



Memorandum

Ad Hoc Committee on February 2015 Transit Service Reductions

TO: King County Council and King County Executive

From: Executive Dow Constantine, Councilmember Rod Dembowski, Councilmember Jane Hague and Councilmember Joe McDermott

RE: February 2015 Service Reduction Level Recommendation

Ordinance 17848 established an Ad Hoc Committee that was charged with making a recommendation to the Executive and Council regarding service hour reductions for February 2015. In the course of our deliberation, the committee considered:

- The current finances of the Metro Transit System;
- The agency's Enterprise Financial Plan;
- Cost reductions, savings and one time savings to date that have saved \$798 million in transit service through 2013 and an additional \$148 million annually thereafter;
- The July and August 2014 revenue forecasts, which identified a flattening of the unanticipated sales tax growth rate of the last year; and
- The approved 151,000 hours of service reductions approved for Fall 2014 and the service reduction level of 188,000 for February 2015 identified in Section 2 of Ordinance 17848.

The committee concurs that based on these existing conditions, a financial deficit will exist in the Transit Division that must be addressed. This decision, however, is dependent upon the countywide and departmental issues that will be the subject of Executive proposals and Council deliberations during the 2015/2016 budget process.

Based on the lack of certainty of future service reduction proposals and the tight timeline for a February 2015 service reduction ordinance by September 2, 2014, the committee believes that any recommendations for service reductions should be considered as stand-alone decisions and not dependent upon future service reduction proposals to achieve productivity, social equity or geographic value policy goals.

During the course of committee deliberations, the Transit Division briefed committee members on additional community workshops and engagement consistent with Ordinance 17848. As a

result, the committee encourages the Executive and Council to consider the results of additional community workshops and engagement as part of any service reduction proposal.

Given these factors, the committee recommends a February 2015 service reduction level of 180,000 gross hours of transit service reductions with 11,000 hours reserved for critical reinvestment to address unforeseen challenges. The result would be a total net transit service reduction of 169,000 transit service hours in February 2015. When coupled with the 151,000 hours of transit service reduced in September 2014, the resulting overall reduction through February 2015 will be 320,000 transit service hours.

As noted above, the committee recognizes that even with the 320,000 hours approved for September 2014 and recommended for February 2015 service reductions, a financial gap will still remain in the Transit Division financial plan that must be addressed through additional service reductions, new revenue and/or reductions. As noted in Motion 14149 the committee anticipates that during the 2015/2016 budget process the Executive and Council will be considering such issues as:

- Service Reductions;
- Farebox recovery;
- The results of the American Public Transportation Association peer review of the Metro Transit System;
- A review of fund management policies and fund balances; and
- Implementation of Lean process management and other non-direct service cost reductions.



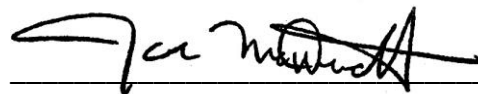
Executive Dow Constantine



Councilmember Rod Dembowski



Councilmember Jane Hague



Councilmember Joe McDermott