Transit Funding Needs Proviso Report Preliminary Briefing

Transportation, Economy, and Environment Committee (TrEE) Committee

June 16, 2026

Metro's Financial Reserves

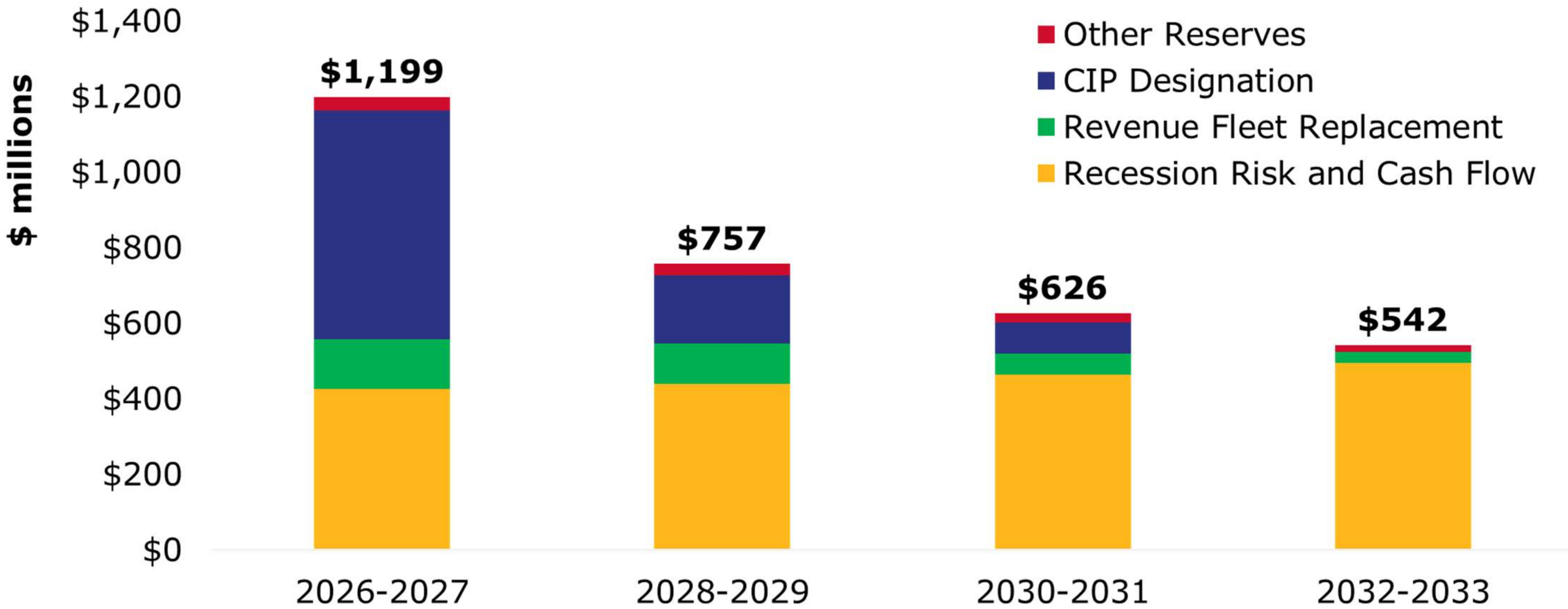
Reserves mandated by Ordinance 19863

- Recession, Risk, and Cash Flow Reserves
  - Maintain at levels equivalent to 45% of annual sales tax revenue
- Revenue Fleet Replacement Reserve
  - Funds a 20-year fleet replacement plan
- Bond Subfund Reserve

Other reserves and designations

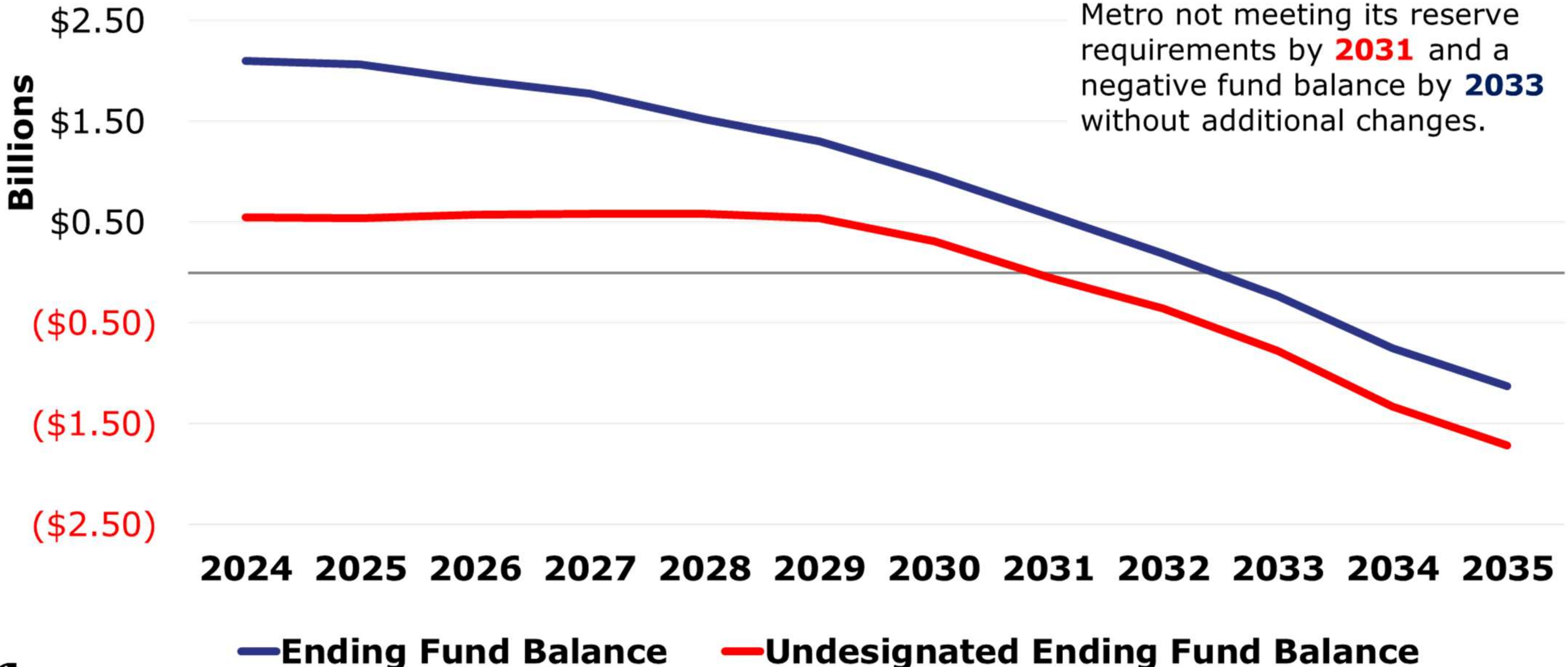
- Guided by Motion 16041 - Comprehensive Financial Management Policies
- Funds designated for projects in six-year Capital Improvement Program (CIP)
- Monitoring restricted revenue sources (Marine Division)

Reserve Requirements, March 16, 2026



The CIP Designation represents funding allocated to Metro's CIP in prior years. Total reserves are projected to decrease as the CIP Designation is spent on budgeted capital projects.

Financial Plan Projections, March 16, 2026



Metro's financial plan projects Metro not meeting its reserve requirements by **2031** and a negative fund balance by **2033** without additional changes.

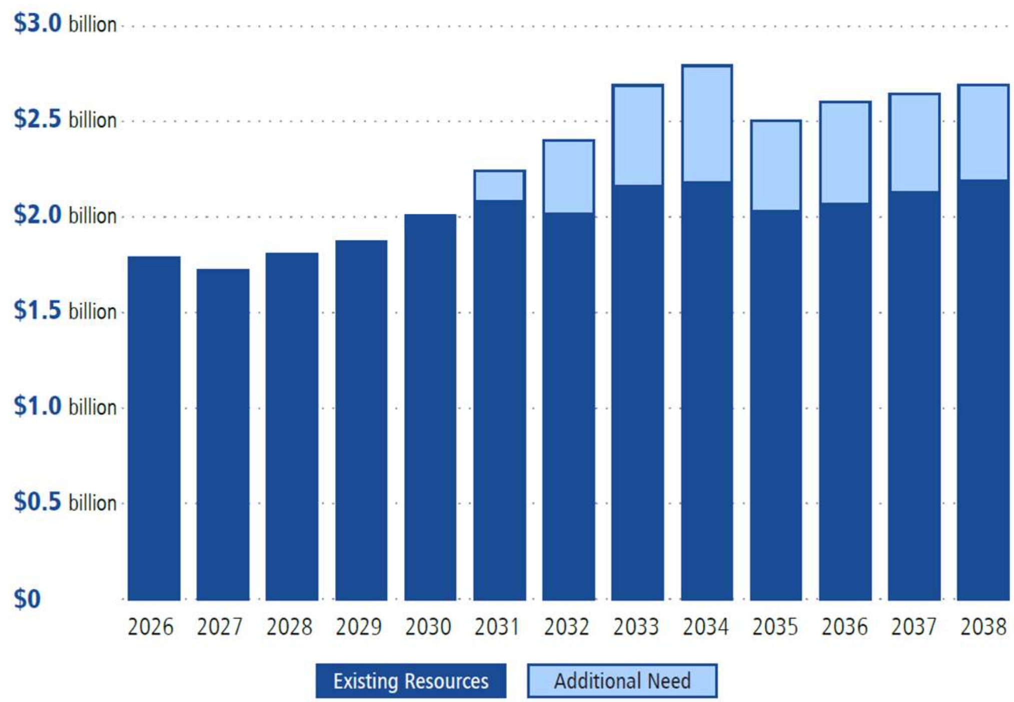
Difficult choices lie ahead for the 2028-2029 budget

Metro will propose additional changes in the 2028-2029 biennial budget

This could mean one or more of the following:

- Further reduction or slow down of capital program:
  - Planned RapidRide
  - Electrification of the next bus base
- Delay or cancel planned service growth
- Future service reductions

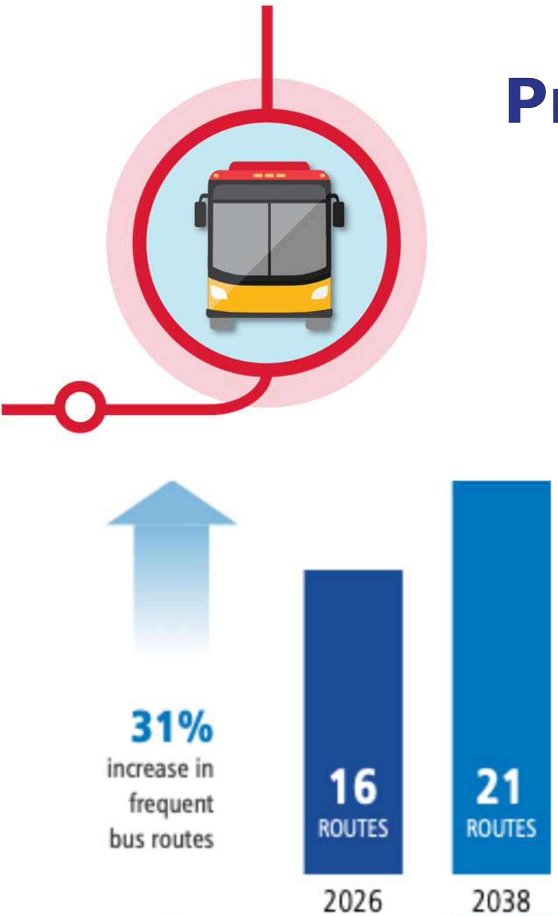
Metro will need to continue planning for service and/or other reductions in 2030 and beyond unless there is action for additional funding by 2028.



King County METRO Moving forward together

Description of Metro’s funding needs

- Metro worked with riders, community partners, cities, and employers to shape **Metro’s Next Stop**, the agency’s roadmap to 2038.
- Community helped shape Metro’s Next Stop through public meetings, advisory groups, surveys, focus groups, and interviews
- Metro’s Equity Cabinet helped identify priorities and guide investments
- Built on existing adopted policies and budget



Promised service investments and more…

- 9 new bus routes and 4 new RapidRide lines
- 5 more routes running every 15 minutes or better
- 12% overall service increase by 2038
- More midday and weekend service
- Improved transit access, with up to 90% of jobs and 71% of King County residents within a quarter mile of transit.

Description of the possible funding sources

King County Transportation District

Potential revenue
$$$

Options include sales tax, property tax and vehicle license fees

Unlock Flexibility from Existing or New Sources

Potential revenue
$-$$

Working with state legislature on local government funding

More Partnerships

Potential revenue
$-$$

Examples include direct payment for expanded service, alternative capital delivery models

Description of the possible funding sources, continued

More State and Federal Grants

Potential revenue
$$

Maintaining and growing state and federal grant revenue for transit

Fares, Fees, and Fines

Potential revenue
$-$$

- Fares continue to be an important revenue source
- King County Code authorizes other fees and fines within certain parameters

Debt Financing

Potential revenue
-

Can fund major infrastructure projects like base electrification and can mitigate spikes in fleet purchases

Next Steps - Transit Funding Needs Report

- Final report is due to the King County Council on September 3, 2026
- Until then, Metro will:
    - Update financial estimates for the July 2026 forecast from the Office of Economic and Financial Analysis
    - Roll-out Metro's Next Stop, a roadmap for what Metro can deliver by 2038 and a financial plan to achieve it
    - Continue to be responsive to King County Transportation District and other requests for information

Closing and questions