



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

September 29, 2008

Motion 12852

Proposed No. 2008-0494.1

Sponsors Ferguson, Constantine, Patterson
and Hague

1 A MOTION related to addressing the budget gap facing
2 King County Metro transit through a balanced revenue and
3 expenditure approach.
4

5 WHEREAS, over the past few months, worldwide petroleum prices have reached
6 all-time record levels resulting in a significant increase in fuel prices, and

7 WHEREAS, Metro transit uses more than 10 million gallons of diesel fuel each
8 year and the 2008/2009 biennial budget was based on per-gallon costs for diesel fuel of
9 \$2.60 in 2008 and \$2.70 in 2009, and

10 WHEREAS, the price per gallon of diesel fuel has been growing in recent months
11 and is currently expected to average \$3.57 in 2008 and \$4.07 in 2009. At this pace,
12 diesel fuel will add approximately \$120 million to Metro transit's costs over the period
13 2008 - 2014. The Access program is experiencing the same level of cost growth as the
14 bus system with additional costs of diesel of \$1.6 million annually, and

15 WHEREAS, the latest projections of sales tax revenue, the primary source of
16 transit funding, indicate a significant reduction in 2008 and future years, even as inflation
17 has driven up the cost of wages and other costs to Metro transit, and

18 WHEREAS, the executive has formally recommended a fare increase and
19 informally recommended several other responses to the financial crisis, including capital
20 project deferrals and cancellations, asset sales, internal cost savings and an effort to
21 identify new sources of revenue;

22 NOW, THEREFORE, BE IT MOVED by the Council of King County:

23 A. The council intends to work closely with the executive and the Metro transit
24 division to identify and implement solutions to this multi-year funding that preserve
25 existing and planned new bus service. The council will work with riders, employers,
26 other governments, valued employees and other stakeholders to achieve financial stability
27 and to preserve transit service;

28 B. Preservation of service is critical in light of record ridership growth as
29 customers respond to increasing fuel prices by moving to public transportation. Transit
30 service is also critical to the achievement of regional growth management, economic
31 development and environmental goals;

32 C. The council commissioned and appropriated funds for an audit of Metro
33 transit that is focused in large part on identifying operational and service efficiencies. It
34 is expected that the results of this audit will inform the 2010/2011 budget
35 recommendations with cost savings;

36 D. The council looks forward to evaluating the initial recommendations by the
37 executive in the 2008/2009 midbiennium supplemental Metro transit budget ordinance,
38 which should be transmitted concurrent with the 2009 Executive Budget Proposal;

39 E. As the council looks forward, it is the council's intent to focus on preserving
40 service while ensuring Metro transit's resources are efficiently focused delivering transit

41 service to the people of King County; accordingly, operating and capital program
42 expenditures most directly linked to the provision of service should be given priority;

43 F. With a focus on managing assets and identifying sustainable revenue sources,
44 the council intends to carry out a comprehensive review of transit division assets that
45 could be leased to provide a long-term revenue stream to support expenditures directly
46 linked to the provision of service. In responding to the council on this issue, the division
47 should begin by providing information that will enable the council to evaluate lease
48 options for the downtown Bellevue site, Convention Place Station and the South Kirkland
49 Park-and-Ride;

50 G. The council will review the transit capital program to prioritize projects that
51 are most directly linked to the provision of service with the expectation that there will be
52 opportunities for additional savings from deferring, restructuring or cancelling planned
53 investments. Replacement schedules for equipment and vehicles will be reviewed to
54 ensure that the county extracts the maximum utility from these investments when
55 weighed against the costs of ongoing maintenance;

56 H. As an aspect of considering a supplemental Metro transit budget and future
57 budget proposals, the council intends to focus on revenue strategies that achieve or
58 exceed the 25 percent ratio of operating revenue over operating expense (OR/OE, which
59 is farebox recovery) financial policy goal through such efforts as:

- 60 1. A comprehensive advertising program;
- 61 2. Analysis of existing operational and financial policies to identify financial
62 impacts associated with existing as well as policy gaps, which could affect and enhance
63 revenues available for transit service;

64 3. Consideration of additional farebox revenues only as part of a comprehensive
65 action that balances revenues and expenditures; and

66 4. Study of other potential revenue sources to enable transit to meet the growing
67 demands of consumers; and

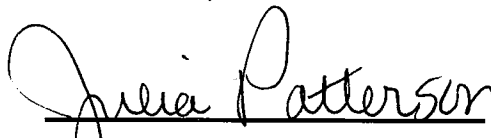
68 I. The council intends to take action on any proposed fare increase in conjunction
69 with action on a 2008/2009 midbiennium supplemental Metro transit budget ordinance.

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Motion 12852 was introduced on 9/8/2008 and passed by the Metropolitan King County Council on 9/29/2008, by the following vote:

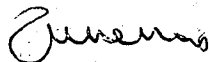
Yes: 9 - Ms. Patterson, Mr. Dunn, Mr. Constantine, Ms. Lambert, Mr. von Reichbauer, Mr. Ferguson, Mr. Gossett, Mr. Phillips and Ms. Hague
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Julia Patterson, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments None