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Title: AN ORDINANCE relating to public transportation; suspending the general financial practices and farebox recovery ration sections of the 2016 Fund Management Policies for the Public Transportation Fund during the 2023-2024 biennium.

Sponsors: Joe McDermott

Indexes: Finance, Funds, Public Transportation

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Attachments: 1. Ordinance 19531, 2. 2022-0391 transmittal letter, 3. 2022-0391 Fiscal Note, 4. 2022-0391 Legislative Review Form, 5. 2022-0391_Att4_Farebox Ltr-09-27-22, 6. 2022-0391_SR_MetroFundMgt 10-26-22, 7. 2022-0391_SR_MetroFundMgt 11-8-22

Date	Ver.	Action By	Action	Result
11/15/2022	1	Metropolitan King County Council	Passed	Pass
11/8/2022	1	Budget and Fiscal Management Committee	Recommended Do Pass Consent	Pass
10/26/2022	1	Budget and Fiscal Management Committee	Deferred	
10/4/2022	1	Metropolitan King County Council	Introduced and Referred	

Clerk 11/14/2022

AN ORDINANCE relating to public transportation; suspending the general financial practices and farebox recovery ration sections of the 2016 Fund Management Policies for the Public Transportation Fund during the 2023-2024 biennium.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Findings:

A. Adopted transit fund management policies provide a framework to ensure the financial health and viability of the public transportation fund.

B. In July 2016, following recommendations from a staff work group and review by a special

committee on transit, the 2016 Fund Management Policies for the Public Transportation Fund were adopted through Ordinance 18321.

C. The 2016 Fund Management Policies for the Public Transportation Fund set general financial practices and a fund structure for the public transportation fund, as well as policies and targets for financial and capital planning, expenditures, revenues, and reserves.

D. King County government has experienced significant operational and fiscal impacts due to the COVID-19 pandemic. Though the impacts have lessened since the height of the pandemic, many remain and are expected to continue into the 2023-2024 biennium, including reduced fare revenue for the public transportation fund.

E. The COVID-19 pandemic resulted in multiple extraordinary measures taken to respond to the pandemic. Motion 15610, passed on March 3, 2020, affirmed the proclamation of an emergency. Ordinance 19115 ratified the executive's proclamation of the 2019-2020 biennium budget cycle as an emergency budget crisis, and Ordinance 19201 did the same for the 2021-2022 budget cycle.

F. The Metro transit department made operational changes during the COVID-19 pandemic to respond to lower ridership and to ensure the health and safety of employees and passengers. Changes included reductions or suspension of service on many routes and the suspension of fares from March 21, 2020, to October 1, 2020.

G. The Metro transit department received \$240 million less in bus fare revenues during the 2021-2022 biennium than had been anticipated before the pandemic.

H. In September 2020, the Metro transit department director informed the council that, during the 2021-2022 biennium, the Metro transit department anticipated not meeting either the farebox recovery target of thirty percent of passenger related operating costs or the farebox recovery ratio of at least twenty-five percent of passenger related operating costs set by the 2016 Fund Management Policies for the Public Transportation Fund. The council suspended those sections of the fund management policies via Ordinance 19206.

I. Ridership and fare revenue have increased since the height of the pandemic but remain significantly below 2019 levels. The Metro transit department's actual farebox recovery ratio was 7.2 percent in 2021 and the department estimates the ratio in 2022 will be 7.6 percent, 7.7 percent in 2023 and 9.4 percent in 2024.

J. The Metro transit department is also planning for two fare policy changes to increase accessibility: reducing the youth fare to \$0.00 and a one-year pilot to reduce the ORCA LIFT fare to \$1.00. Those changes will impact the Metro transit department's farebox recovery by reducing fare revenue from those categories.

K. Ridership and work patterns have not stabilized as the region recovers from the pandemic. The Metro transit department will continue to monitor how riders use transit so as to restore and grow service to meet these changing ridership needs. Work and ridership trends over the next biennium will also help the Metro transit department understand if the farebox recovery policy might need to be updated in the future.

L. As a result of decreased ridership and fare revenue, the Metro transit department anticipates it will not be able to comply with the general financial practices and farebox recovery ratio sections of the 2016 Fund Management Policies for the Public Transportation Fund during the 2023-2024 biennium. The Metro transit department requests a continued suspension of those sections of the policies in the 2023-2024 biennium.

M. The Metro transit department will consider evolving regional conditions and any fare policy changes during 2023-2024 and will recommend updates to the farebox recovery section of the 2016 fund management policies, if needed, with the 2025-2026 biennial budget cycle.

SECTION 2. During the 2023-2024 biennium, the sections of the 2016 Fund Management Policies for the Public Transportation Fund relating to general financial practices, in Section I.A., and farebox recovery ratio, in Section III.A., are suspended.

SECTION 3. All other sections of the 2016 Fund Management Policies for the Public Transportation Fund remain in effect.