## STAFF REPORT

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| **Agenda Items:** | 7 | **Name:** | Mary Bourguignon |
| **Proposed No**.: | 2020-0281 | **Date:** | September 9, 2020 |

**SUBJECT**

Proposed Ordinance 2020-0281 would amend the Transit Service Funding Agreement between King County and the City of Seattle to extend the term for six months, to June 30, 2021.

**SUMMARY**

In November 2014, Seattle voters approved Proposition 1, a six-year transit funding measure.[[1]](#footnote-1) To implement that funding measure, the City of Seattle and King County approved an agreement that allowed Seattle to purchase bus service from Metro.[[2]](#footnote-2)

That agreement, called the Transit Service Funding Agreement, was set to expire on December 31, 2017. However, it was able to be extended for three years beyond that, by agreement between the Metro General Manager and the Seattle Department of Transportation (SDOT) Director, without requiring additional approval by the two Councils.[[3]](#footnote-3)

Since its initial approval by the two Councils, the Transit Service Funding Agreement has been amended several times by the two directors, extending the effective date to December 31, 2020, the last date to which the agreement can be extended administratively.

Proposed Ordinance 2020-0281 would approve a fifth amendment to the agreement to extend its term by six months to June 30, 2021. This extension would allow King County to continue billing the City of Seattle and receiving revenue for services provided under the original agreement. The amendment contains only a date extension; it makes no substantive changes to the agreement.

**BACKGROUND**

**Seattle Transit Funding Agreement**

In November 2014, Seattle voters approved Proposition 1, a six-year transit funding measure.[[4]](#footnote-4) To implement that funding measure, the City of Seattle and King County took action in early 2015 to approve the Seattle Transit Funding Agreement, which allowed Seattle to purchase Metro bus service using funding from the voter-approved measure.[[5]](#footnote-5)

The agreement as approved by both Councils:

* Established the process for Seattle to purchase additional transit service, either on its own or in partnership with other jurisdictions, and agreed that Metro would operate that purchased service;
* Defined Seattle’s operating and capital cost obligations for the additional service to be purchased, as well as the farebox credit Seattle would receive for purchased service;
* Established a “no supplantation” agreement and set procedures for the County to modify transit service in Seattle and for Seattle to propose changes;
* Outlined procedures for twice-yearly payments from Seattle to King County; and
* Set the agreement’s term as ending on December 31, 2017, but able to be extended administratively for three additional years by agreement between the Metro General Manager and SDOT Director.

**Administrative Amendments**

After it was approved, the Transit Service Funding Agreement was amended administratively, by agreement between the Metro General Manager and SDOT Director, four times:

* Amendment 1 incorporated two earlier Seattle/King County service purchase agreements, which had been set to expire in February 2016, into the Transit Service Funding Agreement effective as of March 2016, so as to continue that service and allow it to be funded by the Seattle funding measure.
* Amendment 2 provided for a six-month extension to the agreement, until June 30, 2018.
* Amendment 3 made changes to:
  + Clarify the terms of regional partnership investments;
  + Allow for seasonal service investments for trips that operate only for a portion of the year or during a defined season; and
  + Clarify that lists of service to be purchased through future service changes would not require an amendment to the agreement provided no other changes to the agreement were made.
* Amendment 4 provided for an extension of the agreement until December 31, 2020, and made changes to:
  + Indicate the County’s intent to make every effort to comply with the City’s request to implement additional City-funded or regional partnership service;
  + Agree that the City and Council would coordinate and collaboration on all public-facing printed and electronic communications and materials;
  + Clarify that the City would compensate the County for all “actual scheduled” platform service hours;
  + Clarify that cancelled trips would be removed from the allocated hourly rate charged to the City;
  + Provide additional information about supplantation, specifically, the procedures that determine the number of service hours purchased by the City for which Metro must assume funding and when Metro must do so, using the annual System Evaluation report as a guide;
  + Update the contact information for Metro and SDOT;
  + Update the exhibits to reflect the service changes from June 2016 through March 2018;
  + Update the rates, costs, and ratios charged to Seattle; and
  + Add a new Exhibit C to outline a procedure for calculating supplantation.

**Proposed Extension to June 30, 2021**

Proposed Ordinance 2020-0281 would be the fifth amendment to the Transit Service Funding Agreement. It would extend the term of the agreement for an additional six months, to June 30, 2021. It would not make any substantive changes to the agreement.

This date extension cannot be made administratively, as the original agreement allowed administrative extensions only through December 30, 2020. As a result, this amendment requires approval by both the Seattle City Council and King County Council.

**ANALYSIS**

The 2014 Seattle Transportation Benefit District (STBD) funding measure ceases collections on December 31, 2020, the current expiration date of the Transit Service Funding Agreement.

However, the Executive has indicated that extending the agreement is desired to “allow King County to continue billing the City of Seattle, and receive revenue for providing transit services.” The Executive notes that the proposed extension would allow for a phased reduction of service funded by the 2014 measure during the time before collections would begin for Seattle’s proposed 2020 STBD measure.[[6]](#footnote-6) If this new funding measure is approved by Seattle voters in November 2020, collections would begin in April 2021.

The extension of the Transit Service Funding Agreement proposed by Proposed Ordinance 2020-0281 would apply only to transit service funded through the 2014 STBD measure. It would not apply to service that might be funded in the future if Seattle’s 2020 STBD funding measure is approved by voters. If that funding measure is approved, a new agreement would need to be developed and approved by both Councils.

Legal counsel has indicated that no amendments are needed to the proposed ordinance as transmitted to extend the date by six months.

**ATTACHMENTS**

1. Proposed Ordinance 2020-0281 and its attachment
2. Transmittal Letter

1. Proposition 1 was authorized by Seattle Transportation Benefit District (STBD) Resolution 12, which placed a six-year measure on the November 2014 ballot comprised of a $60 vehicle license fee and a 0.1% sales tax. [↑](#footnote-ref-1)
2. Approved by the King County Council through Ordinance 17978 and the Seattle City Council through Ordinance 124720 [↑](#footnote-ref-2)
3. Ordinance 17978, Attachment A, Transit Service Funding Agreement, Section 4: Agreement Duration (The final extension date allowed administratively by the original agreement, December 31, 2020, was the last date on which collections under the 2014 Seattle transit funding measure would be made.) [↑](#footnote-ref-3)
4. Proposition 1 was authorized by Seattle Transportation Benefit District (STBD) Resolution 12, which placed a six-year measure on the November 2014 ballot comprised of a $60 vehicle license fee and a 0.1% sales tax. [↑](#footnote-ref-4)
5. Approved by the King County Council through Ordinance 17978 and the Seattle City Council through Ordinance 124720 [↑](#footnote-ref-5)
6. Seattle Ordinance 126115 provides for the submission of a 0.15% sales tax for a term ending April 1, 2027, to Seattle voters on November 3, 2020, to fund transit and related transportation programs in Seattle. [↑](#footnote-ref-6)