



## King County

### **Dow Constantine**

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June 23, 2016

The Honorable Joe McDermott  
Chair, King County Council  
Room 1200  
C O U R T H O U S E

Dear Councilmember McDermott:

During the 2015/2016 budget development, King County Councilmembers called for a review of the Fund Management Policies for Public Transportation, with a special interest in reserve policies. During 2015, council staff participated in an interbranch Transit fund management policies workgroup, which also included Executive, PSB, Transit, and DOT Director's Office staff. The workgroup reviewed the existing policies and hired a consultant to provide recommendations on reserve types, levels, purposes and uses, and replenishment. The consultant's report was completed in December of 2015, and these findings were presented to the interbranch workgroup.

In early 2016, consistent with Proviso P1 of Section 17 of Ordinance 17941, I convened a Special Committee on Transit, consisting of the Executive branch, the Chairs of the Budget and Fiscal Management Committee, Committee of the Whole, and the Transportation, Economy and Environment Committee to review the consultant's recommendations and the workgroup's draft fund management policy recommendations.

During April and May of 2016, the Special Committee on Transit met three times to: (1) review background materials relating to the Transit fund management policies, including the consultant's findings and recommendations; (2) evaluate options regarding key policy issues, and (3) review and provide recommendations on draft revised fund management policies.

Over the course of these three meetings, the Special Committee on Transit reached consensus on revised fund management policies for the public transportation fund, including:

- The establishment of Recession Reserves with a focus on minimizing rider impacts during a moderate level recession;

The Honorable Joe McDermott

June 23, 2016

Page 2

- Updating the Revenue Fleet Replacement Reserve methodology such that reserve levels reflect long-term fleet purchase resource needs and to include the use of short-term debt to manage cash flow during peak purchase times; and
- Updating other fund management policies consistent with the County's Comprehensive Financial Management Policies and the circumstances unique to Transit Division financial management

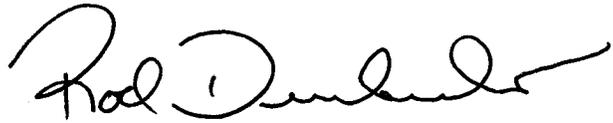
The members of this committee, as expressed through their signature below, collectively believe that these concepts will help ensure the continued financial health of our public transportation system and thereby also support reliable provision of mobility services.

As such, I am transmitting the attached legislation revising the Fund Management Policies for Public Transportation reflecting the work and guidance of the committee.

Sincerely,



Dow Constantine  
King County Executive



Rod Dembowski  
Chair, Transportation, Economy,  
and Environment Committee



Dave Upthegrove  
Chair, Budget and Fiscal  
Management Committee



Kathy Lambert  
Chair, Committee of the Whole

cc: King County Councilmembers

ATTN: Carolyn Busch, Chief of Staff

Anne Noris, Clerk of the Council

Carrie S. Cihak, Chief of Policy Development, King County Executive Office

Dwight Dively, Director, Office of Performance, Strategy and Budget