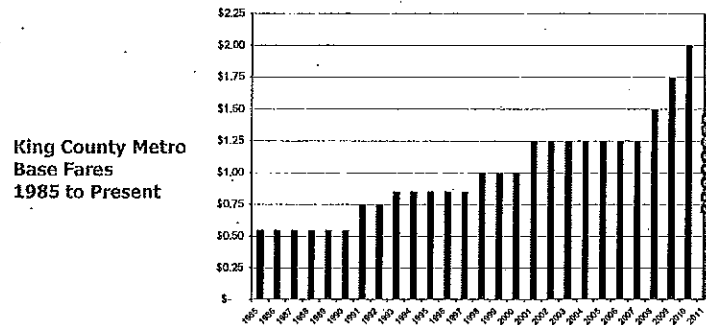


## 5. Operating Reserves

- Reduce Metro's one-month operating reserve requirement to two weeks
- Allows expenditure of \$40 million to preserve service over 4 years
- After 4 year period, replenish the fund to a one-month reserve

## 6. Increase Fares

- \$.25 fare increase already approved for January 2010
- Plan for additional \$.25 fare increase in 2011



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## 7. Fleet Replacement Reserves

- Reduce \$100 million from Metro's Revenue Fleet Replacement Fund
- Spread the \$100 million over the four year period of 2010-2013 to preserve existing bus service

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## 8. Audit Efficiencies

- Audit not yet complete
- Efficiencies possible in scheduling process
- Some will take at least two years to realize
- Potential effect on service quality and on-time performance

## 9. Bus Service Suspensions

- Suspend 310,000 hours by the end of 2011, and a total of 585,000 possible by the end of 2013
  - The first reductions in Feb 2010 are administrative
  - Later reductions are through the traditional service change process and by realizing scheduling efficiencies
  - Services are reduced proportionately across the county, and restored in the same manner
  - Route productivity is an important, but not exclusive consideration for the reductions

## Service Hours Scheduled for Suspension

	2010	2011	2012	2013
February	50,000			
June		50,000		50,000
September	85,000	125,000	50,000	175,000
Annual total*	135,000	175,000	50,000	225,000

\*Annual totals each year to be a combination of schedule efficiencies and service suspensions (i.e., not all hours will be actual cuts to bus service)

## Policy Actions

- Revise transit financial policies
  - Planning for fare increases
  - Operating reserve requirements
- Modify adopted plans
  - Revise Transit Now to allow revenue to be used for the preservation and restoration of existing service
  - Modify Metro's strategic plan service implementation schedule
  - Develop strategic plan strategy that describes service suspension and restoration process

## King County Metro Budget Action Plan

	(\$ in millions) 2010/2011	(\$ in millions) 2012/2013	Cumulative Total
Budget Deficit	\$213	\$288	\$501
1. Defer Bus Service Expansion	\$ 7	\$ 29	\$ 36
2. Reduce Capital Spending	\$ 26	\$ 57	\$ 83
3. Non Service Related Cuts	\$ 13	\$ 14	\$ 27
4. New Property Tax Revenue	\$ 28	\$ 30	\$ 58
5. Spend Portion of Operating Reserves	\$ 31	\$ 9	\$ 40
6. Fare Increase in 2011	\$ 12	\$ 24	\$ 36
7. Spend Portion of Fleet Replacement Fund	\$ 45	\$ 55	\$100
8. Performance Audit Efficiencies	TBD	TBD	TBD
9. Bus Service Suspensions	\$ 28	\$ 62	\$ 90
Technical Budget Adjustments	\$ 23	\$ 8	\$ 31

# QUESTIONS?



# King County

## **Executive Proposed 9-point Metro Transit Budget Action Plan**

*(Plan implementation requires action by the King County Council and the Regional Transit Committee.)*

**Action 1 – Deferred bus service expansion** by first suspending growth with the exception of the RapidRide program and already-approved Service Partnership agreements. The revenue gap assumes growth in bus service, primarily associated with the implementation of Transit Now. Delaying that expansion closes the gap. This effectively leverages funding from other agencies and saves \$36 million over the next four years.

**Action 2 – Substantially cutting the capital program** by reprioritizing the Metro Transit capital program, mainly by purchasing approximately 200 fewer buses. With service cuts and delayed expansion we need fewer investments. This saves \$83 million over the next four years.

**Action 3 – Non-service related cuts.** Reducing programs not associated with "basic service" by roughly 10%. Programs include reorganizations and efficiencies, fewer new transit police, eliminating of much of our printed materials, reductions in customer service and park and ride landscaping, and increased cleaning cycles for buses. These were selected in a way that allows Metro to minimize impacts to its service and save \$27 million over the next four years.

**Action 4 – Raising new revenue through a property tax swap.** Reprioritizing transportation dollars now spent on passenger ferries to buses by using 5.5 cents of the new property tax authority granted by the 2009 legislature. By law, the first 1 cent of this must be dedicated to expanded bus service across SR 520 while the remaining 4.5 cents will be used to preserve planned new RapidRide service around the county. This would be offset by rolling back 4.5 cents of the Ferry District levy and 1 cent of the AFIS levy. The 5.5 cent new property tax levy for Metro would raise \$58 million over the next four years. More importantly, using the property tax in this way will create dedicated, sustainable service for more than 16 million riders annually on crucial transportation corridors that link our urban centers and jobs.

**Action 5 – Tapping into operating reserves to help stabilize service levels.** Current county financial policies call for maintaining a 30-day operating reserve of \$50 million. While some reserves are needed, it makes little sense to be adding money to reserves while cutting service. During this financial emergency, lowering this amount to roughly two weeks of operating reserves will help in 2009 and beyond by stabilizing service levels and offsetting additional fare increases, freeing up \$40 million over the next four years.

**Action 6 – Increasing fares by 25 cents in 2011.** Bus riders must also be part of the solution. This increase is in addition to an already planned 25-cent fare increase in 2010 and recent increases in 2008 and 2009. This will improve our estimated operating-revenue to operating-expense ratio to 28 percent. It is also a more modest approach to increasing fares than other alternatives, and is intended to balance cost recovery with affordability to transit riders rather than driving them away when they need transit most. This will result in \$35 million more in net revenue over the next four years.

**Action 7 – Using fleet replacement reserves** to help stabilize the revenue base and significantly help with the deficit during this crisis. Using the one-time excess fleet replacement reserves recently identified by the county auditor and spending them over the next 4 years will save \$100 million over next four years to support existing service levels.

**Action 8 – Implementing operating efficiencies from the forthcoming transit performance audit recommendations.** There is a Metro performance audit currently underway that is likely to identify operating efficiencies that the auditor and Metro staff believe will help the agency achieve some of the efficiencies indicated, particularly in how service is planned and scheduled. To the extent Metro can achieve these efficiencies over the next few years, these savings are likely to offset or "buy back" a portion of the anticipated service reductions. However it is premature to assign a dollar savings to these efficiencies today.

**Action 9 – Reducing bus service.** Despite all the actions outlined above, there is still a remaining deficit of about \$30 million over the biennium and \$90 million over the next four years. This amount equates to a bus system that will need to shrink by 310,000 hours of annual service over the next two years or roughly 9% of the overall bus system. Reductions will be mitigated over time by **Action 8**.








**These cuts should be considered "suspensions" and service restored first before new service is allocated under 40/40/20.**

# KING COUNTY

## RapidRide and Urban Partnership

- A** Pacific Highway S.
- B** Bellevue/Redmond
- C** West Seattle
- D** Ballard/Uptown
- E** Aurora Avenue N.

### LEGEND

-  Planned RapidRide Routes
-  Urban Partnership Service
-  Sounder Commuter Rail & Station
-  Link Light Rail & Station (Phase I)
-  Transit Center
-  Current Metro Bus Network
-  Rural King County



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July 22, 2009



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