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Title: A MOTION related to addressing the budget gap facing King County Metro transit through a balanced revenue and expenditure approach.

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

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

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

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

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

to Metro transit, and

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

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

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

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

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

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

E. As the council looks forward, it is the council's intent to focus on preserving service while ensuring Metro transit's resources are efficiently focused delivering transit service to the people of King County; accordingly, operating and capital program expenditures most directly linked to the provision of service should be given priority;

F. With a focus on managing assets and identifying sustainable revenue sources, the council intends to carry out a comprehensive review of transit division assets that could be leased to provide a long-term revenue

stream to support expenditures directly linked to the provision of service. In responding to the council on this issue, the division should begin by providing information that will enable the council to evaluate lease options for the downtown Bellevue site, Convention Place Station and the South Kirkland Park-and-Ride;

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

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

1. A comprehensive advertising program;
2. Analysis of existing operational and financial policies to identify financial impacts associated with existing as well as policy gaps, which could affect and enhance revenues available for transit service;
3. Consideration of additional farebox revenues only as part of a comprehensive action that balances revenues and expenditures; and
4. Study of other potential revenue sources to enable transit to meet the growing demands of consumers; and

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