Section 4: Metro Policy and Budget Framework

This section discusses the policy and budgetary restrictions that influence transit planning at Metro. This section is intended to inform task force members on the mission and planning framework that guide King County Metro transit and provide historical context on how Metro allocates transit service throughout the county; both prominent factors in how Metro currently grows and reduces the transit system. A briefing on Metro's financial situation from 2008 to the present is also included to build an understanding of the fiscal constraints of the agency and the future it faces.

Information you'll find in this section:

- King County Metro's Guiding Policy Framework
- Summary of 2007-2016 Strategic Plan Strategies
- Authorizing Environment
- History of New Service Allocation Policy at King County Metro
- Metro Financial Situation 2008-Present
- Metro Financial Planning and Funding Sources

Links to Additional Resource Materials:

Metro Transit Planning Documents:

- Strategic Plan for Public Transportation 2007-2016
- Comprehensive Plan for Public Transportation

http://www.kingcounty.gov/transportation/kcdot/PlanningAndPolicy/TransitPlanning.aspx

King County Metro's Guiding Policy Framework

King County Metro Transit is guided by its mission and planning framework identified through its adopted Comprehensive Plan for Public Transportation and its 2007-2016 Strategic Plan. Metro's goals, objectives, policies and strategies fit within the larger framework of King County and the Department of Transportation.

Mission Statement: Provide the best possible public transit services and improve regional mobility and quality of life in King County.

The Comprehensive Plan for Public Transportation

The Comprehensive Plan originally developed in 1993 and updated in 2007 provides the policy foundation for transit planning within King County. It identifies goals, objectives and policies to enhance mobility, support regional and local growth management efforts, and build partnerships at all levels of governments. It also provides policy guidance for the strategic planning and budget processes.

Six broad goals identified in the plan:

1.1 Ensure the availability to move around the region -- provide reliable, convenient and safe public transportation services throughout the region for King County.

1.2 Support growth management goals, including preserving communities and open space, supporting communities' ability to develop in ways that preserve and enhance their livability and limiting intrusion into rural areas.

1.3 Improve the region's economic vitality -- increase access to jobs, education and other community resources.

1.4 Preserve environmental quality -- conserve land and energy resources, and reduce air pollution.

1.5 Be a responsible regional partner – build partnerships with state and local jurisdictions, members of affected communities, employers, neighboring transit agencies and the regional transit authority to maximize the effectiveness and efficiency of transit services.

1.6 Work with other jurisdictions to ensure that land use and transportation planning and implementation are coordinated.

With these goals in mind, the plan identifies 12 objectives in the five categories of Market Share; Mobility; Cost and Efficiency; Social, Economic and Environmental Benefits; and Financial Feasibility. Stemming from the goals and objectives are the multiple policies identified in the Comprehensive Plan.

Moving Toward the Long-Range Vision: The 2007-2016 Strategic Plan

The Comprehensive Plan sets the long-term policy foundation for transit. Steps towards achieving the goals envisioned in the long range plan are identified in the Strategic Plan which sets forth near-term objectives and strategies for transit, paratransit, rideshare services, transportation demand management and supporting facilities in King County. The Strategic Plan serves as an implementation guide and establishes the basis on which annual operating and capital decisions are made.

The 2007-2016 Strategic Plan was adopted in 2007 and updated in 2009 to reflect changes in response to the current budget situation.

The plan contains thirty-one strategies that provide the direction for service and system development from 2007 to 2016. The strategies are listed in a following document. These strategies fall into five categories:

- Monitoring and Management
- Service
- Capital
- Implementation
- Financial

The existing Strategic Plan was preceded by two Six-Year Plans for Transit Service Development. These prior plans each focused on major objectives drawn from the policy areas of the long range vision. The initial Six-Year Plan covered the period of 1996-2001 and emphasized mobility, market share, and cost and efficiency. An updated plan was developed for 2002 – 2007 and revised in 2004 which added emphasis on growth management.

Relationship to Other Plans

The goals, objectives and policies in the Comprehensive Plan and the objectives and strategies in the Strategic Plan are consistent with the King County Comprehensive Plan, the King County Countywide Planning Policies, Vision 2040 and the Metropolitan Transportation Plan "Destination 2030", adopted by the PSRC. Metro's plans are consistent with state and federal law, and recognize other planning efforts completed or underway in the region. These include local jurisdiction comprehensive plans, Sound Transit's regional transit system plan and state and local plans for major transportation facility investments. More information about these plans is provided in the paper on Authorizing Environment.

2007-2016 Strategic Plan Strategies

The Strategic Plan for Public Transportation 2007-2016 identifies thirty four strategies that provide the direction for service and system development. The Strategic Plan was adopted in 2007 and some of the strategies were modified in 2009 to respond to 2010 Metro Transit Budget planning. These strategies fall into the following five categories, listed below. These strategies are listed in the remainder of this document.

- Monitoring and Management
- Service
- Capital
- Implementation
- Financial

Monitoring and Management Strategies

The plan's monitoring and management strategies provide methods to assess the success of plan implementation and the development of service and system improvements through ongoing performance and outcome measurement.

Strategy M-1: Measuring Plan Progress
Establish a series of targets for measuring success in meeting the objectives of the Strategic Plan in each of four long-range policy areas. Evaluate progress using these targets periodically and at the time of Strategic Plan updates.

Strategy M-2: Customer Satisfaction
Regularly monitor customer satisfaction using measures that assess system changes and improvements through regular surveys of riders and non-riders.

Strategy M-3: Service Performance Evaluation
Regularly monitor and report bus service performance and ridership system-wide and at the route level to identify services that may require modification, expansion or termination based on their performance. Develop and recommend to the RTC an approach to peer agency comparison that identifies:

- The appropriate measures of performance;
- The major factors, internal and external, that vary among transit agencies and affect performance;
- The extent to which those factors can be tracked for a small group of peer agencies to inform the performance comparisons, and
- A list of five peer agencies considered to be most comparable to King County Metro Transit based upon agency characteristics and the ability to track major performance-related factors.

Service Strategies

The plan continues the service direction of the previous Six Year Transit Development Plan, 2002-2007, and identifies strategies that were strengthened through passage of the *Transit Now* measure. The plan continues to emphasize efficiency and improved service design; increases service levels on a core network of routes connecting major activity centers, implements bus rapid transit, enhances service in developing areas, and provides dedicated resources to a service partnership program. New or improved services in each subarea will be provided consistent with local priorities that will serve the highest ridership demand; and improve connections to employment areas. King County Metro will continue efforts to integrate bus, vanpool and rideshare services with new Sound Transit services, and to offer innovative and complementary services and programs to increase HOV use and establish commute partnerships with public and private partners. The paratransit program will continue efforts to provide and develop the most cost-effective transportation options for people who are transportation disadvantaged due to age, disability or income, and vanpool and ridesharing programs will be expanded.

Strategy S-1: Service Consolidation
Pursue efficiencies in existing services in major transit corridors including, but not limited to, those listed in Exhibit 4-1 in the Strategic Plan . Reinvest savings from these efforts within the planning subarea in which they are generated.

Strategy S-2: Service Design
Improve transit on-time performance through: adjustments in routing, splitting of unreliable through-route pairs, adding of recovery time between trips, moving routes between operating bases, and adding time or trips to schedules to account for slower travel speeds or recurring overloads.

Schedule maintenance hours shall be reserved in amounts equal to one-third of new service investments up to 0.5% of total annual service hours with the remaining two-thirds of new service hours allocated according to Strategy IM-3. The schedule maintenance hour allocation shall be achieved in accordance with the timetable established in Strategy IM-3 without regard to subareas. Schedule maintenance hours that are not used for schedule maintenance in each year shall be used for new service. To the extent that schedule maintenance requirements exceed the service hours available under this policy, reduction of existing services within the same subarea will be used to fund schedule maintenance needs.

In the event that schedule maintenance hours are proposed at a level exceeding 0.5% of total annual service hours by the Department of Transportation, the Regional Transit Committee shall review this proposal and recommend any change in allocation policy to the Metropolitan King County Council.

Strategy S-3: Core Service Connections
Improve service levels on existing routes and create new routes serving established urban and manufacturing/industrial centers and urban areas where, because of population or employment clusters, ridership and transit use is projected to be the highest. Improve frequencies to support existing demand and attract more riders on a core network of key connections. Improvements in core services will be made consistent with the Transit Now program.

Strategy S-4: Transit Improvements and Land Use
Identify areas of urban King County to become eligible for enhanced transit service when they meet the following criteria:

- By meeting or exceeding prorated established housing and population targets, or

- By encouraging higher density development and pedestrian activity through adopted regulations and policies that promote mixed-uses, establish minimum densities, reduce parking requirements, and carry out other efforts that support transit supportive development.

Preference will be given to areas that realize community or neighborhood development consistent with these criteria.

Strategy S-5: Bus Rapid Transit
Design, develop and implement RapidRide, a Bus Rapid Transit system. Pursue grant funds and work with local jurisdictions to leverage additional funds to enhance the service frequency, speed, reliability, amenity and identity of RapidRide services.

Strategy S-6: Transit Access in Rapidly Developing Areas
Expand service coverage in areas with rapidly developing population growth of sufficient density to support transit service, and with a street network that accommodates non-circuitous transit routing and pedestrian access. For developing areas that do not meet these criteria, provide service capacity at newly built, expanded or leased park-and-ride lots as warranted by ridership demand at those locations. When identified as a subarea priority, make a portion of the new service investment available for innovative vanpool programs to support park-and-ride lot based transit service.

Strategy S-7: Community Mobility
Improve community mobility options through increase in service levels on existing routes or through the creation of new service in transit-supportive higher household and/or employment density areas. Within each subarea, develop service proposals to serve residential and employment areas with the highest ridership demand and to promote circulation within communities. In the communities where flexible service and other King County Metro mobility products and services connecting to the all-day service network can be provided more cost-effectively than fixed-route service, those services should be expanded in conjunction with modifications and improvements to the existing system.

Strategy S-8: Specialized Transportation Services
Provide complementary paratransit services that comply with federal regulations to people who have disabilities that prevent use of regular public transportation.

Develop cost-effective alternatives to supplement federally mandated paratransit service and to provide transportation services to persons who are transportation-disadvantaged due to age, disability or income within King County. Explore ways to include paratransit-eligible persons and other persons with disabilities and seniors on mobility services available to the general public, such as vanpools.

Strategy S-9: Partnerships
Develop partnerships with local jurisdictions, employers and institutions to increase public transportation services and improve service effectiveness.

- *Transit Now* partnerships: Solicit and enter into partnership agreements with public or private entities to mutually fund new or improved transit services, where the partner contribution may be in the form of direct funding or investment that results in transit speed or reliability improvements. Dedicate a portion of new service hours for this purpose.

- Commute Partnerships: Enter into partnerships to improve public transportation use and reduce single-occupant commuting by developing and promoting alternate commute programs; and by managing parking and traffic to make public transportation options more attractive.

Strategy S-10: Streetcar System
Consider opportunities for system integration when planning improvements to the existing King County streetcar line, identify the factors contributing to successful streetcar service and develop criteria to guide decisions to initiate or participate in future streetcar projects or, where necessary, to authorize other entities to provide streetcar service. Criteria should address land use, economic, environmental and social equity considerations along with transportation impacts and other factors.

Strategy S-11: Regional System Coordination and Integration
Work with the appropriate agencies to achieve integrated, cost-effective and efficient operation of public transportation services in King County addressing the needs of current and potential riders. Participate in transportation system planning efforts including state and regional projects of countywide significance to identify potential transit service and capital elements and funding.

Strategy S-12: Student Mobility
Ensure that the mobility requirements of student passengers are recognized on a par with those in school districts that choose to participate in Student Transit programs. Participating districts will reimburse King County for all student transit expenses.

Strategy S-13: Special Events
Work with private and public agencies to develop strategies for using public transportation services to offer alternatives to single-occupancy vehicle travel to special events. Strategies may include street use, transit priority, and other strategies under the jurisdiction of King County Metro or local governments.

Strategy S-14: Activity Center Circulation
Enhance circulation within activity centers through changes in transit service design and other programs to encourage transit use including, but not limited to, proposals for consideration of ride free areas. Preserve existing revenues and encourage financial partnerships with others to cover additional expenses associated with the provision of new services and programs for this purpose.

Strategy S-15: Vanpooling and Ridesharing Services
Provide vanpool, vanshare and ridematch services; especially for trips that are not accessible or convenient by fixed-route transit service. Provide services to help form and maintain carpools and vanpools, and develop or promote other innovative and/or customized ridesharing services that provide alternatives to driving alone.

Capital Strategies
The plan's capital strategies provide for the necessary maintenance, expansion and improvement of transit facilities and equipment to support the objectives of the plan. The strategies provide for capital infrastructure and operating environment improvements integrated with the delivery of service, including the ongoing maintenance of transit assets and the expansion of maintenance

base capacity. Investments in facilities and systems will take advantage of opportunities to improve efficiency by using cost-effective technology as projects for electronic fare collection, radio system replacement and integrating on-bus systems are completed. The plan also calls for investments in an environmentally friendly fleet and capital facilities.

The plan directs capital resources to expanding passenger facilities through more shelter installations and construction of passenger waiting and boarding areas along the bus rapid transit corridors. Investments are identified to improve transit speed and reliability while making route and passenger facility improvements on corridors with higher service levels and ridership.

Strategy C-1: Maintenance, Replacement and Upgrade of Transit Capital Assets
Maintain, replace, and upgrade current facilities, equipment and systems based on ongoing condition assessments, industry standards and King County policies and procedures.

Strategy C-2: Passenger Facilities
Improve transit passenger facility access, shelter, lighting, bus stop locations and other amenities to enhance the waiting environment. In addition to general improvements throughout the system, focus a portion of resources on RapidRide and Core Service Connection corridors identified in Exhibit 5-2 of the Strategic Plan, through cooperation and coordination with local jurisdictions.

Strategy C-3: Transit Speed, Safety and Reliability
Partner with state and local governments to improve transit operating efficiency, and to create speed, safety, and reliability improvements on important transit corridors. In cooperation with local jurisdictions, focus on the target corridors identified in the strategic plan.

Strategy C-4: Park-and-Ride Facilities
Expand park and ride capacity in congested corridors with full or overcrowded park and ride facilities. Support development of a series of small owned or leased park and ride lots along low density suburban routes in order to create artificially higher densities to enhance the ridership base. Use the Transit-oriented Development (TOD) program to further expand park and ride opportunities through joint use of new parking capacity and financing partnerships. Where these lots have unused capacity, encourage their use by vanpools and park-and-pools.

Strategy C-5: Replacement and Expansion of the Transit Fleet
Replace and expand the transit bus fleet so that the size, fleet mix and fleet age are consistent with service projections and operating characteristics of the regular bus system. Replace and expand Vanpool fleet to maintain the appropriate mix of vehicle sizes to encourage and support vanpool program participants. Replace and expand Access paratransit vehicles to support efficient operations. Achieve more efficient and energy-friendly operations with features including efficient propulsion systems and non-traditional fuels.

Strategy C-6: Operating Base Expansion
Expand transit operating base capacity at Central, Atlantic and Ryerson bases as described in the adopted financial plan to support transit fleet growth projected to occur

through the year 2030. Continue to examine fleet requirements in response to evolving service needs and commitments, including potential freeway construction mitigation service.

Strategy C-7: Terminals and Layover
Work with local jurisdictions to secure long-term agreements for use of on-street layover spaces. Coordinate with other transportation agencies and private developers to incorporate layover space and turnaround facilities into transit stations, transit centers, transportation projects and new development proposals where needed to support or improve current transit service. Consider off-street facilities for layover when on-street layover capacity is not available, and when dedicated layover space would result in significant operating savings, improved routing and/or operator safety.

Strategy C-8: Transit-Oriented Development
Encourage and support transit-oriented development at or near transit facilities to increase transit ridership by increasing activity and density in centers, and by increasing affordable housing and an appropriate mix of other land uses. Reduce transit facility development costs through joint development and/or public-private partnerships.

For the purpose of establishing benchmarks by which to later measure the impacts of a project, estimate the anticipated benefits of each proposed TOD including:

- expected ridership increase attributable to the project
- existing and potential residential and office density
    - within the project, and
    - within reasonable walking distance of the transit facility
- amount of affordable housing
- amount of retail that supports nearby resident and transit user needs
- design elements that facilitate transit operations
- design elements that promote walking and bicycling
- partner participation
    - city
    - developer
    - other transit agencies
- project contribution to reduced greenhouse gas emissions

Assess the extent to which each existing TOD, and future projects two and five years after completion, provide the anticipated benefits and other project specific benefits related to transit operating or facilities enhancements, local jurisdictional goals and other transportation goals identified in this plan.

Implementation Strategies

The implementation strategies identified in this chapter define priorities and a phasing plan to make some Transit Now program improvements by 2016. *Transit Now*.

Strategy IM-1: Service Program

Transit Now

A King County Metro priority is to implement the *Transit Now* program passed by voters in 2006 and shown in Exhibit 6-1 of the Strategic Plan, which includes service and capital support for these initiatives:

- **RapidRide BRT**. Use a target of 100,000 annual service hours between 2007 and 2016 to implement RapidRide BRT service in five corridors, consistent with service strategy S-5. The RapidRide corridors are:
  - Shoreline/Downtown Seattle via Aurora Avenue North
  - West Seattle/Downtown Seattle via West Seattle Bridge
  - Ballard/Seattle Center/south downtown stadium area via 15th Ave Northwest and West Mercer Street with service or frequent connections to Ballard High School and the Ballard business district.
  - Federal Way/Tukwila via Pacific Highway South
  - Bellevue/Redmond via Crossroads and Overlake

- **High Ridership Routes.** Improve service frequency and/or span of service on high ridership corridors on the core connections network, consistent with service strategy S-3 and shown in Exhibit 6-1 in the Strategic Plan.

- **Service Partnerships.** Enter into partnerships with public and/or private entities to serve established or emerging ridership markets, consistent with service strategies S-9 and F-3. A sustained fund supporting up to 90,000 annual service hours will be provided for this purpose, to be implemented between 2007 and 2013, matched by an additional 30,000 to 45,000 annual service hours funded by partner direct financial contributions, and by partner investments that will result in quantifiable transit speed and reliability improvements.

- **New Service for Developing Areas.** Add new service or improve existing services in rapidly developing areas in East and South King County within the Urban Growth Area, consistent with service strategy S-6.

- **Expanded paratransit service.** Expand the service area for paratransit service to cover gaps within the fixed-route coverage areas as shown in Exhibit 4-3 in the Strategic Plan and provide service to disabled users not served by *Access* through the Community Access Transportation Program. This expansion will be re-evaluated in response to the 2009 King County Transit Performance Audit.

- **Expanded ridesharing and the vanpool program.** Expand outreach efforts and provide incentives to increase program participation and facilitate ridesharing opportunities; promote ridesharing to smaller employers in King County, and in areas not served or underserved by the fixed-route transit system.

<u>Other Projects</u>

- **<u>RapidRide Bus Rapid Transit</u>**. Continue the development of RapidRide by implementing a sixth RapidRide line operating a direct east/west routing between Burien and Renton via the Tukwila International Blvd Link Station, Southcenter Mall, the Tukwila Sounder Station, and the South Renton Park & Ride.

- **Federal Urban Partnership Award**. Build upon existing SR 520 all-day, two-way and peak commuter routes beginning in late 2010 to accommodate the expected increase in transit demand caused by variable tolling planned for early to mid-201l. The Urban Partnership service will increase the current transit investment by about 25 percent during peak commute times.

Strategy IM-2: Service implementation phasing
Provide a predictable schedule of service expansions in all subareas, as shown in Exhibit 6-2.

Exhibit 6-2: Service Implementation Phasing Plan

Categories	2007	2008	2009	2010	2012	2013	2014	2015	2016	Total
Developing Areas		13	8							21
RapidRide				34	42	19	5			100
High Ridership/Core	30	24	8							62
Burien/Renton RapidRide							18			62
SR 520 Urban Partnership				7	20					62
Total 40-40-20 Adds	30	37	16	41	62	19	23			228
Service Partnerships	5	22	12	35	6	5	5			90
TOTAL	35	59	28	76	68	24	28			318*

* Implementation of the remaining 317,000 hours of Transit Now service will be determined as resources become available

Investement completed as planned

Strategy IM-3: Service resource allocation
The implementation of transit service hours as stated in strategy IM-1 and IM-2 above shall use the following framework for transit service allocation. Service hours used for service partnerships, schedule maintenance, contracted services or partnership agreements are exempted from subarea allocation requirements.

With the implementation of each 200,000 annual hours of service investments that are subject to the subarea allocation requirement and at the end of the 2007-2016 Transit Now program investments, each King County Metro planning subarea would receive a share of actual service hours implemented: East 40%, South 40% and Seattle/North King County 20%.

Measurement of the resulting share of hours will be based on the baseline bus route allocations that assign one-way routes that originate in a subarea or two-way routes that operate wholly within a subarea to that subarea. Further, all-day, two-way routes that operate between two subareas will be attributed in hours at 50 percent to each subarea.

Any system-wide reduction in service investment shall be distributed among the subareas in proportion to each subarea's share of the total service investment.

Further, any reduction of the number of total bus service hours implemented between January 1, 2010 and December 31, 2013 in the Metro system below the 2009 year-end service levels shall be considered a "service suspension." The future work program for the King County Regional Transit Committee shall focus on restoration of transit service suspensions/cuts, if any.

Service hours invested in RapidRide, Transit Now partnerships, the SR-520 Urban Partnership, and contracted services such as construction mitigation service are not considered part of the suspensions or restorations.

Any reductions in total bus service hours make after December 31, 2013 or reductions made after the total hours of service in the Metro system return to 2009 year-end service levels shall be considered service cuts.

Strategy IM-4: Subarea and community-based planning
Conduct a community planning process in which transit riders, local jurisdictions, unincorporated area councils, employers, and educational institutions participate in the design and implementation of significant changes to existing service. Use service and capital strategies consistent with the service priorities described in Strategy IM-1. Involve the community, local jurisdictions and subarea groups in the development of recommendations for updates of the Strategic Plan at least every two years or more frequently if changing conditions or priorities dictate. Utilize overall roles and responsibilities as shown in Exhibit 6-3 and the service change process shown in Exhibit 6-4 of the Strategic Plan.

Plan updates shall address significant operating changes and capital improvements anticipated in the next ten years as well as any revision to adopted strategies necessitated by significantly changed circumstances affecting the transit program.

Financial Strategies

The financial strategies of the plan include pursuit of available state and federal grant sources and continues the long-standing policy of pursuing financial partnerships and economic development with local jurisdictions and other public and private entities.

Strategy F-1: Operating revenue
Pursue a combination of farebox and other operations revenue to maintain a target bus operating revenue-to-operating expense ratio of at least 25 percent.

Strategy F-2: Grants
Pursue grants to fund projects that have been identified as necessary to support system service priorities or maintain the system as outlined in this plan.

Strategy F-3: Financial partnerships
Pursue opportunities for partnerships and economic development with communities, employers, other transit agencies, federal and state governments and vendors to expand resources to support transit services and supporting capital facilities. Explore the use of advertising to support shelter program expansion and enhancements.

Strategy F-4: Financial management
Ensure the maximum benefit is derived from available transit revenues by:

- Focusing capital expenditures on projects that directly support service investments
- refining capital improvement program expenditure assumptions to improve annual accomplishment rates
- revising lifespan assumptions to reflect actual experience when planning for the replacement of the transit fleet and other equipment and facilities
- Increasing the amount of service in the operating program by reducing annual underexpenditure levels
- replenishing the Transit Fare Stabilization and Operating Enhancement Reserve to enable the operating program to respond to unforeseen revenue or expenditure circumstances.

Authorizing Environment

The King County Metro Transit Division of the King County Department of Transportation is directed to perform the "metropolitan public transportation function" as authorized in the Revised Code of Washington 35.58, in alignment with other applicable codes and the financial policies adopted by the Metropolitan King County Council. As such, Metro is required to plan and operate transit services that are consistent with state, regional and county planning policies. The list below illustrates the breadth of the laws and policies that influence King County Metro's policies and planning.

- Washington state law
- Federal law and policy
- State and federal grant fund requirements
- State of Washington's Growth Management Act
- Puget Sound Regional Council's *Transportation 2040* (metropolitan transportation plan)
- American Public Transit Association (APTA) standards and guidelines
- King County Code
- King County Executive policies and procedures
- King County countywide planning policies
- King County Comprehensive Plan
- Comprehensive Plan for Public Transportation (KC Metro)
- Strategic Plan for Public Transportation (KC Metro)
- Transportation Concurrency Management Program
- King County green building ordinance
- King County Climate Plan
- King County Energy Plan
- Sound Move
- Sound Transit Phase II

Many of the elements listed above can be organized into six major streams of influence illustrated on the Chart 1.

Growth Management Act

One of the most influential elements listed above is the Growth Management Act (GMA) which directs planning organizations to focus development into urbanized areas and limit development of rural and resource lands. Under the GMA, counties of a certain size and the cities within them are required to adopt comprehensive plans. The GMA also requires affected counties to adopt county-wide planning policies to guide comprehensive plan development and provide guidance for defining urban growth areas. The comprehensive plan is the starting point for any planning process and the centerpiece of local planning. State agencies are required to comply with comprehensive plans and development regulations of jurisdictions planning under GMA.

In the Puget Sound region, the Growth Management Act has led to development of the Puget Sound Regional Council's (PSRC) Vision 2040 and the Multicounty Planning Policies on a regional level, and the establishment of the Growth Management Planning Council (GMPC) and the development of the Countywide Planning Policies at the county level.

The PSRC is the Metropolitan Planning Organization (MPO) for the central Puget Sound Region, and also serves as the Regional Transportation Planning Organization (RTPO). In urbanized areas, the RTPO is the same as the MPO designated for federal planning purposes (RCW 47.80.020), serving as a pass-through agency for disbursement of federal highway and other transportation funds. As the region's RTPO, the PSRC develops long range transportation and development plans which encourages consistency in transportation and development plans across multiple jurisdictions and establishes federal funding priorities for the region. In accordance with the GMA, the current long range transportation plan, Transportation 2040, reflects an urban-centric development pattern.

Growth Center Approach

In regional and countywide plans, the urban center focus of the Growth Management Act is translated into the designation of regional growth centers. Both the PSRC and the Countywide Planning Policies designate regional and urban centers as areas for special attention. The transportation implication of this 'centers' approach is that transportation investments will be prioritized to facilitate movement within and between these centers. The PSRC adopts Regional Growth and Manufacturing/Industrial Centers from countywide planning policies. The list of Urban Centers and Manufacturing/Industrial Centers as designated by the Growth Management Planning Council (GMPC) are shown in Table 1.

Table 1: Regional Growth Centers in King County

GMPC Confirmed Urban Centers
Downtown Auburn
Bellevue CBD
Downtown Burien
Federal Way CBD
Kent CBD
Redmond Overlake,
Redmond CBD
Renton CBD
SeaTac CBD
Seattle CBD
First Hill/Capitol Hill
Northgate
South Lake Union
University District
Seattle Center
Totem Lake
Tukwila CBD
GMPC Manufacturing/Industrial Centers
Ballard/Interbay
Duwamish
Kent
North Tukwila

Air Quality, Climate Change and Energy

Washington State is also influenced by the Clean Air Act of 1990 and the Clean Air Washington Act of 1991. The Clean Air Act contains federal regulation that directs Washington to outline State Implementation Plans (SIPs) to assist jurisdictions to attain air quality goals. Clean Air

Washington was Washington State's response to the federal requirement to enhance air quality in the state. This statewide policy has a direct impact on transportation plans and policies because it focuses on protecting the state's air quality by reducing air pollution.

Parallel to the Clean Air Act's focus on air quality is the state's Climate Change Challenge Executive Order. This Executive order directly targets green house gas emissions, mandating a reduction in greenhouse gas emissions to 1990 levels by 2020. Transportation accounts for a significant portion of the states green house gas emissions and is influenced by this executive order. At the county level, efforts to limit climate change and reduce greenhouse gas emissions are represented in the King County Climate Plan. This plan provides local guidance on how the County can contribute to State and National efforts to reduce emissions.

Related to the County's climate plan is the 2007 King County Energy Plan. While the plan looks specifically for ways that the county can reduce reliance on non-renewable energy sources, a shift away from fossil fuels such as petroleum would also have positive greenhouse gas and emission impacts. This plan can influence transportation planning and policy by setting a direction to use alternative propulsion technologies or fuels for buses and vehicles, such as hybrid electric or hydrogen.

Countywide Planning Policies

At a county level, the Countywide Planning Policies coordinate the economic, developmental and transportation planning efforts by requiring consistency in local plans. In October of 1992 the Countywide Planning Policies initiated "Phase II" which required the policies to at a minimum address:

a. Implementation of RCW 36.70A.110 (Urban Growth Areas);
b. Promotion of contiguous and orderly development and provision of urban services;
c. Siting of public capital facilities;
d. Transportation facilities and strategies;
e. Affordable housing;
f. Joint County and city planning within Urban Growth Areas;
g. Countywide economic development and employment; and
h. Analysis of fiscal impact.

The Countywide Planning Policies require jurisdictions to consider the broader implications of their growth patterns and establishes population and employment growth targets for each of the jurisdictions in the county, organized into four different subareas, East King County, Rural Cities, Sea-Shore and South King County. The jurisdictions and their associated subareas are shown in the Table 2.

King County Comprehensive Plan (KCCP)

King County, like all local jurisdictions is required to develop a comprehensive plan to guide transportation planning by defining land uses and the transportation system needed to support those land uses. The KCCP is the guiding policy document for all land use and development regulations in unincorporated King County, and for regional services throughout the County including transit, sewers, parks, trails and open space.

Table 2: Local Jurisdictions within King County

Local Jurisdictions Within King County	
Algona	Maple Valley
Auburn	Medina
Beaux Arts Village	Mercer Island
Bellevue	Milton
Black Diamond	Newcastle
Bothell	Normandy Park
Burien	North Bend
Carnation	Pacific
Clyde Hill	Redmond
Covington	Renton
Des Moines	Sammamish
Duvall	SeaTac
Enumclaw	Seattle
Federal Way	Shoreline
Hunts Point	Skykomish
Issaquah	Snoqualmie
Kenmore	Tukwila
Kent	Woodinville
Kirkland	Yarrow Point
Lake Forest Park	

Authorizing Environment Chart 1

Puget Sound Regional Council: An association of governments, regional decision makers for how to manage growth.

Vision 2040 (2008): regional strategy to accommodate the additional 1.7 million people and 1.2 million new jobs expected to be in the region by the year 2040.

Transportation 2040 (being updated): regional strategy for transportation
Impact on Metro: promotes a balanced transportation system that links urban centers; prioritizes funding

Multicounty Planning Policies: provide a common regionwide framework for countywide and local planning in the central Puget Sound region

Growth Management Act (1990): statewide policy that directs development to designated urban areas and limits growth in rural and resource land areas.

Growth Management Planning Council: a formal body, currently consisting of elected officials from King County, Seattle, Bellevue, other cities and towns in King County, special purpose districts, and the Port of Seattle.

Countywide Planning Policies (1994): provide a countywide vision and serve as a framework for each jurisdiction to develop its own comprehensive plan, which must be consistent with the overall vision for the future of King County.

King County Comprehensive Plan (being updated): guiding policy document for all land use and development regulations in unincorporated King County

Clean Air Act (1991): statewide policy to preserve, protect, and enhance the air quality for current and future generations.

Commute Trip Reduction Act (1991): Employer-based programs designed to reduce traffic congestion, reduce air pollution, and petroleum consumption.
Impact on Metro: Metro works with employers to enourage people to use fixed-route Metro services; establishing vanpools and carpools

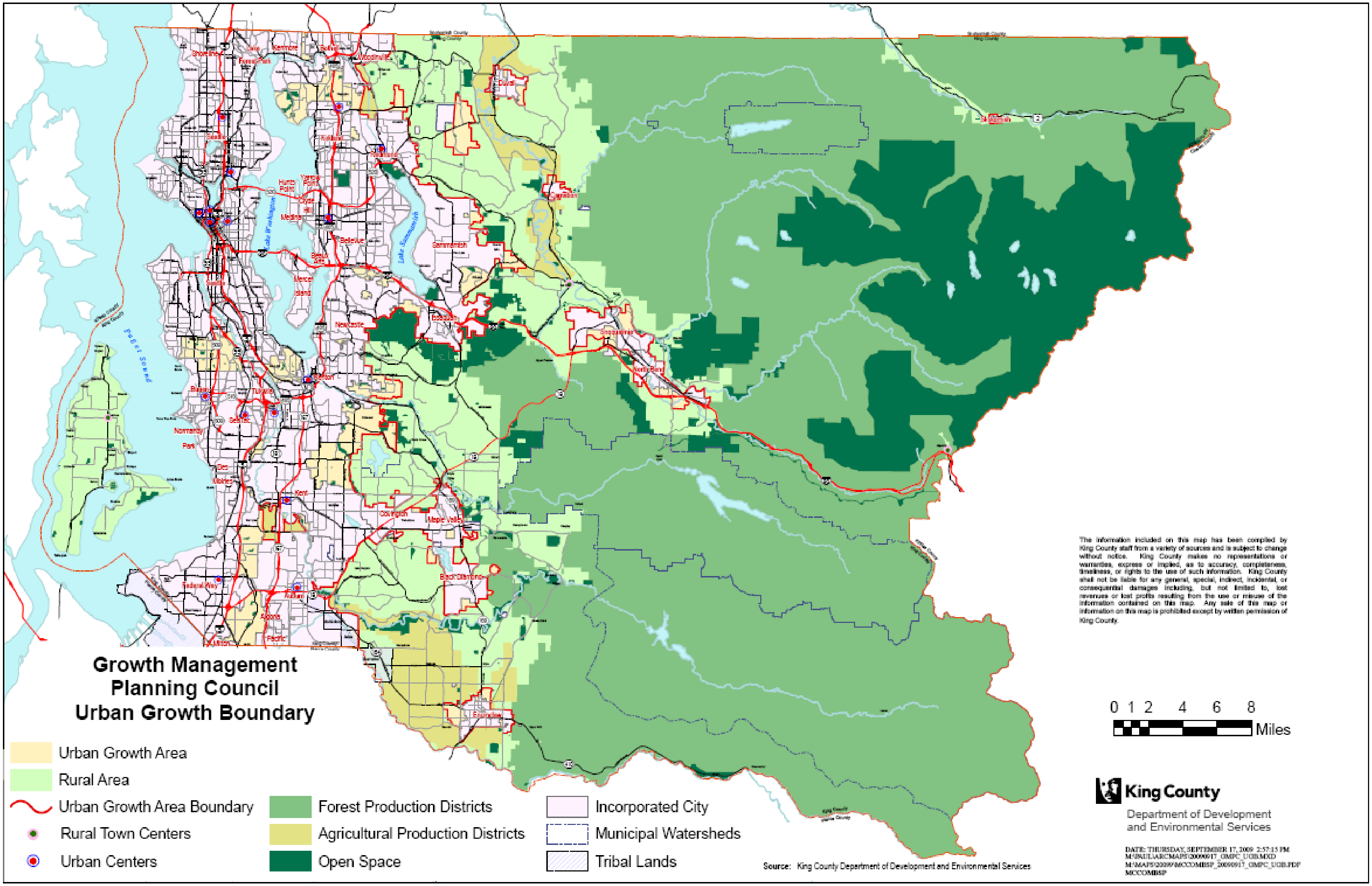
Growth and Transportation Efficiency Center (GTEC) Program (2006): program to increase state transportation efficiency in areas with high concentrations of jobs and housing.
Impact on Metro: Metro will coordinate with Bellevue, Redmond and Seattle to improve transit service

Washington Climate Change Challenge - Executive Order 07-02 (2007): mandates a reduction in greenhouse gas emissions to 1990 levels by 2020 and 50% below 1990 levels by 2050.

King County Energy Plan (2007): sets the stage for even greater strides towards energy efficiency and renewable energy use in county internal operations

King County Climate Plan (2007): overview of how King County seeks to reduce greenhouse gas emissions and works to anticipate and adapt to projected climate change impacts, based on best available science

King County Metro's Comprehensive and Strategic Plans


Growth Management
Planning Council
Urban Growth Boundary
Urban Growth Area
Rural Area
Urban Growth Area Boundary
Rural Town Centers
Urban Centers
Forest Production Districts
Agricultural Production Districts
Open Space
Incorporated City
Municipal Watersheds
Tribal Lands
Source: King County Department of Development and Environmental Services
The information included on this map has been compiled by King County staff from a variety of sources and is subject to change without notice. King County makes no representations or warranties, express or implied, as to accuracy, completeness, timeliness, or rights to the use of such information. King County shall not be liable for any general, special, indirect, incidental, or consequential damages including, but not limited to, lost revenues or lost profits resulting from the use or misuse of the information contained on this map. Any sale of this map or information on this map is prohibited except by written permission of King County.
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History of New Service Allocation Policy at King County Metro

Existing Service Allocation Policy

King County Metro currently allocates new transit service investment by subarea as directed by Strategy IM-3 from the 2009 amendment of the 2007-2016 Strategic Plan for Public Transportation. The map of the subareas is included as Figure 1.

Strategy IM-3: Service Resource Allocation

The implementation of transit service hours as stated in strategy IM-1 and IM-2 above shall use the following framework for transit service allocation. Service hours used for service partnerships, schedule maintenance, contracted services or partnership agreements are exempted from subarea allocation requirements.

With the implementation of each 200,000 annual hours of service investments that are subject to the subarea allocation requirement and at the end of the 2007-2010 Transit Now program investments, each King County Metro planning subarea would receive a share of actual service hours implemented: East 40%, South 40% and Seattle/North King County 20%.

Measurement of the resulting share of hours will be based on the baseline bus route allocations that assign one-way routes that originate in a subarea or two-way routes that operate wholly within a subarea to that subarea. Further, all-day, two-way routes that operate between two subareas will be attributed in hours at 50% to each subarea. Any system-wide reduction in service investment shall be distributed among the subareas in proportion to each subarea's share of the total service investment.

Any system-wide reduction in service investment shall be distributed among the subareas in proportion to each subarea's share of the total service investment.

Further, any reduction of the number of total bus service hours implemented between January 1st, 2010 and December 31st, 2013 in the Metro system below the 2009 year-end service levels shall be considered a "service suspension." The future work program for the King County Regional Transit Committee shall focus on restoration of transit service suspensions/cuts, if any.

Service hours invested in RapidRide, Transit Now partnerships, the SR520 Urban Partnership, and contracted services such as construction mitigation service are not considered part of the suspensions or restorations.

Any reductions in total bus service hours made after December 31st, 2013 or reductions made after the total hours of service in the Metro system return to 2009 year-end service levels shall be considered service cuts.

Prior Service Allocation Guidance

Transit service allocation policy based on subareas was first established by the council of the former Municipality of Metropolitan Seattle (Metro) in 1993 through the adoption of the Comprehensive Plan for Public Transportation. The 1993 plan, also known as the Long Range Policy Framework, established goals, objectives and policies and identified the subarea boundaries. Prior to 1993, Metro transit investments were decided according to broad system plans and policymaker consensus as available resources allowed. However, growing transit demand outside the City of Seattle prompted a shift in service investment, and the 1993 plan responded by calling for new service investment to be distributed among the subareas on the basis of population.

The 1993 comprehensive plan policy reads:

> "***Policy 3.4.1 Operating Subsidy Allocation***[1]
>
> *Allocate new service subsidy resources to each subarea within King County in proportion to the projected population of that subarea, as represented by adopted Puget Sound Regional Council (PSRC) population forecasts for the year 2000: West subarea – 34 percent; East subarea – 30 percent; South subarea – 36 percent (See Figure 1). The percent distribution will be updated to reflect changes in the PSRC population forecasts adopted by the PSRC General Assembly."*

"New service subsidy resources" include the cost of new transit operating investments less direct passenger fares and partnership revenues. In effect, it represents the operating cost of service directly supported through local public transit tax sources.

This policy was carried forward unchanged when King County and Metro Transit merged in 1992 via Ordinance 11032 whereby the King County Council incorporated Metro functions into the county government.

1996-2001 Six-Year Transit Development Plan

In 1995, King County Metro developed the 1996-2001 Six-Year Transit Development Plan which was adopted by King County Ordinance 12060, amending the Comprehensive Plan for Public Transportation. Through the Six-Year Plan, the population percentage share among the three subareas was amended to reflect new forecasts adopted by the Puget Sound Regional Council (PSRC), and provided that future updates of the population percentages would be established via the six-year plan update process. The updated percentages were 28% for the East, 36% for the South and 36% for the West.

In addition to updating the population split among subareas, the 1996-2001 Six-Year Plan clarified service allocation policy by establishing target dates at which new service subsidy investments would be consistent with adopted population targets. As a result, each service change process itself was not required to meet subarea percentage targets, allowing rational phasing of multiple service changes over time.

Route Assignment and Service Investment Accounting

For accounting purposes, King County Metro assigned entire routes within the transit network and their associated subsidy to one of the three county subareas. These assignments were made based on the predominant residential draw area for each route as measured during the morning peak period. The assignment of entire routes was done in order to remain consistent with the

[1] Metro Council Resolution NO. 6641, October 21, 1993, adopting a Comprehensive Plan for Public Transportation, Exhibit A, page 6

initial investment decisions made during implementation and to utilize data that was readily available.

The implementation of new or modified services was tracked at the subarea level, with the continued assignment of entire routes to specific subareas. Subarea stakeholder input through public process influenced what changes were implemented. The net change in service subsidy over time was then calculated through comparison snapshots of the transit network at different points. More information about factors influencing changes in operating subsidy can be found in the adjacent box.

Fluctuations in Operating Subsidy Requirements

Transit operating subsidy calculations are based on an array of factors influencing total service cost and fare revenue estimates. At the route level, changes in total service resources used to deliver service could change for a variety of reasons. Additional trips inserted to increase frequency, extension of route length in geographic or time of day coverage, and other route restructures may increase resources needed to operate that route. These actions may also save resources if other routes can be shortened, restructured or eliminated along with these changes. Additionally, actions to manage the system, such as "through-routing" two routes (one bus continues in service to deliver two distinct routes) may save or cost resources unrelated to routing, frequency or span changes in a route. Over time these and other actions to manage the system may affect the resources required to operate individual routes, even where no changes are apparent from a customer perspective.

Variability in operating characteristics and fleet types may have a more pronounced affect on cost at the route level than the subarea or system level. For example, changing a route from transit van operation to a larger diesel coach can significantly alter a route's costs without the addition of new trips, although riders presumably will notice the additional seats available.

Metro's Financial Policies and Subarea Allocation

Service subsidy allocation policy by subarea was further clarified in 1998 when the King County Council Regional Transit Committee (RTC) and the county council adopted the Transit Program Financial Policies for 1999 via Motion 10527. The adopted financial policies specified certain resources to be excluded from subarea allocation, restricted the investment of fare revenues generated and service subsidy currently invested in one subarea from being moved to another, and extended the service allocation policy to include service reductions as well as service growth. Financial policies adopted for 1999 and 2000 remained consistent in this area, as stated in Motion 10738 establishing 2000 transit financial program policies:

> *"**B. Operating Subsidy Allocation**[2]*
>
> *All new service subsidy resources (except for funds excluded by other policies, such as schedule maintenance hours) shall be allocated to each planning subarea within King County in proportion to the projected population of that subarea, as represented by adopted Puget Sound Regional Council (PSRC) population forecasts for the year 2000: west subarea – 36 percent; east subarea 28 percent; south subarea 36 percent. The percent distribution will be updated to reflect change in the PSRC population forecasts adopted by the PSRC General Assembly. Service subsidy currently invested within a subarea and fare revenues generated there shall not be shifted to another subarea. Any system-wide reduction in the level of subsidy shall be reduced proportionally among the subareas consistent with the population-based allocation formula for new service subsidy."*

[2] King County Council Motion No. 10738, July 26, 1999, adopting 2000 Transit Program Financial Policies, page 2

A New Allocation Formula: The 2002-2007 Six-Year Transit Development Plan

As Metro began the process to update the 1996-2001 Six-Year Plan, there was growing interest on the part of the Regional Transit Committee and local jurisdictions to explore alternatives to the existing population-based allocation policy. This interest was in part prompted by the threat of significant service cuts associated with the passage of I-695 and the repeal of the motor vehicle excise tax (MVET). Because the legislature provided one year of “bridge” funding to transit and also raised the transit taxing authority by 0.3%, the service cuts ended up not being as severe as originally feared, but the associated discussions led to a revised policy adopted in the 2002-2007 Six-Year Plan. The revised strategy, which was carried forward in the original 2007-2016 Strategic Plan, changed the subarea service investment allocation to a simple ratio rather than a formula based on population, called for tracking annual service hours implemented rather than service subsidy and assigned service hours of cross-subarea routes equally to each subarea, rather than assigning an entire route to a given subarea.

> ***Strategy IM-3: Service Resource Allocation***
> *The implementation of transit service hours as stated in strategy IM-1 and IM-2 above shall use the following framework for transit service allocation. Service hours used for service partnerships, schedule maintenance, contracted services or partnership agreements are exempted from subarea allocation requirements.*
>
> *With the implementation of each 200,000 annual hours of service investments that are subject to the subarea allocation requirement and at the end of the 2007-2010 Transit Now program investments, each King County Metro planning subarea would receive a share of actual service hours implemented: East 40%, South 40% and Seattle/North King County 20%.*
>
> *Measurement of the resulting share of hours will be based on the baseline bus route allocations that assign one-way routes that originate in a subarea or two-way routes that operate wholly within a subarea to that subarea. Further, all-day, two-way routes that operate between two subareas will be attributed in hours at 50% to each subarea. Any system-wide reduction in service investment shall be distributed among the subareas in proportion to each subarea’s share of the total service investment.*

This is policy was in place until the current financial situation developed, prompting an amendment to the 2007-2016 Strategic Plan in 2009, which led to the slightly modified policy listed at the beginning.

References

1. New Transit Operating Subsidy Investments: Implementation of King County Policy 1995-1999; King County Metro Staff Report, 2000
2. Subarea Transit Service Allocation; Regional Transit Committee staff report; Arthur Thornbury; March 2008

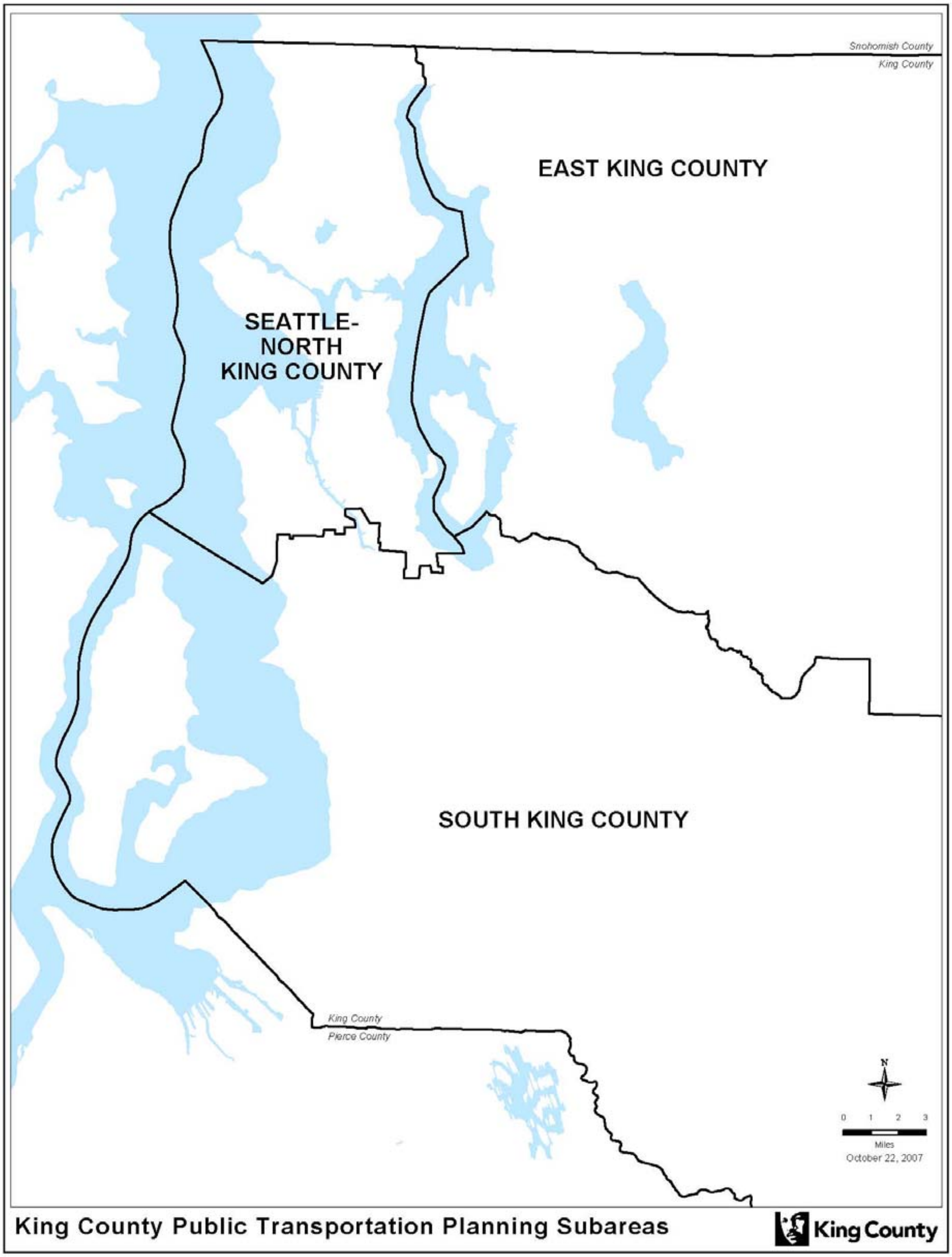
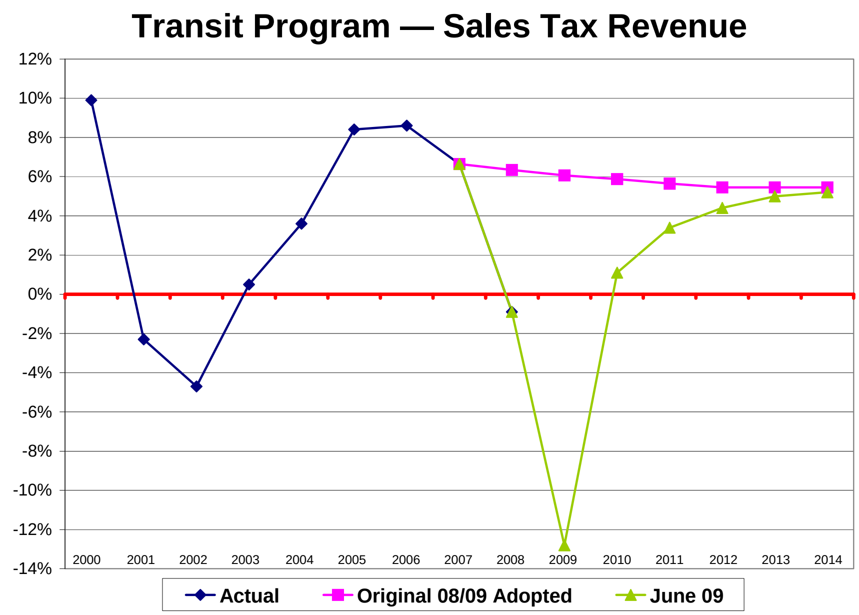
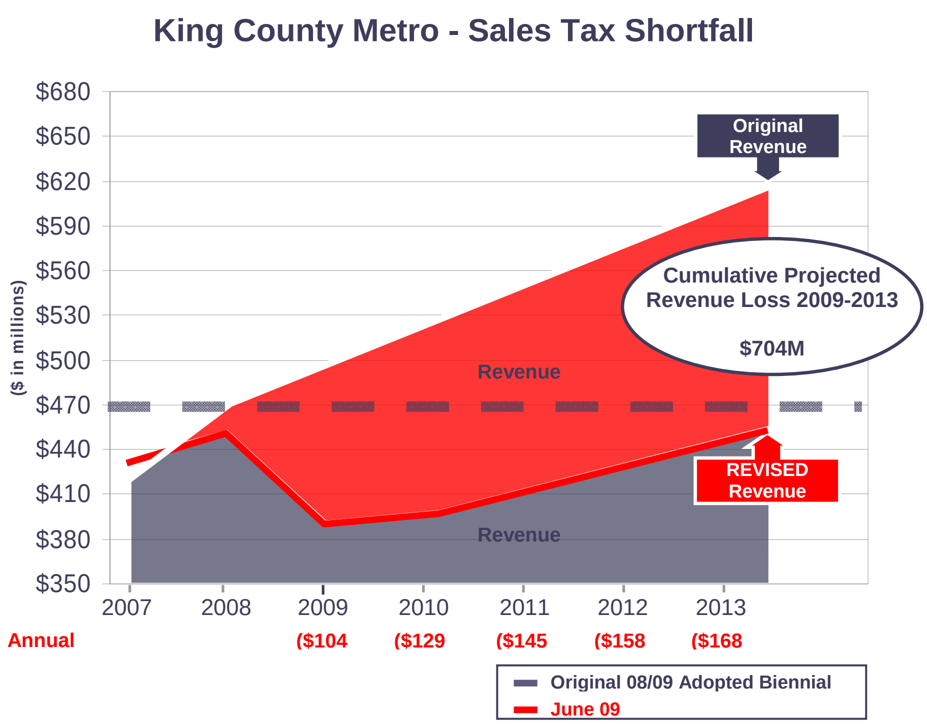


Figure 1: Subarea Map

Metro Financial Situation: 2008 – Present

Introduction

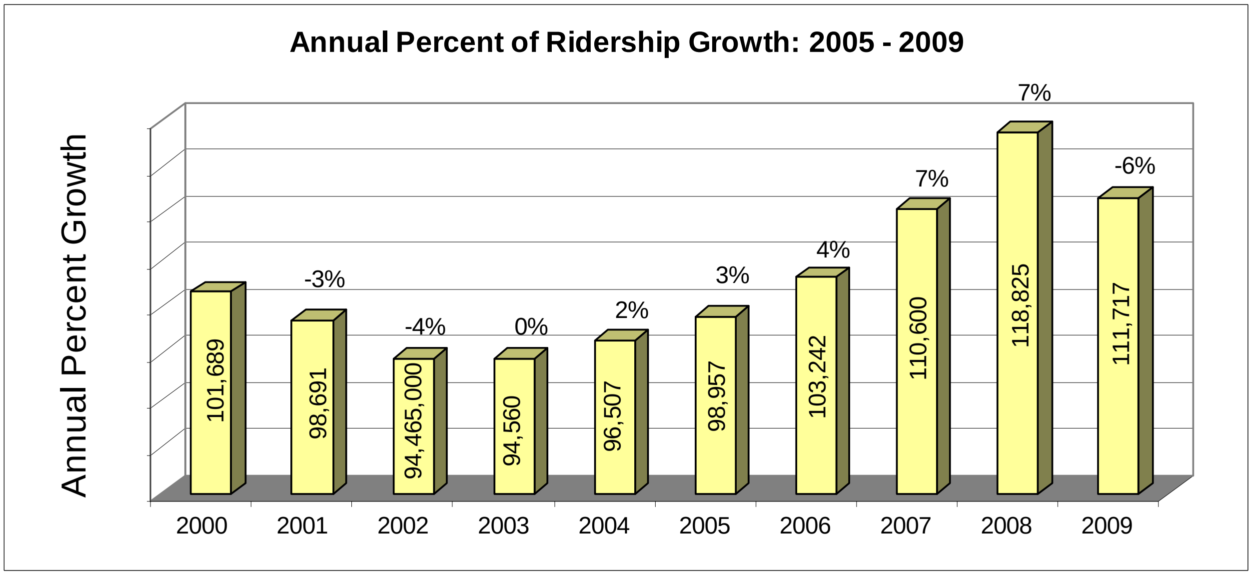




The past two years have been times of extreme challenge for King County Metro. A deep recession, severely affecting transit agencies across the nation, led to a reduced budget that included job losses, fare increases, digging deeply into reserves, and cuts to Metro programs. Moreover, the steep decline in sales tax receipts beginning in the second half of 2008 has created a well-documented structural imbalance in Metro's finances. Since sales tax revenue makes up 70% of Metro's operating budget, Metro is facing a difficult reality. As shown in the chart on the right and below, the revenue that Metro will collect from sales tax receipts between 2008 and 2013 is projected to be $700 million less than originally predicted.

Ridership

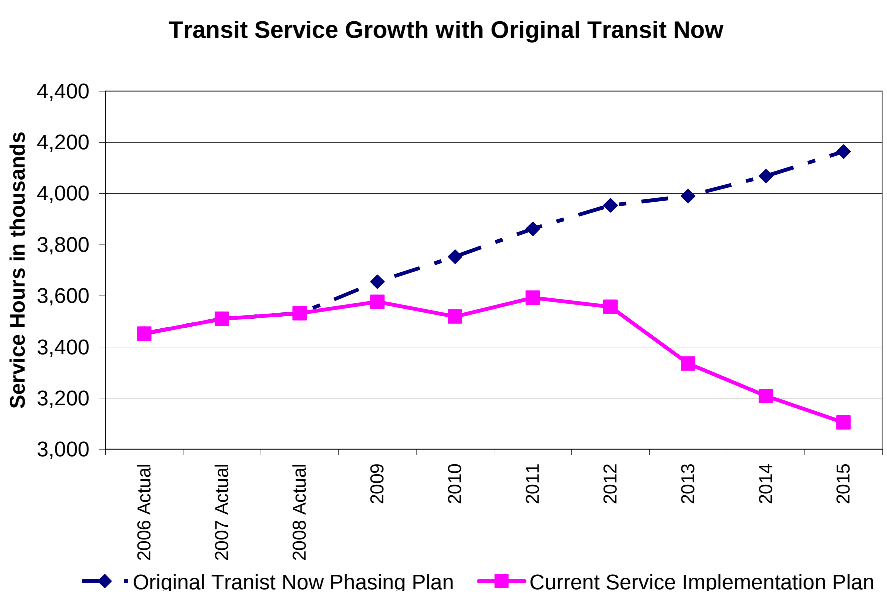
At the point where the severe funding issues were first brought to light, Metro was experiencing unprecedented growth in ridership, shown in the chart below. In 2007 and 2008, Metro grew faster than any large transit agency in the nation, over 7% each year. In the summer of 2008, Metro had almost achieved a ten year goal of 20% more riders that was set in 2006. This ridership increase was accompanied by only a 2% increase in service. The main reason for this ridership growth was rapidly increasing gas prices that were causing people to rethink their mobility choices. Although gas prices peaked at $4.37, some people who switched to public transportation during this period, continued to use Metro after gas prices decreased. After its peak in the summer of 2008, ridership declined as the recession took its toll on employment and travel behavior.



Although ridership has decreased, transit demand in King County remains strong and will continue to grow as the regional economy rebounds and more people move into the area. At a time when transit has become a more popular way to travel, King County Metro should be poised to grow to meet this demand. However, the reality is that it is likely that Metro will have a difficult time sustaining existing services if the revenue outlook does not improve substantially.

Planned Growth

In 2006, a ballot measure was authorized by King County voters to fund the "expansion of service, operations, maintenance and capital needs of King County Metro public transportation." Transit Now consisted of a five-point plan to enhance and improve service and relied on the .1% sales tax increase to fund these improvements. Transit service growth was planned to be implemented according to the chart on the right. This plan included the following:

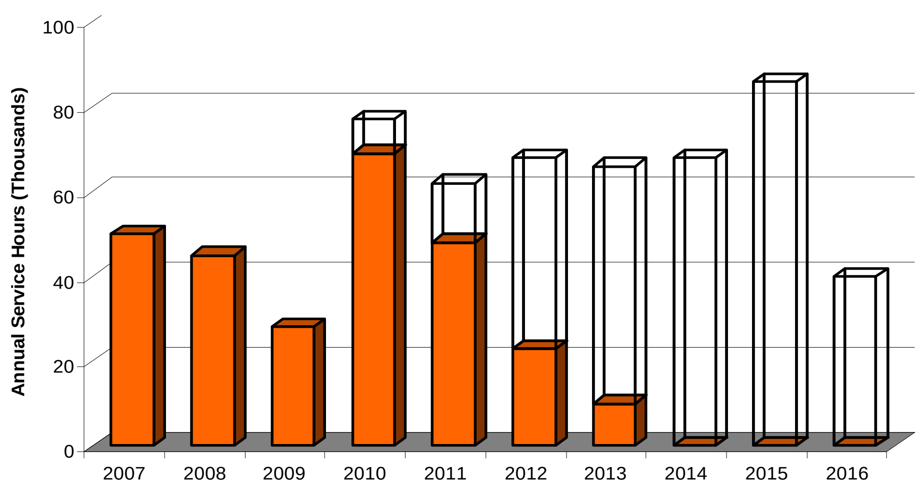


- RapidRide BRT: Metro Transit's new, streamlined bus service that will provide frequent, all-day service in six popular transit corridors throughout King County

- High Ridership Corridors: Metro planned to add hours of service to heavily-used routes, allowing buses to come more often or keep running longer into the day or evening.
- Rapidly Developing Areas: Metro planned to add new routes and expand existing routes to serve areas that had limited hours of service or no service at all
- Partnerships: Metro planned to increase service on routes by partnering with cities and businesses.
- Additional improvements: Metro planned to expand Access service to areas of rural King County that had no service in the past, and planned to implement new online vanpool training programs.

The severity of the budget shortfall has deferred the majority of those improvements so that current service could be preserved to the extent possible, shown in the chart on the right. However, RapidRide bus rapid transit will continue as scheduled. Four of the five Transit Now proposed RapidRide bus rapid transit line will start service between 2010 and 2012, increasing the overall number of service hours operated by Metro. A final proposed Transit Now RapidRide line and a sixth RapidRide line, adopted after Transit Now was finalized, will be implemented in 2013.

Transit Now Deferred Investments



2010 Budget

In the Fall of 2009, Interim King County Executive Kurt Triplett proposed a plan for how to manage Metro's funding deficit for 2010 and 2011. His plan included nine strategies. The Table on the next page should how Metro Service hours would have been implemented by subarea under this plan. These charts are not representative of the Budget and plan that were eventually adopted. These are discussed later in this document.

DRAFT

Metro Service Hours by Subarea under Executive's Proposed 9 Point Plan

How have new Metro service hours been implemented since the "40/40/20" allocation policy was adopted?

Subarea	2002-2006 "40/40/20" Hours	2007 - 2009 "40/40/20" Hours	2002-2009 "40/40/20" Hours Totals	% Share All Hours	Committed Transit Now Partnership Hrs
West	18,400	12,900	31,300	20%	43,140
South	29,000	32,700	61,700	40%	15,100
East	23,300	37,700	61,000	40%	31,760
	70,700	**83,300**	**154,000**	**100%**	**90,000**

What would the projected Metro service hours allocation be if Transit Now RapidRide is Implemented?

Subarea	2010-2013 Transit Now RapidRide Hours A-E Lines	Totals	% Share All Hours
West	43,000	74,300	29%
South	34,000	95,700	38%
East	23,000	84,000	33%
	100,000	**254,000**	**100%**

What would the projected Metro service hours be if a 6th RapidRide and UPA Services are added?

Subarea	2011-2013 Proposed 6th RapidRide F Line & SR520 UPA Hrs	Totals	% Share All Hours
West	6,000	80,300	27%
South	18,000	113,700	38%
East	21,000	105,000	35%
	45,000	**299,000**	**100%**

Hours by Subarea 2007-2013 for RTC 102109 1 Regional Transit Committee 10/21/09

In November, 2010, the King County Council passed a balanced budget that took into account many of the nine points described in his plan. The chart below shows the changes that were made from the nine-point plan to the adopted budget.

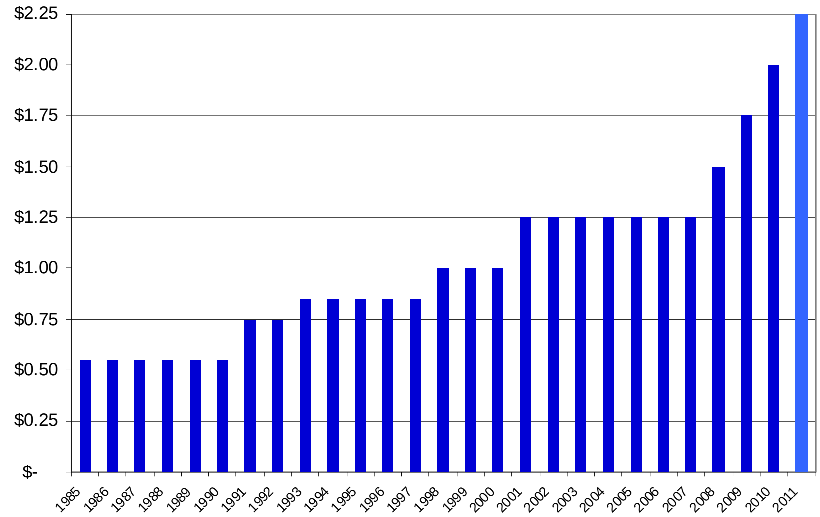
Subject	Nine Point Plan	2010 Adopted Budget
Defer most bus service expansion	Only RapidRide and partnership service added from Transit Now	Same as proposed, with Transit Now phasing plan revised to show deferred services being added after 2017
Cut non-direct service related programs	Program reductions in areas such as fleet replacement, zones and shelters, and other areas	Executive's proposal with minor changes
Non-service related cuts	Reduce more than $6 million in operating costs in part with reduction of 60 positions	Reduce more than $8.5 million in operating costs with position reductions totaling 73
Raise new revenue through a property tax swap to fund RapidRide service	5.5 cents and addition of sixth RapidRide line and SR 520 service	6.5 cents and addition of sixth RapidRide line and SR 520 service
Tap into operating reserves to help stabilize service levels	Operating reserves reduced from 30 days to 2 weeks	As proposed
Increase fares by 25 cents in 2011	Increase all categories by 25 cents	As proposed, but Youth and Senior/Disable fares not increased
Use fleet replacement reserves	Use $100 million between 2010 and 2013 to support service	Slight modification from executive proposal
Implement operating efficiencies from the forthcoming transit performance audit recommendations	Unspecified amount in service suspensions	Specifically identified 125,000 hours for efficiency savings
Reduce all service proportionately during the next two years	Reduce 310,000 annual hours	75,000 of "low impact" reductions; remaining hours to be reduced in 2012/2013 biennium

Thus far, with the passage of this budget, Metro has been able to retain the same number of service hours to provide transit throughout King County. Since resources are so scarce, some of the service hours will be reallocated from their current trips and routes to better serve the overall transit needs of the County. In this way, the 2010 Metro Transit Budget allows transit to continue some planned growth over the next two years in areas where Metro has made a commitment to the public to implement improved transit service.

Actions to Balance the Budget

With direction the 2009 Transit Audit and the 2010 Metro Transit Budget, Metro has taken the following steps to balance the budget.

- **Base Fare Increase**: In January, 2010, the base fare increased by $.25 to $2.00, shown in the chart on the right. Another fare increase is proposed for 2011.

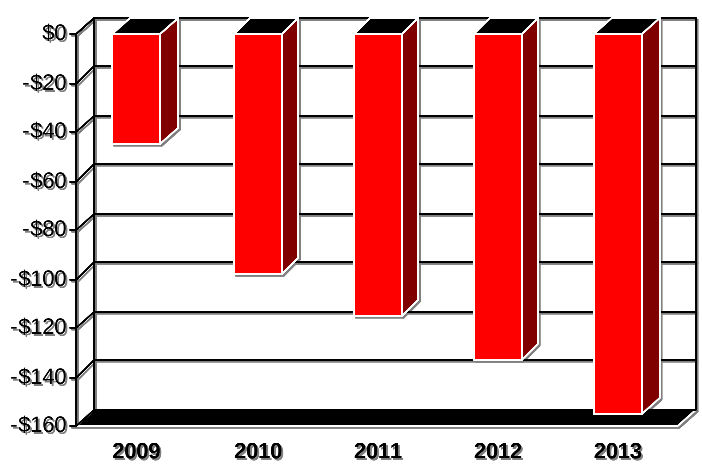


- **Capital Program Reductions**: Metro reduced its capital program by $160 million.
- **Spend Down Reserves**: The typical one month reserve that Metro typically keeps has been reduced to a two week reserve temporarily. This will allow Metro to spend an additional $40 million more than originally budgeted on preserving current Metro service.
- **Reduce Fleet Replacement Fund**: $100 million will be used from the Fleet Replacement Fund to preserve Metro service.
- **Implement Audit Findings**: Metro will implement the findings from the 2009 Transit Audit, which should achieve additional savings.
- **Defer Transit Now Investments**: Transit Now programs, apart from RapidRide and Service Partnerships, will be deferred.
- **Increase Transit Funding**: The 2009 Legislature authorized a King County Property Tax to be used for Transit.

Financial Future

Although Metro has found a way to preserve most current service and to add additional investments that are targeted to the areas of the County where transit service makes the most sense, the budget outlook will not improve without an additional funding source. According to financial projections, there will be a cumulative budget gap of $546,000,000 from 2009 to 2013 unless this structural deficiency is addressed.

Deficit continues to Grow



Metro Financial Planning and Funding Sources

A central goal of King County Metro's financial planning activities is stability of the transit system and the financial integrity of the Public Transportation Fund along with specific programmatic plans to project future revenues, expenditures and resulting fund balances[1].

King County Metro Financial Planning Process

Planning is done on an ongoing basis, as well as part of the county's annual budget process. Comprehensive financial planning, combined with ongoing forecasting, allows the system to respond effectively to change in the economic environment, without detrimental impacts to existing services. Anticipation of changes in financial conditions and forecasting beyond the current year enable the transit system to project sustainable levels of transit service and to accelerate or delay new service implementations based on these changing conditions.

Relationship of the Strategic Plan to the Financial Plan

The King County Strategic Plan for Public Transportation is consistent with King County Metro's financial plan. Financial strategies included in the strategic plan support the ongoing stability of the transit system and ensure financial integrity of the Public Transportation fund. The financial strategies of the strategic plan include: pursuit of available state and federal grant sources and continues the long-standing policy of pursuing financial partnerships and economic development with local jurisdictions and other public and private entities.[2]

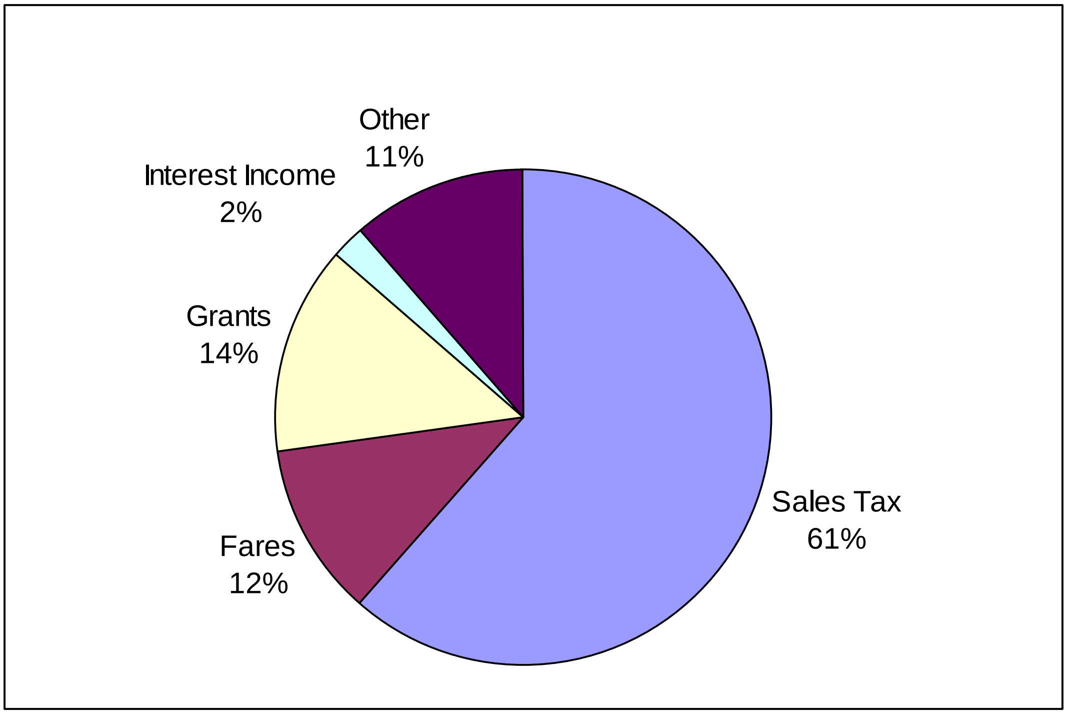
Metro Funding Sources: Past and Present

On September 19, 1972, King County voters approved a 0.3 percent sales tax to fund a county-wide bus system operated by Metro, and Metro began transit revenue service the next year[3]. Since Metro's inception, sales tax has been the primary source of funding. In 1976, Metro began collecting motor vehicle exist tax to fund transit service. In 1980, Metro received voter approval to increase sales tax by an additional 0.3 percent to fund transit service[4].

The passage of Initiative 695 in 1999 significantly impacted Metro's funding. he action to cut the Motor Vehicle Excise Tax (MVET) eliminated $106 million in annual revenue for Metro Transit, or about one-third of its total revenue[5].

In spring 2000, the Washington State Legislature provided King County with about $36 million in a one-time "bridge" funding to allow Metro to continue current levels of operation through March 2001. The Legislature also authorized transit districts throughout the state to ask voters to raise local transit sales tax levies to a maximum of 0.9 percent. In 2000, Metro was able to pass a 0.2 percent increase in the local sales tax following this legislation to restore service cuts made after the passage of Initiative 695[6]. In 2006, with voter approval of the Transit Now initiative; the local sales tax increased 0.1 percent, achieving the maximum level of 0.9 percent for public transportation providers. Metro continues to be funded mostly through sales tax revenue.

Current Funding Sources



Adapted from February 25, 2009 Regional Transit Committee Presentation and Staff Report

King County Metro Transit receives approximately 61 percent of its annual revenue from the 0.9 percent Local Option Sales and Use Tax which has been in effect since November 2006, when voters approved an increase to fund King County's Transit Now program. Prior to that, the rate of 0.8 percent had been in effect since 2001. The rate had been raised from 0.6 percent in 2001 by the voters to partially replace transit revenues lost when the Motor Vehicle Excise Tax was repealed by voter approval of Initiative 695 in 1999. Sales tax revenues support both the transit capital and operating programs[7].

[1]Adapted from King County Metro Strategic Plan for Public Transportation
[2] 2010-2011 King County Department of Transportation Business Plan
[3] Metro milestones http://metro.kingcounty.gov/am/history/history-1970.html
[4] Metro milestones http://metro.kingcounty.gov/am/history/history-1980.html
[5] King County Metro 2003 in Review. http://metro.kingcounty.gov/am/reports/2003/122003-performance.html
[6] Metro milestones http://metro.kingcounty.gov/am/history/history-2000.html
[7] King County Council Staff Report. February 25, 2009 B2009-0064.