King County
Department of Transportation
Metro Transit Division
General Manager's Office
201 S. Jackson Street
KSC-TR-0415
Seattle, WA 98104-3856

November 17, 2008

Municipal League of King County
Brad Meacham, Chair
801 Third Avenue, Suite 224
Seattle WA 98104

Dear Mr. Meacham:

Thank you for sharing the draft report "Review of Metro Transit." We appreciate Kathy Elias taking the time to meet with Harold Taniguchi, Jim Jacobson and me on November 14. We all agreed that the excellent dialogue at that meeting was very useful. The draft report provides thoughtful insights and observations, and identifies a number of ways in which Metro can improve the way in which we serve the citizens of King County. In particular, we can improve the Metro Online Web Site to make it easier for citizens to get access to information about Metro's governance, policies, performance, operations, budgets and planning. In addition, this report identifies and makes timely recommendations on a number of key policy issues that the Regional Transit Committee can address as they review and act upon Metro's "Comprehensive Plan for Public Transportation" and the "2008-2017 Strategic Plan" in the coming months. As noted, the Municipal League of King County has a long and proud tradition of working to improve local government in the Seattle area, and I appreciate your assistance in helping to improve Metro Transit.

This report is organized around findings in four issue areas. We have structured our response by addressing four broad themes in the report, some of which cut across these issue areas. Attached are tables referenced in this letter and a list of more specific questions, comments and factual corrections for the report.

A first theme that runs through the report is represented by the statement that "The performance measures it (Metro) publishes are not used as a basis for setting goals to improve service quality or operate more cost effectively." While we acknowledge that our performance measure documents are not always designed to clearly indicate specific future goals, I can assure you that Metro uses performance measure information regularly to develop actions to improve service quality and operate more cost effectively. For example, Metro's Service Planning group has used the data on route productivity in the Route Performance Report to identify routes for elimination or modification in many service changes. These service modifications are, in turn, submitted to the King County Council for review and approval, where data on route productivity,

as well as feedback from riders, transit advisory groups, local governments and community organizations are used by policy makers in making decisions.

Metro has used route performance data, supplemented by extensive community outreach, to develop eight major service reconfigurations adopted by the King County Council and implemented throughout the County since 2003. These projects included reinvestment of existing service hours from less productive service and new service hours. These changes have been very successful; the new boardings per added service hour from these changes are well above the system average. (See attached Exhibit 1 "Results of Major King County Metro Service Changes, 2003 to 2008.")

Performance data are also used on a regular basis to adjust bus schedules to improve on-time performance and overcrowding. The report notes deterioration over the last few years in service quality measures such as on-time performance and overcrowding. This was not due to the fact that performance data is not used for planning purposes, but rather from a lack of funding for schedule adjustments as system ridership soared and traffic in King County became more congested. With voter approval of Transit Now in November 2006, funding for these types of improvements was reestablished at historic levels.

Metro also publishes a large number of performance measures with historical data and budget targets in the Business Plan submitted to the King County Council with the biennial budget. The 2008-2009 Budget Business Plan provided 19 performance measures for Metro, including such efficiency and cost effectiveness measures as cost per platform hour and cost per boarding.

A second theme in the report contends that Metro is a high cost agency, with costs that grew significantly faster than inflation, from 2000 to 2007. Our analysis indicates that the inflation adjusted increase in cost per platform hour for that period was 7.6 percent (see attached Exhibit 2a "Transit Cost per Platform Hour" from the 2007 General Manager's report to the Regional Transit Committee and Exhibit 2b for the raw data). Metro is not unique in experiencing cost increases that outpace inflation – using National Transit Database data from 2001 (the first year of Metro's previous 6-Year Plan) to 2006 (the most recent data available), Metro's cost per platform hour increased by 22 percent, well below the 28 percent average increase for the 29 largest bus transit agencies (see attached Exhibit 3 "Percent Change in Operating Cost per Platform Hour, 2001 to 2006 Motor Bus and Trolleybus").

The significant cost factors underlying these increases are common to all agencies: the cost of employee wages, benefits, and diesel fuel have all risen faster than the cost of the "market basket" for consumers represented by the CPI.

However, Metro is and has historically been a relatively high cost transit agency compared with its peers nationally. In 2006, Metro's cost per platform hour ranked ninth of the twenty-nine largest transit agencies in the U.S. There are a variety of reasons for Metro's higher cost per hour. These factors include:

- Metro operates zero emission, quiet, electric trolley service in Seattle. Trolley Service is more expensive to operate than diesel service.
- Metro built and operates the Downtown Seattle Transit Tunnel, a major facility that offers faster, more reliable service to customers and keeps buses off surface streets in downtown Seattle, but is also costly to operate and maintain.
- Metro's system is heavily oriented towards peak-based commuter service to help deal with the region's traffic congestion problems. This tends to be more expensive on a per passenger trip and service hour basis.
- Metro operates a large park-and-ride network that adds to our operating expenses.
- Metro operates the largest fleet of articulated coaches in North America. While improving our operating capacity, articulated coaches are somewhat more expensive to operate due to higher maintenance expenses and slightly lower miles per gallon.

As we discussed during our November 11 meeting, Metro does have a below average cost per passenger per mile compared with the other large U.S. transit agencies, a reflection of the commuter orientation of many of Metro's service hours (see Exhibit 4.)

As the report notes, transit operator wages play an important role in Metro's costs, since roughly 43 percent of Metro's bus operating costs goes for transit operator wages and benefits. Since Metro pays its transit operators well compared to its peers (fifth highest top wage rate of the largest fifteen transit agencies as of November 2008), this strongly influences Metro's operating cost per platform hour. Of course, the other major cost driver has been the cost of diesel fuel, which increased by 136 percent over this period.

A third theme in the report involves the policy that governs the allocation of new service to the County's three planning subareas. Here, the report highlights one of the major policy choices that the Regional Transit Committee and King County Council has to grapple with. As the report notes, the current policy provides more new service to areas of the County that have traditionally had less transit service per capita and providing this expanded basic service throughout the County comes at the expense of service efficiency as measured by boardings per hour. Some may disagree with the balance struck by this policy, as does the report, while others support the policy. There are others that feel this policy doesn't go far enough to address historical service imbalances. This report is sure to contribute to a lively discussion of this policy in the upcoming review of Metro's Comprehensive and Strategic Plans.

The fourth theme of the draft report contends that Metro's provision of information and conduct of its business is done in a fashion that is not as transparent and easily accessible to the public as it could be. We already provide information via numerous sources but agree with the report's conclusion that better methods of information delivery can be achieved. Earlier this year, we engaged Metro's Transit Advisory Committee on the subject of the accessibility and user-friendliness of Metro Online, and as we shared with you during our November 11 meeting, we

have already made some initial changes based on their recommendations (including providing a link to Metro's Annual Management Report, Route Performance Report and annual Rider/Non-rider market customer research at http://transit.metrokc.gov/am/reports/reports.html) with more extensive changes to come. We believe we have been successful in focusing our web-based services on information designed to assist the majority of site visitors who wish to use Metro's public transportation services, with over 12 million internet sessions in 2007. However, there is much we can do to make it easier for interested citizens to find information on Metro's governance, policies, performance, operations, budgets and planning.

In 2007, King County Metro Transit was the fastest growing major transit agency in the United States and continues to see increasing ridership again in 2008. Transit Now is providing revenue to meet the growing demand in our region for bus service. Our customer surveys show a high degree of satisfaction; however we are continually striving to improve performance and service. We appreciate the time and effort you and the Municipal League Transportation Committee members have contributed to this effort. Per your request, attached to this letter is a listing of items in the report which merit correction or clarification.

Please contact me at 206-684-1619 or by email at kevin.desmond@kingcounty.gov, or Jim Jacobson, Deputy General Manager, @ 206-684-1614 or by email at jim.jacobson@kingcounty.gov if you have any further questions.

Sincerely,

Kevin Desmond
General Manager
Metro Transit Division

Enclosures

cc: The Honorable Ron Sims, King County Executive
Harold S. Taniguchi, Director, Department of Transportation

Results of Major King County Metro Service Changes, 2003 to 2008

		Annual Ridership					
Year	Area/Route	Before	Spring 2008	Net Change in Boardings	% Change in Boardings	Added Service Hours	Boardings per Added Service Hour
2003	North King County	2,912,160	4,064,950	1,152,790	40%	4,300	268.1
2003	Rt 358 Serv Adds	2,292,340	3,203,730	911,390	40%	8,000	113.9
2004	Federal Way	2,311,640	3,598,320	1,286,680	56%	12,600	102.1
2005	Ambaum-Delridge	4,371,220	5,723,300	1,352,080	31%	12,800	105.6
2005	Rt 7/49 Split	5,829,710	6,092,086	262,376	5%	10,400	25.2
2006	Rt 150/180	2,328,900	3,618,140	1,289,240	55%	20,600	62.6
2008	Eastside	1,507,710	1,776,520	268,810	18%	16,600	16.2
		21,553,680	28,077,046	6,523,366	30%	85,300	76.5

EXHIBIT 1

Transit Cost Per Platform Hour

and Inflation-Adjusted Cost per Hour ($2007)

- Cost per hour increased 5.4% in 2007.
- The inflation-adjusted cost per hour increase was 2.5%.

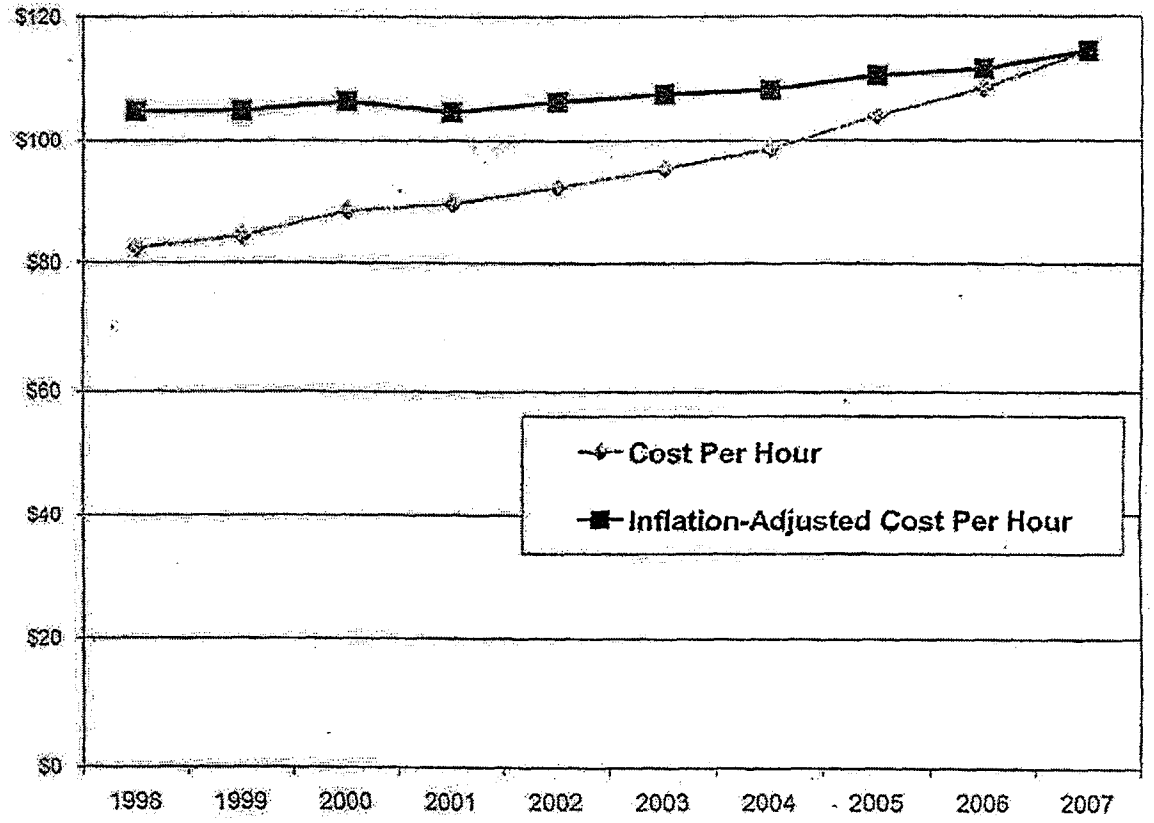

EXHIBIT 2A

King County Metro
Nominal and Inflation Adjusted Cost per Hour Data

	Cost Per Hour	US CPI U 2007 base	Inflation-Adjusted Cost Per Hour
1998	$82.41	1.272	$104.83
1999	$84.31	1.2446	$104.93
2000	$88.38	1.2041	$106.42
2001	$89.46	1.1707	$104.73
2002	$92.29	1.1525	$106.36
2003	$95.47	1.1269	$107.59
2004	$98.67	1.0976	$108.30
2005	$104.16	1.0617	$110.59
2006	$108.55	1.0285	$111.64
2007	$114.46	1	$114.46
% '00-'07	29.5%		7.6%

Cost per "service" (platform) hour from Year End Management Reports

14-Nov-08

EXHIBIT 2B

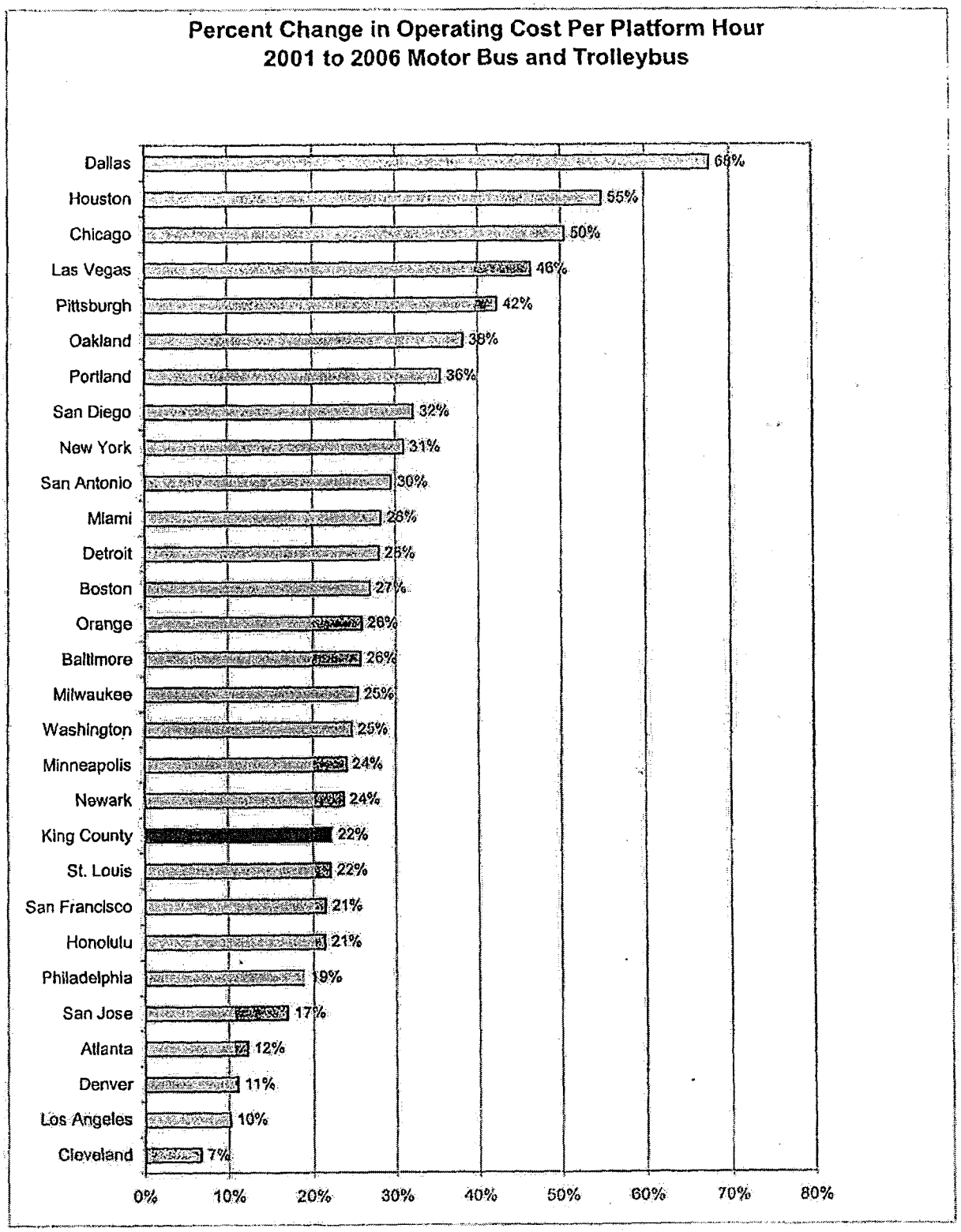
Percent Change in Operating Cost Per Platform Hour
2001 to 2006 Motor Bus and Trolleybus
Dallas 68%
Houston 55%
Chicago 50%
Las Vegas 46%
Pittsburgh 42%
Oakland 38%
Portland 36%
San Diego 32%
New York 31%
San Antonio 30%
Miami 28%
Detroit 28%
Boston 27%
Orange 26%
Baltimore 26%
Milwaukee 25%
Washington 25%
Minneapolis 24%
Newark 24%
King County 22%
St. Louis 22%
San Francisco 21%
Honolulu 21%
Philadelphia 19%
San Jose 17%
Atlanta 12%
Denver 11%
Los Angeles 10%
Cleveland 7%
0% 10% 20% 30% 40% 50% 60% 70% 80%

EXHIBIT 3

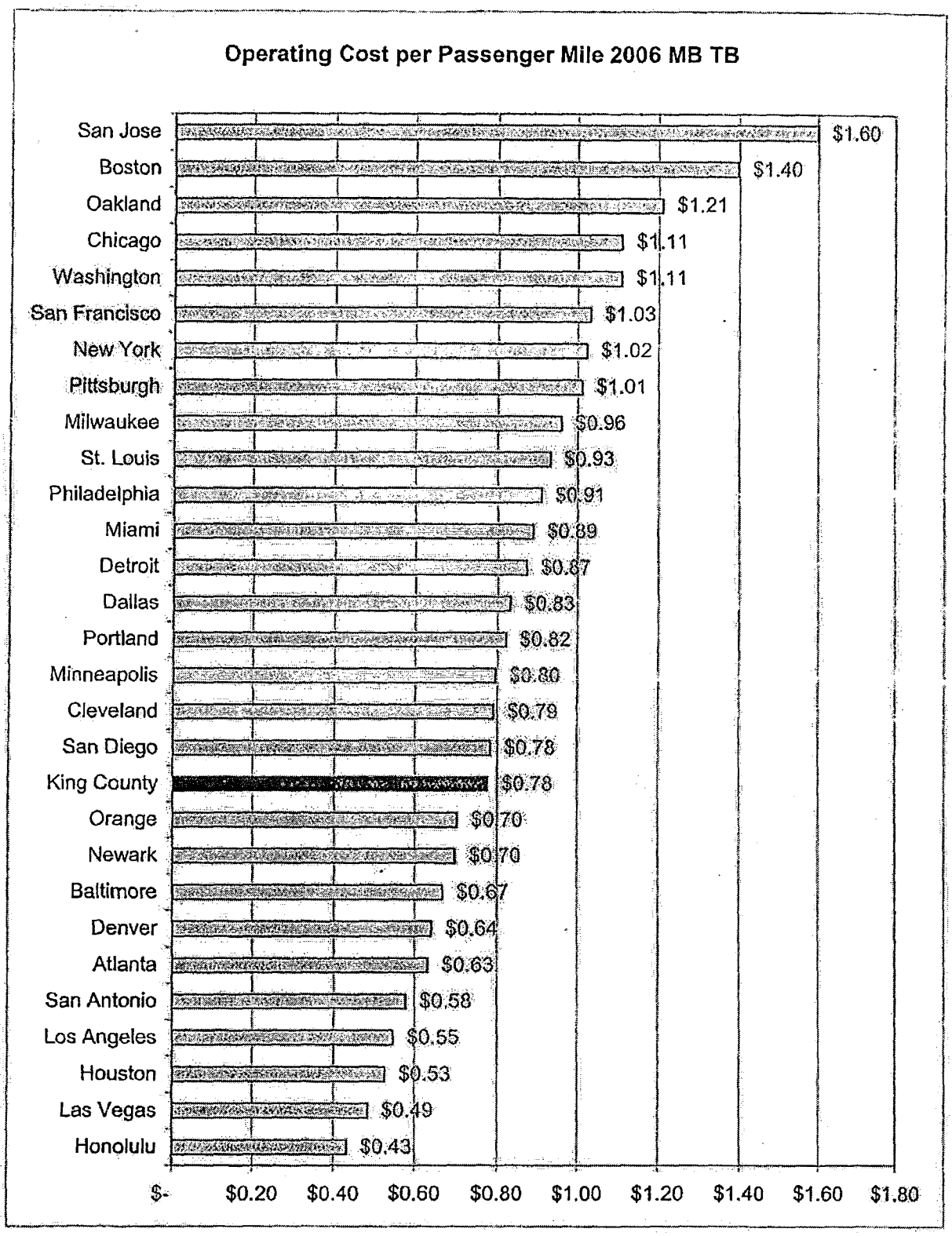
Operating Cost per Passenger Mile 2006 MB TB
San Jose $1.60
Boston $1.40
Oakland $1.21
Chicago $1.11
Washington $1.11
San Francisco $1.03
New York $1.02
Pittsburgh $1.01
Milwaukee $0.96
St. Louis $0.93
Philadelphia $0.91
Miami $0.89
Detroit $0.87
Dallas $0.83
Portland $0.82
Minneapolis $0.80
Cleveland $0.79
San Diego $0.78
King County $0.78
Orange $0.70
Newark $0.70
Baltimore $0.67
Denver $0.64
Atlanta $0.63
San Antonio $0.58
Los Angeles $0.55
Houston $0.53
Las Vegas $0.49
Honolulu $0.43
$- $0.20 $0.40 $0.60 $0.80 $1.00 $1.20 $1.40 $1.60 $1.80

EXHIBIT 4

Municipal League of King County: "Review of Metro Transit": 11-15-08 DRAFT

Comments and Corrections from King County Metro Transit
November 17, 2008

Below are a series of Metro comments and factual corrections related to the "Review of Metro Transit"11-15-08 Confidential Discussion Draft distributed last week.

Finding #1: Performance Measurement and Reporting

Page 1 states "the performance measures it publishes are not used as a basis for setting goals to improve service quality or operate more cost effectively." While we acknowledge that our performance measure documents do not clearly indicate specific future goals, Metro uses performance measure information regularly to develop actions to improve service quality and operate more cost effectively. For example, Metro's Service Planning group uses the data on route productivity in the Route Performance Report to identify routes for elimination or modification in many service changes. These service modifications are, in turn, submitted to the King County Council for review and approval, where data on productivity, as well as feedback from riders, transit advisory boards, local governments and community organizations are used by policy makers in making decisions. In preparing for each of the three service changes each year, Metro also uses data related to on-time performance and overcrowding and other performance indicators to adjust schedules.

Page 1 notes the limited number of measures focused on Metro in the King County AIMs High report. This is by design. It is intended to be a summary report with statistics for all Executive agencies, with limited measures for any one agency.

On page 2, the report compares Metro's costs to other transit agencies in the U.S. As you describe in your report, cost per platform hour is a more representative measure of service delivery cost than cost per revenue hour and have used this measure as the "efficiency" measure in our performance reporting over the years. Cost per revenue hour is influenced by the nature of service provided – agencies with peak-hour commuter oriented services have a higher percentage of "deadhead" (non-revenue) service than those that provide all-day mobility-oriented service. Since Metro's service has a significant peak orientation we believe cost per platform hour is the most appropriate measure.

While cost per rider is a "cost effectiveness" measure we have used in our reporting, it is heavily influenced by service allocation policies discussed later in your report. Our examination of the NTD data indicate that Metro's cost per boarding in 2006 was $3.64, which was 10% above the $3.32 average for the largest 29 bus transit agencies. Another useful measure of "cost effectiveness" is cost per passenger mile. Here, Metro's 2006 cost of $0.78 per passenger mile was 8% below the $0.85 average for the largest 29 bus agencies. Again, the nature of the service influences how these measures compare with

peers. Agencies with commuter oriented services will have fewer boardings and longer trips with more passenger miles, while agencies providing less peak commuter service will typically have more boardings with fewer passenger miles.

In the section that discusses salaries, it should be noted that the salaries that increase a minimum of three percent each year are only those of employees represented by ATU Local 587, not all transit employees.

The report also notes that Metro's cost per hour of service increased at a rate that was significantly faster than inflation from 2000 to 2007. Our analysis indicates that the inflation adjusted increase in cost per hour for that period was 7.6 percent. Metro is not unique in experiencing cost increases that outpace inflation – using National Transit Database data from 2001 (the first year of Metro's previous 6-Year Plan) to 2006 (the most recent data available), Metro's cost per platform hour increased by 22 percent, well below the 28 percent average increase for the 29 largest bus transit agencies.

The report quotes a *Daily Journal of Commerce* article about the operating cost of Link. As you point out in your footnote, the services Metro will provide for ST are only a portion of the total ST cost to operate Link. The Municipal League should check with ST for a full understanding of the costs of Link operations.

Finding #2: Service Allocation Policy

The report references transit ridership per capita by subarea. Since Metro is now only part of the transit system serving King County, these ridership per capita figures should include Sound Transit Express and Sounder ridership. Sound Transit Express service is shown in table below, allocated per Metro's subareas and allocation practices. You should check with Sound Transit to confirm Sounder ridership in south King County.

Sound Transit Ridership by KC Metro Subarea, Spring 2008

Route	Annualized Rides	Subarea Class	East	South	West
522	1,036,610	EAST-WEST	518,305		518,305
540	280,908	EAST-WEST	140,454		140,454
545	1,591,051	EAST-WEST	795,526		795,526
550	1,595,919	EAST-WEST	797,960		797,960
554	671,273	EAST-WEST	335,637		335,637
555	97,790	WEST			97,790
556	135,636	EAST	135,636		
560	684,290	EAST-SOUTH	342,145	342,145	
564	350,266	EAST-SOUTH	175,133	175,133	
565	415,290	EAST-SOUTH	207,645	207,645	
577	290,975	SOUTH		290,975	
			EAST	**SOUTH**	**WEST**
Total			**3,448,439**	**1,015,898**	**2,685,671**

Finding #3: Strategic Plan for Public Transportation 2007-2016

The report notes that "The fact that Metro does not already fully report all of its indicators to the public or use performance benchmarks to manage service is puzzling." We acknowledge we can do a better job of making indicators available to the public. We do make performance indicators available to the Regional Transit Committee and County Council on a regular basis, and they are used in decisions by the Council to reconfigure service and by transit staff in making service adjustments. For instance, our on-time performance benchmark is 80%, and we have fallen well below this in the last few years due to increased ridership, traffic congestion and no budget for schedule maintenance hours. With resources available from voter approval of Transit Now transit staff are now able to use on-time performance and overcrowding data to allocate schedule maintenance hours.

Finding #4: Clarity and Transparency

We appreciate these recommendations and have already taken some steps in this direction by posting a link to performance monitoring and research reports on Metro Online. Your comprehensive recommendations here provide an excellent guidepost for further improvements.