King County

1200 King County
Courthouse
516 Third Avenue
Seattle, WA 98104

Meeting Agenda

Roundtable 3-Regional Services (Discussion Related to Proposed 2021-2022 Budget)

Councilmembers: Rod Dembowski, Co-Lead; Pete von Reichbauer, Co-Lead; Claudia Balducci, Reagan Dunn, Dave Upthegrove

Roundtable Lead: Miranda Leskinen (206-263-5783)
Roundtable Assistant: Sharon Daly (206-477-0870)

9:30 AM	Thursday, October 15, 2020	Virtual Meeting

PUBLIC NOTICE: Roundtable 3's October 15, 2020 meeting will be held virtually. To help prevent the spread of the COVID 19 virus, the chambers will be closed and all committee members and staff will be participating in the meeting remotely. The live feed of the video conference will be streaming on the King County Council's website and on KCTV Channel 22.

Pursuant to K.C.C.1.24.035 A. and F., this meeting is also noticed as a meeting of the Metropolitan King County Council, whose agenda is limited to the committee business. In this meeting only the rules and procedures applicable to committees apply and not those applicable to full council meetings.

HOW TO PROVIDE PUBLIC COMMENT: Roundtable 3 values community input and looks forward to hearing from you on agenda items.

The Roundtable will accept public comment on agenda items in writing. You may do so by submitting your written comments to kcccomitt@kingcounty.gov. If your comments are submitted before 8:00 a.m. on the day of the meeting, your comments will be distributed to the roundtable members and appropriate staff prior to the meeting.

Sign language and communication material in alternate formats can be arranged given sufficient notice (296-1000).
TDD Number 296-1024.
ASSISTIVE LISTENING DEVICES AVAILABLE IN THE COUNCIL CHAMBERS.

HOW TO WATCH/LISTEN TO THE MEETING: There are several ways to watch or listen in to the meeting:

1) Stream online via this link: https://livestream.com/accounts/15175343/events/4485487, or input the link web address into your web browser.

2) Watch King County TV Channel 22 (Comcast Channel 22 and 322(HD), Wave Broadband Channel 22)

3) Listen to the meeting by telephone.

Dial: 1 253 215 8782
Meeting ID: 541 737 1945
Password: 541205

To help us manage the meeting, please use the Livestream or King County TV options, if possible, to watch or listen to the meeting.

1. Call to Order

2. Roll Call

Briefing

3. Briefing No. 2020-B0090

Briefing on Proposed 2021-2022 Biennial Budget - Regional Services

Miranda Leskinen, Council Staff

Adjournment

2021-2022 Council Budget Decision Guidelines for BFM and Roundtable meetings

- Gain consensus on budget decisions (new adds, rejection of executive proposed cuts, new cuts, expenditure restrictions, provisos) with the following guidelines:
    - Reach consensus on concept and allow central and district staff to determine details;
    - For a new add or rejection of an executive proposed cut, the author of the proposal must determine either a supporting revenue source or a new cut. For each roundtable, such proposals must be within the scope of the roundtable policy area; and
    - If possible, avoid using General Fund's fund balance to support new adds or rejection of executive proposed cuts to maintain the 6% Ending Fund Balance.

- Include all BFM and Roundtable budget decisions in the Chair's Striking Amendment pending budget balancing.

- ***Close*** appropriation units where consensus has been reached on budget decisions and further public deliberation is no longer needed.

- Keep ***Open*** appropriation units that need further analysis and consensus has not been reached on budget decisions:
    - Week 1: BFM – Any open appropriation units that align with a Roundtable policy area will be discussed during Week 2 Roundtables; all other open appropriation units that do not align with a Roundtable policy areas will be discussed during Week 3 BFM meetings;
    - Week 2: Roundtable – Any remaining open appropriation units will be discussed during Week 3 BFM meetings; and
    - Week 3: BFM – Any appropriation units that have not been closed may be further deliberated in a meeting of the BLT (Budget Leadership Team), to be formed by the BFM if needed.

- All councilmembers should actively participate with proposals given and decisions made at BFM and Roundtable meetings.

- Roundtable Co-leads should facilitate building of consensus on proposed budget decisions.

King County

Metropolitan King County Council

Roundtable 3 Regional Services

October 15, 2020 – 9:30 a.m.

Councilmembers: Rod Dembowski, Co Lead; Pete von Reichbauer, Co Lead; Claudia Balducci, Reagan Dunn, Dave Upthegrove

Miranda Leskinen, Roundtable Lead Staff
Andrew Kim, Budget Lead Staff

Sharon Daly, Roundtable Assistant

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Briefing No. 2020-B0090

Briefing on Proposed 2021-2022 Biennial Budget – Regional Services

SOLID WASTE DIVISION OPERATING

ANALYST: TERRA ROSE

	Expenditures	Revenues	FTEs[1]	TLTs[2]
2019-2020 Revised Budget	$319,295,867	$303,737,915	425.5	11.5
2021-2022 Base Budget Adjust.	($4,155,497)	$6,334,787	(0.1)	(5.0)
2021-2022 Decision Packages	($4,108,443)	($8,101,258)	8.0	2.0
2021-2022 Proposed Budget	**$311,032,000**	**$301,972,000**	**433.4**	**13.5**
% Change from prior biennium	(2.6%)			
Dec. Pkg. as % of prior biennium	(1.3%)			

Major Revenue Sources: Disposal fees

Base Budget Assumptions: (1) 0.0% GWI for 2021; (2) 2.0% GWI for 2022; (3) Maintain per-ton basic of $140.82 in 2021 and adopt a fee of $160.53 in 2022; (4) $16M in one-time revenue assumed from the sale of Division property in Eastgate; (5) Bond proceeds used for projects in the Landfill Reserve Fund

DESCRIPTION

This enterprise fund pays for operating activities for the King County Solid Waste Division (SWD). SWD provides waste transfer and disposal services for 37 partner cities with interlocal disposal agreements and the unincorporated area, as well as operates eight transfer stations, two drop boxes, and the Cedar Hills Regional Landfill. Cities manage solid waste handling within their jurisdictions, and, in general, contract with private haulers to provide curbside collection service within the city. The waste haulers deliver residential and business waste from those jurisdictions to the County transfer stations. There, the County consolidates the waste loads, transfers them onto trailers, and transports them by truck to the County-owned landfill. SWD also manages a variety of waste reduction and recycling programs targeted at residents and businesses.

The Solid Waste Division budget is supported by a variety of disposal fees that are approved by the Council. A fee schedule that established the per-ton basic fee at $140.82 was approved in 2018 and went into effect January 1, 2019.[3]

[1] Executive staff indicate that there are errors in the FTE figures in the budget book and have provided the corrected figures included in the staff report table.
[2] Executive staff indicate that there are errors in the FTE figures in the budget book and have provided the corrected figures included in the staff report table.
[3] Ordinance 18784

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2021-2022 proposed operating budget for SWD would decrease by approximately 2.6 percent and the number of authorized FTEs would increase by 8.0 relative to the 2019-2020 Revised Budget. The 2021-2022 budget proposal adjusts expected revenue downward by approximately $7.8 million. According to Executive staff, disposal revenues are expected to be $27 million below previous forecasts in the upcoming biennium due to lower tonnage thought to be resulting, in part, from COVID-19 impacts. This is partially offset by $16 million in one-time revenue expected from the sale of property in Eastgate. While not currently being used as an active COVID-19 testing site, the Eastgate property has been identified as a potential site for the County's COVID-19 response and, according to Executive staff, there is no definitive timeline for the sale. Executive staff indicate that if this property is not sold in the biennium, "significant reductions" or a further fee increase in 2022 would be needed.

No increase in the per ton basic fee[4] to dispose solid waste is expected for 2021, but approximately a $160.53 per ton fee is assumed to be needed in 2022, which is a projected increase of 14 percent.[5] Executive staff propose drawing down the reserves and fund balance to close the expected gap in projected revenues and expenditures. Additionally, SWD proposes keeping the per ton fee flat in 2021 by using bond financing for projects in the Landfill Reserve fund, instead of only using cash proceeds as has historically been the practice. According to Executive staff, using bond financing for these projects would reduce the amount of cash on hand needed by the Division. This is further discussed in the staff report for the Landfill Reserve Capital fund.

Noteworthy proposed budget requests and reductions are described below.

- **Climate Change Mitigation Investments: $2.0M** The proposed budget would include an investment of $2.0 million in revenue from the sale of landfill gas toward efforts to meet the Division's goal to become carbon neutral by 2025. Planned actions for this investment would include the purchase of electric vehicles, improvements to the landfill gas collection systems at the Cedar Hills Landfill, and the purchase of "green diesel" to fuel the Division's fleet. Each of these efforts correspond to a priority action included in the recently transmitted update to the County's Strategic Climate Action Plan (2020 SCAP Update) that has not yet been acted on by the Council.[6]

  Executive staff indicate that the Division plans to replace nine of the 18 diesel terminal trucks with battery electric trucks. These vehicles move full and empty trailers at the transfer stations. Additionally, the Division plans to pilot the use of a

[4] The per-ton basic rate does not include the moderate risk surcharge established by the Board of Health and the state refuse tax.
[5] According to the financial plan, the projected per ton fee is assumed to be $190.00 in 2023-2024, and $217.00 in 2025-2026, noting that actual fee proposals will be adjusted from these projections based on updated expenditures and waste tonnage projections.
[6] Proposed Motion 2020-0288

battery electric transfer truck to haul garbage from the transfer station to the landfill. According to Executive staff, data from the pilot would be used to map the transition away from diesel powered trucks and by 2025, the Division will have the information necessary to start replacing all diesel-powered transfer trucks that go to surplus with battery electric trucks. Executive staff further note that if the market can provide the appropriately sized transfer trucks by 2026, the Division's transfer truck fleet could be fully electric by 2030.

- **Pilot Recommendations in the Zero Waste of Resources Plan: $7.0M** The proposed budget would appropriate $7.0 million to pilot recommendations in the forthcoming Zero Waste of Resources Plan (ZWoRP) intended to help the region achieve zero waste of resources by 2030.[7] Executive staff indicate that the plan is currently in development with partner stakeholders and is expected to be complete in Q1 2021. While the exact actions and funding amounts to be piloted with this proposed expenditure haven't been determined since the plan is not yet complete, Executive staff note that possible programs include: a cart tagging program to increase food/yard waste collection participation, competitive grant programs for recycling and waste prevention, and a feasibility study of the co-digestion of organics waste at County wastewater treatment facilities. Development of the ZWoRP was identified as a priority action in the proposed 2020 SCAP Update.

- **Increased Costs for Recycling and Cleanup Programs: $2.0M** The proposed budget would also include $2.0 million in increased costs expected for the recycling and cleanup programs related to providing recycling services at transfer stations and the County Conservation Corps Program, an employment program providing cleanup services to the unincorporated area. Executive staff note that the increase is primarily to cover mixed recycling program costs which were underbudgeted in 2019-2020, while planning for both additional cost of service as well as anticipated increases in quantities of collected material. According to Executive staff, the transfer station recycling program costs were $3.44 million in 2019 and revenues from recycling commodities collected were approximately $297,000. Increasing recycling of key materials at transfer stations is a priority action in the proposed 2020 SCAP Update.

- **Cedar Hills Landfill Facilities Relocation: $6.0M** The proposed budget would include expenditures associated with the relocation of facilities located at the Cedar Hills Regional Landfill to a temporary location as work begins on Area 9 development consistent with direction in the adopted Comprehensive Solid

[7] The adopted Comprehensive Solid Waste Management Plan (Ord. 18893) and King County Code 10.14.20 include adopted goals to achieve zero waste of resources by 2030 through maximum feasible and cost-effective prevention, reuse and reduction of solid wastes going into its landfills and other processing facilities. Zero waste of resources refers to a planning principle and framework designed to eliminate the disposal of materials with economic value through reuse, recycling, or both (K.C.C. 10.04.020)

Waste Management Plan.[8] Documentation included with the budget notes that the following costs are included in the estimate: professional services to design and permit, lease costs, and tenant improvements for the future interim facilities. Executive staff indicate that the Facilities Management Division (FMD) is currently in negotiation with the landlord at a potential site.

- **Creation of the Asset Management Unit: $3.0 M; 1.0 FTE** This budget request would create a SWD Asset Management work unit and add a Supervisor FTE to track the condition and repair/replacement cycles for solid waste systems and equipment (e.g. fixed transfer station systems, landfill and operational support facilities). Executive staff indicate that asset management is currently conducted by five different existing programs using annual inspections to identify issues one year ahead, but that this proposal would transition the Division to a lifecycle approach of scheduled maintenance and replacement.

- **Additional Personnel: 7.0 FTEs** In addition to the Supervisor FTE described in the previous bullet, the proposed budget would include 7.0 additional FTEs. Two FTEs would add dedicated staffing to risk management and emergency response, functions which are being performed by operations supervisors and taking away from their duties. An additional two FTEs would add a Supervisor FTE and State Environmental Policy Act Specialist position in a new unit responsible with ensuring that SWD facilities operate in compliance with laws and regulations. The remaining FTEs would replace a Sheriff officer with an in-house enforcement position related to construction and demolition regulations [1.0 FTE], add a real estate coordinator position as a single point of contact with FMD [1.0 FTE] and add an Equity and Social Justice lead staff to plan and implement actions both externally and internally at the Division [1.0 FTE].

- **Reductions in transfers to the Capital Equipment Replacement Program fund and the Landfill Reserve fund: -$8.3M and -$15.1M, respectively**
Executive staff indicate that they propose to draw down the fund balance in the Capital Equipment Replacement Program fund in order to reduce the transfer amount in 2021-2022. For the Landfill Reserve fund, the Division proposes to use bond proceeds, as opposed to the historical practice of financing landfill projects with all cash, to lower the amount of the transfer. This change is further discussed in the staff report for the Landfill Reserve fund.

KEY ISSUES

Staff have not identified any issues for this budget.

[8] Ordinance 18893

SOLID WASTE CONSTRUCTION CAPITAL

ANALYST: TERRA ROSE

	2021-2022 Proposed	2023-2024 Projected	2025-2026 Projected
Revenues	$98,372,912	$56,695,541	$63,284,737
Expenditures	$98,372,912	$56,695,541	$63,284,737

Major Revenue Sources: Bond proceeds, transfer from solid waste operating fund (disposal fees).

DESCRIPTION

The Solid Waste Capital Improvement Program is comprised of three funds: the Solid Waste Construction fund, the Capital Equipment Replacement fund, and the Landfill Reserve fund.

The Solid Waste Construction fund, which is the subject of this staff report, is used to finance the new construction and major maintenance of division transfer facilities and some closed landfill projects. Projects in this fund are financed through bond proceeds and transfers of disposal fee revenue from the Solid Waste Operating fund.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2021-2022 budget would appropriate approximately $98.4 million for the construction of new recycling and transfer stations located in south and northeast King County, maintenance and improvements to existing recycling and transfer stations, and projects at the closed landfills under the custodial care of the County. These projects are briefly described below. Additionally, approximately $4.6 million in unspent funds would be disappropriated from the completed Bow Lake Recycling and Transfer Station project.

- **South County Recycling and Transfer Station (SCRTS): $75.9M** This previously approved project would construct a new transfer and recycling facility to replace the 1960s-era Algona Transfer Station. This project is consistent with the direction in the adopted Comprehensive Solid Waste Management Plan[1] and previous Council action approving construction and land transfer agreements with the City of Algona.[2] Currently in the Preliminary Design phase, the proposed budget would include appropriation for the Final Design and Implementation phases of the project with construction expected to begin in the 2021-2022 biennium and completion expected in 2023-2024. The new station is expected to offer recycling services not currently offered at the Algona Transfer Station,

[1] Ordinance 18893
[2] Ordinances 18597, 18607

waste compaction which is anticipated to reduce hauling trips by as much as 30 percent, and be enclosed to contain noise, odor, and dust.

The estimated cost at completion is $144 million according to project documentation and the appropriation proposed for 2021-2022 is expected to carry the project through substantial completion, according to Executive staff. Executive staff further note that the total cost estimate for SCRTS is higher than the Factoria Recycling and Transfer Station (that project cost $93.6M), which is the most recently constructed facility in the solid waste system, due to inflation and escalation, a more rigorous green building certification, mitigation work on the West Valley Highway required under the construction agreement with the City of Algona,[3] the construction of new scalehouses and scales which were not required at Factoria, and the more extensive retaining walls needed at the SCRTS.

Increasing recycling of key materials at transfer stations is identified as a priority action in the recently transmitted update to the County's Strategic Climate Action Plan[4] (2020 SCAP Update) that has not yet been acted on by the Council. The SCRTS project expects to achieve LEED Platinum certification at minimum, but is considering pursuit of the Living Building Challenge (LBC) Petal certification. This is consistent with the priority action in the proposed 2020 SCAP Update that the County "Develop operational carbon neutral projects" (Priority Action GHG 4.13.1).

- **Northeast Recycling and Transfer Station (NERTS): $3.7M** This previously approved project would construct a new recycling and transfer station in Northeast King County at a site to be determined to replace the 1960s-era Houghton Transfer Station located in Kirkland, consistent with the direction in the adopted Comprehensive Solid Waste Management Plan.[5] The new station is expected to offer additional recycling services consistent, waste compaction, and be enclosed to contain noise, odor, and dust.

  The proposed budget would include appropriation in 2021-2022 to continue the Planning phase, begin Preliminary Design, as well as provide some additional funding for land acquisition, which is expected to occur in the upcoming biennium. Executive staff indicate that a siting process with stakeholders began in June 2020 and that a broad site screening exercise yielded 15 potential sites. The next step in the process, according to Executive staff, is to apply focused site screening criteria to narrow the potential sites to five, which would then be ranked by a Siting Advisory Committee. Project documentation notes that as part of siting the new facility an Equity Impact Analysis will be completed that will look the service area and its associated demographic data, and evaluate economic

[3] Ordinance 18597
[4] Proposed Motion 2020-0288
[5] Ordinance 18893

development, construction, and operational effects. Construction is expected to begin in 2025-2026, with the station anticipated to open in 2027.

The estimated cost at completion is approximately $174.6 million according to project documentation. Executive staff indicate the estimated total cost is higher for NERTS compared to SCERTS due to the higher expected land acquisition costs.

Executive staff further note that the NERTS project will pursue a green building certification, consistent with the proposed 2020 SCAP Update but that specific certification depends on the results of the SCRTS process.

- **Harbor Island Dock Demolition: $5.0M** This previously approved project would demolish a derelict dock and remove the pilings and debris along the western shoreline of the Harbor Island property owned by the Solid Waste Division (SWD). Executive staff indicate the demolition is a requirement of SWD's aquatic lease agreement with the state Department of Natural Resources (DNR) that expires in August 2022. If this work does not occur, the lease may not be renewed, meaning SWD would lose marine access to the property. Additionally, project documentation indicates that because the existing warehouse on the property is also on leased land, extending the lease with DNR would also keep the warehouse permitted. The proposed budget would include appropriation for the Final Design phase and for demolition, which is expected to occur from July 2021 through February 2022. The estimated total project cost is approximately $8.2 million.

- **Maintenance and Monitoring Projects for Closed Landfills: $10.7M** The proposed budget includes a series of projects related to installing or modifying environmental control systems, landfill covers, and other maintenance and monitoring systems at closed landfills. Executive staff indicate that these efforts are all geared towards moving landfills out of post-closure care and that once this occurs, the routine activities funded by the Landfill Post-Closure Maintenance fund can be stopped and the properties can be considered for secondary beneficial use.

- **Maintenance and Improvements to Existing Recycling and Transfer Stations: $7.7M** The proposed budget would include appropriations for a series of projects related to the maintenance and upgrade of existing recycling and transfer stations, including: assessment and replacement of major assets at transfer stations $919,000, improvements to the Bow Lake processing area $2.8M, maintenance of the dust control system and other improvements at the Shoreline Recycling and Transfer Station $2.7M, the purchase and installation of video cameras at facilities without this equipment to record all financial transactions $600,000, and the planning and implementation of a system intended to prevent further slope erosion at the Bow Lake facility $422,000, among other projects.

Key Issues

Staff have not identified any issues for this budget.

Response to Council Inquiries

Question 1: Are there ways to reduce the estimated total cost for the Northeast Recycling and Transfer Station (NERTS)?

Answer: Executive staff indicate that the costs for NERTS will be determined by the specific site selected and that once a site is acquired, the project cost estimate can be revised to reflect the property cost and anticipated design and construction requirements. Executive staff also note that if deemed appropriate, a value engineering analysis may be performed prior to baselining when design is 30 percent complete in order to identify potential cost savings.

Question 2: Does the NERTS project have enough resources to speed up the process if necessary?

Answer: Executive staff indicate that the current NERTS project schedule is rigorous, and that compressing the schedule will introduce substantial risk into the project. Executive staff further note that the current budget for the project is tied to this rigorous schedule, with contingency funds for each phase to address realized risks, both known and unknown, and that additional resources would be needed to complete the project more quickly than planned and to address any new risks incurred.

Additionally, Executive staff state that speeding up spending on NERTS coincides with large capital expenditures on the South County Recycling and Transfer Station and Area 9 Development in the next few years, which will create even more upward pressure on the rate due to issuing more debt and higher debt service costs. Additionally, Executive staff note that having three major projects in the implementation phase at one time would also strain staffing resources (e.g., project management, engineering, communications).

Question 3: Does demolishing the dock located on the Harbor Island property owned by the Division foreclose on the possibility of constructing a new dock in the future?

Answer: Executive staff provided the following response regarding the possibility of a future dock at the Harbor Island property:

In order to preserve water/dock access, several things must happen:

- *We must renegotiate our lease with DNR by August 2022.*
- *Our current lease with DNR requires us to remove the delipidated dock, which is beyond repair, by August 2022.*
- *Once the dock is removed, we have one year to inform DNR of our plans for the leasehold (just plans not design specs), otherwise we could lose the marine access. As long as the plans include specific use of the marine area (such as building a new dock or some other marine use), then we can retain this access.*

A few things to note:

- *There is still a dock and water access on the southern side of the property.*
- *A recent feasibility study indicated that we could still ship from Harbor Island without the dock using mooring dolphins and cranes. These options can be explored further when needed.*
- *Current zoning and rail access provide support for permitting of a new dock.*

SOLID WASTE LANDFILL RESERVE CAPITAL

ANALYST: TERRA ROSE

	2021-2022 Proposed	2023-2024 Projected	2025-2026 Projected
Revenues	$35,144,250	$87,848,876	$36,804,728
Expenditures	$35,144,250	$87,848,876	$36,804,728

Major Revenue Sources: Transfer from solid waste operating fund (disposal fees), bond proceeds.

DESCRIPTION

The Solid Waste Capital Improvement Program is comprised of three funds: the Solid Waste Construction fund, the Capital Equipment Replacement fund, and the Landfill Reserve fund. The Landfill Reserve fund, which is the subject of this staff report, covers the costs of new area development at the Cedar Hills Regional Landfill, capital investments to sustain landfill infrastructure and operations, closing operating areas within the landfill, and accumulating funds for post-closure maintenance of Cedar Hills.

Historically, projects in the Landfill Reserve fund have been paid for entirely using cash proceeds through transfers of disposal fee revenues from the Solid Waste Operating fund. However, in the 2021-2022 biennium, the Solid Waste Division (SWD) proposes using bond proceeds, as well as cash, to finance projects to smooth the effect that landfill projects would have on disposal fees.[1] Additional information about this proposal is provided in Key Issue 1 later in this staff report.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget would appropriate approximately $35.1 million for the development of further capacity of the Cedar Hills Regional Landfill consistent with direction in the adopted Comprehensive Solid Waste Management Plan,[2] as well as provide for landfill maintenance projects. Noteworthy proposed project expenditures are described below.

- **Area 8 Development / Facility Relocation: $1.2M** The proposed budget would include a $1.2 million appropriation to finish construction work related to Area 8, which began accepting waste in 2019. According to Executive staff, previously planned construction work was delayed due to extreme weather and differing site

[1] Proposed Ordinance 2020-0318, transmitted with the proposed budget, would clarify in King County Code that bond financing of projects budgeted in this fund is allowable. Council staff analysis on this proposed ordinance is ongoing.
[2] Ordinance 18893

conditions encountered during excavation that required implementation of a control system. Executive staff indicate that the planned work is expected to be complete in 2021.

- **Area 9 Development: $12.0M** The proposed budget would include approximately $12 million for the Final Design and Construction phases of the previously approved project to develop a new area in the southeast section of the Cedar Hills Landfill, referred to as Area 9. This project is consistent with the direction in the adopted Comprehensive Solid Waste Management Plan.[3] Project documentation indicates that construction must be complete by the end of 2025 and ready to accept waste in 2026 given the remaining capacity in the other areas within the landfill. Executive staff indicate that the new capacity developed in this area is expected to extend the landfill life approximately seven years. According to project documentation, the estimated cost at completion of the new area development is $82.9 million. As part of this capacity development project, support and administrative facilities at the landfill are expected to be relocated. This work is being completed under a separate capital project and appropriation.

- **Leachate Lagoons Upgrade: $19.4M** The proposed budget would include approximately $19.4 million for Final Design and Construction phases of the previously approved project to upgrade the leachate lagoons at the landfill to bring the liner system into regulatory compliance and make other improvements. Leachate refers to the water that percolates through garbage at the landfill and requires collection and treatment before being sent to a wastewater treatment facility. Project documentation indicates that the estimated cost at completion of this project is approximately $30.4 million.

- **Leachate Conveyance System Improvements: $1.1M** This new project would conduct an assessment of the leachate conveyance systems at the Cedar Hills Regional Landfill, Vashon Landfill, and transfer stations, and make recommended improvements to support compliance with state regulations related to leak detection. Project documentation indicate that the estimated cost at completion of this project is $11.6 million.

KEY ISSUES

ISSUE 1 – BONDING LANDFILL CAPACITY PROJECTS

As noted in the staff report for the Solid Waste operating fund, the per ton basic fee to dispose solid waste[4] is expected to remain flat in 2021. Executive staff indicate that to accommodate the lower projected revenue resulting from not increasing fees for 2021, the Division made the decision to use General Obligation (GO) bond financing for

[3] Ordinance 18893
[4] The per-ton basic fee does not include the moderate risk waste surcharge established by the Board of Health and the state refuse tax

projects in the Landfill Reserve fund starting in the upcoming biennium. Historically, the Division has paid entirely in cash for landfill-related projects. According to Executive staff, GO bonds would be issued beginning in 2021 for a term of 20 years. This would suggest that the duration of debt service may exceed the estimated useful life of the landfill even with the development of Area 9. Executive staff state that Area 8, which is currently receiving refuse, is estimated to reach capacity in mid-2026 and that additional capacity in Areas 5 and 6 could extend the overall life to mid-2028. With Area 9 expected to extend the lifespan an additional seven years, the current estimated closure of Cedar Hills is expected to be sometime in 2035, six years before the conclusion of debt service. Additionally, the current interlocal agreements with the partner cities, which obligate waste collected within the city jurisdiction to be brought to County facilities and which results in disposal fee revenues to the County, extend only through December 31, 2040. Discussions with the partner cities about potentially extending the interlocal agreements are in the very early stages and are tied to the ongoing discussion about the next disposal method following landfill closure.

According to Executive staff, if the landfill development projects were not bond financed, the Division would have to increase disposal fees substantially in 2021-2026, beyond the fee trajectory assumed in the financial plan and provided in the table below. Executive staff note that actual fee proposals transmitted to the Council will be adjusted from these projections based on updated expenditures and waste tonnage projections. For context, the current per ton basic rate for the City of Seattle, which is not a part of the County's regional solid waste system, is $149 per ton.[5]

Projected Per-ton Basic Fee Assuming Bond Financing of Landfill Projects

Year / Biennium	Projected Per-Ton Fee	% Change
2019-2020	$140.82	-
2021	$140.82	-
2022	$160.53	14.0%
2023-2024	$190.00	18.4%
2025-2026	$217.00	14.2%

Additionally, Executive staff note that using cash proceeds would create a problem of intergenerational equity, where current fee payers would be subsidizing the cost of the system for future users even though the benefits of the landfill development projects will accrue to the users of the system in the future. Executive staff state that, "In the past this was less of a concern because the landfill had many years of capacity and each new 'generation' of rate payers could pay for the next generation's capacity. As the landfill reaches the end of its life there is no future capacity for next year's payors to pay

[5] http://www.seattle.gov/utilities/your-services/collection-and-disposal/transfer-stations/rates (Note that it is unclear from the City's website if taxes and other surcharges are included)

for. Using bond proceeds to pay for a portion of landfill development costs solves this problem by taking the high, concentrated costs of opening the new cell, and spreading them over the remaining life of the landfill."

Council staff analysis is ongoing.

UPDATE: Following the release of the initial staff report, Executive staff provided additional information noting that the exact capacity in Area 9 may vary depending upon the final design option selected after the Environmental Impact Statement process, which would then in turn impact the estimated closure date for Cedar Hills. Executive staff note that the overall closure date of the landfill may also be influenced by the tonnage received in the intervening years, as well as the effectiveness of the Division's zero waste of resources efforts in reducing the amount of waste going to the landfill.

Council staff worked with legal counsel for additional information about the bond issuance process. Prior to bond issuance, the Finance and Business Operations Division, in conjunction with the County's financial advisor and bond counsel, will structure the bond issue to be consistent with federal law around allowable terms based on the life of the asset. Additionally, Executive staff confirmed that the terms of the bonds used by SWD will not extend past the end of the interlocal agreements with the partner cities.

Executive staff also indicated that they briefed both advisory committees – the Metropolitan Solid Waste Management Advisory Committee, comprised of city representatives, and the Solid Waste Advisory Committee, made up of interested citizens and industry representatives -- on the plan to bond finance landfill projects and no objections were raised by members.

Staff analysis is complete.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: IS THE LEACHATE ONLY AERATED OR IS IT ALSO TREATED?

ANSWER: Executive staff indicate that currently the leachate and contaminated stormwater are not treated on-site, only aerated, and then it is discharged to the sanitary sewer and ultimately undergoes further treatment at the wastewater treatment plant. The proposed budget request would add a treatment process to the system intended to reduce arsenic and other metals in the discharged leachate to below regulatory limits so that the Division is compliant with the operating permit.

AIRPORT

ANALYST: JENNY NGO

	Expenditures	Revenues	FTEs	TLTs
2019-2020 Revised Budget	$41,910,686	$54,391,778	51.5	5.0
2021-2022 Base Budget Adjust.	($866,936)	($185,178)	0.0	(5.0)
2021-2022 Decision Packages	$17,537,319	$23,639,307	17.5	0.0
2021-2022 Proposed Budget	**$58,582,000**	**$77,846,000**	**69.0**	**0.0**
% Change from prior biennium	39.8%			
Dec. Pkg. as % of prior biennium	41.8%			

Major Revenue Sources: Ground Leases, Landing Fees, Fuel Fees, Grant Income, Other Revenue

Base Budget Assumptions: (1) 0.0% GWI for 2021; (2) 2.0% GWI for 2022

DESCRIPTION

King County International Airport (KCIA) is a self-supporting enterprise operation partially funded by grants from the Federal Aviation Administration (FAA). The FAA classifies KCIA as a Class IV, Primary, Commercial Service, Non-Hub Reliever Airport, meaning it handles limited commercial passenger traffic and has been designated by the FAA to relieve congestion from SeaTac Airport and provide general aviation access to the overall community. KCIA averages 200,000 takeoffs and landings each year. KCIA currently serves around 150 tenant businesses, including small commercial passenger airlines, cargo carriers, private aircraft owners, helicopters, corporate jets, military, and the Boeing Company.

SUMMARY OF PROPOSED BUDGET AND CHANGES

KCIA envisions becoming a world class airport by 2030 and is proposing a number of staffing and capital investments over the next decade to provide improved facilities for its customers. The Executive's Proposed Budget would increase appropriation authority to the KCIA operating budget by $16.7 million (39.8%) compared to the 2019-2020 biennium. Major changes contributing to the increase in operating expenditures include staffing increases for high-priority areas, land acquisition, additional supplies and services, and staff training. Operating revenues would increase by $23.5 million, resulting from new land leases and adjustments from tenant leases, which include increases from reappraisals from negotiated leases and inflationary increases in intervening years. Notable changes are described below.

Staffing Increases for High-Priority Areas - $4,267,426 and 16.5 FTE. The proposed budget includes appropriation authority for 16.5 FTE positions (34% increase over the last biennium), including positions in operations, financing and accounting, and engineering. These position additions are intended to serve the KCIA's World Class Airport by 2030 vision, which includes staffing needs for improved facilities and capital projects, 24/7 on-duty airport support and increased maintenance. The positions include 1 administrative specialist, 2 capital program manager, 1 crew chief, 2 airport duty managers, 1 operations coordinator intern, 1 fiscal specialist, 1 contract specialist, 1 business analyst, 1 records manager and conversion of an operating engineer from 0.50 to 1 FTE. Staff changes also include a conversion of five TLT positions from the last biennium to full-time employees.

Training Program - $414,200. The Executive is proposing funding for Airport employees to obtain technical certifications and accreditations, such as the Airport Certified Employee, Certified Member, and Accredited Airport Executive through the American Association of Airport Executives. Funding also supports role-specific training and seminars.

Land Purchase or Lease - $3,510,324 in expenditures and $4,224,000 in revenues. KCIA acquires land adjacent to the airport and leases the land to high-value airport customers to support airport activities. Proposed funding would support acquisition and control of nearby property to avoid encroachment and incompatible development adjacent to the airport.

Inflation Driven Revenue Adjustment - $19,415,307 in revenues. A majority of the Airport's revenues are received through lease agreements with its customers. The airport conducts appraisals every five years for lease renewals and inflationary increases in intervening years. This adjustment reflects updated appraisal and inflationary increases for the 2021-2022 biennium.

KEY ISSUES

ISSUE 1 – WORLD CLASS AIRPORT BY 2030 VISION

KCIA is proposing significant staffing and capital investments to modernize airport facilities and services. The Airport is proposing to increase FTE staffing by 34%, including positions in administration, contracting, operations and project management. A number of positions are intended to support an expanded capital program, discussed in the Airport CIP section below, and to provide greater on-duty services for customers. Approximately

$23.3 million from this operating fund will be transferred to the Airport CIP, representing a 23% increase from the 2019-2020 estimate. Expenditures are fully funded through lease revenues, fees, grants, and other income.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: PROVIDE INFORMATION ON THE UNDESIGNATED FUND BALANCE IN 2025-2026. WHAT IS THE PLAN FOR SPENDING THE BALANCE?

ANSWER: The $24.1 million undesignated fund balance is the result of a large beginning fund balance of $22.0 million, continued growth of lease revenues, and a comparatively small operating to capital transfer of $785,000. KCIA anticipates a capital appropriation request of $7.9 million for the 2025-2026 biennium and FAA grant funds of $7 million. The transfer from operating of $785,000 is needed to complete the funding of both the appropriation and the expenditure. KCIA is anticipating spending the remaining undesignated fund balance in the 2027-2028 biennium for a major runway rehabilitation project, expected to cost $60 million.

Airport CIP

Analyst: Jenny Ngo

	2021-2022 Proposed	2023-2024 Projected	2025-2026 Projected
Revenues	$39,732,725	$46,232,000	$7,885,000
Expenditures	$39,732,725	$46,232,000	$7,885,000

Major Revenue Sources: Fund Balance, FAA Grants, Transfer from KCIA Operating, Environmental Grants, Reserves – Emergent Needs

Description

King County International Airport (KCIA) is a self-supporting enterprise operation partially funded by grants from the Federal Aviation Administration (FAA). The FAA classifies KCIA as a Class IV, Primary, Commercial Service, Non-Hub Reliever Airport, meaning it handles limited commercial passenger traffic and has been designated by the FAA to relieve congestion from SeaTac Airport and provide general aviation access to the overall community. KCIA averages 200,000 takeoffs and landings each year. KCIA currently serves around 150 tenant businesses, including small commercial passenger airlines, cargo carriers, private aircraft owners, helicopters, corporate jets, military, and the Boeing Company.

Summary of Proposed Budget and Changes

KCIA envisions becoming a world class airport by 2030 and is proposing a number of staffing and capital investments over the next decade to provide improved facilities for its customers. The proposed Airport CIP of $39.7 million represents a 15.9% increase over the 2019-2020 biennium and three times larger than the 2017-2018 biennium. This increase reflects continued growth in the proposed KCIA's capital project portfolio. Information on capital projects above $2 million in the proposed Airport CIP is provided below.

Pavement Rehabilitation - $4,542,110. This master project covers all pavement rehabilitation projects for runways, taxiways, ramp and aircraft parking areas and landside pavement to maintain these facilities in usable and safe condition in accordance with FAA and other applicable regulations. The project will support establishing an airport pavement management system (APMS) in addition to multiple small pavement projects. Total project costs have increased by 350% from the previous biennium due to increased construction costs and replacement need.

Airport Facilities Repair - $2,241,000. This project supports the replacement of roof and windows of the airport terminal as well as improvements and maintenance to the FAA tower.

Airport Fleet - $5,413,000. The airport fleet capital project includes vehicle and equipment replacement and special fleet projects, including alternative fuels and systems to reduce vehicle emissions. The funds in this project are used to purchase equipment and parts to maintain the airport fleet replacement cycle for the biennium. The requested appropriation would provide funding for 15 vehicles for the Aircraft Rescue and Firefighting, Airport Operations and Administration; one 12-passenger van, one front-end loader, two snow plow trucks, one snow blower, one backhoe, one road grader, one sweeper truck, one boom truck and one liquid deicer truck.

Equipment Snow Shed – ($12,604,830). KCIA is requesting a disappropriation of all but $100,000 of the $12.7 million balance for this project. The project had reached the 90% design stage; however, the FAA determined that the airport's runway protection zone (RPZ) was larger than previously identified, resulting in the project site located within the protected RPZ. The project is on an indefinite hold until a suitable building site becomes available. At that time, KCIA and its contractors will determine the feasibility of using any portion of the 90% plans.

Large aircraft parking - $13,723,000. This project, proposed in the 2019-2020 biennium, redevelops an area south and east of the main terminal to increase available apron space by 49% from 172,000 sf to 258,100 sf to accommodate additional large aircraft parking. The project also includes new security fencing, reconfiguration of the existing main terminal parking lot and vehicular access to the main terminal via Terminal Road. The work includes demolishing the existing Arrivals Building, adjacent to the terminal. Estimated project costs have increased 133% from the previous biennium due to unforeseen costs. Funding for this project includes $12.4 million in FAA grants.

Fence and Gates Upgrade - $2,337,995. This project replaces 12,800 linear feet of security perimeter fencing, ten vehicle gates and five pedestrian gates. The project will install 2,500 feet of cable barrier, extend utilities to power gates, and provide perimeter lighting through 50 high mast lights. New security fencing will be designed in compliance with TSA specifications and gates not necessary for airport operation will be removed. Previously, $2.25 million was appropriated for this project, and additional funding is required to support final design, implementation, acquisition and close-out.

Runway 14L-32R Rehabilitation – $510,000. The project will be completed in two phases and anticipates rehabilitation of 250,000 square yards of asphalt pavement of Runway 14L-32R and connected taxiways. Work includes centerline lighting, utilities, conduit, and electronics. This appropriation covers the first phase scheduled for 2022, which will include extensive geotechnical investigation. Total project costs are estimated at $16.3 million.

Schultz Fuel Farm Tank Decommission and Environmental Remediation - $3,592,000. This work includes two separate projects at the Schultz fuel farm located at the north end of the Airport. The first project entails decommissioning 10 underground fuel tanks and associated piping ($962,000 appropriation). The second project entails site investigations and any necessary environmental remediation ($2.6 million appropriation).

Airfield Electrical System Updates - $2,796,509. This project installs in-pavement runway guard light at Taxiway B5 and B10. The existing electrical system have reached the end of their service life and are due for replacement. The project requires phased installation to minimize impacts during construction. Work includes 75 LED runway guard lights, 6,375 linear feet of asphalt cutting and conduit and cable installation. Total project costs have increased by 260% due to additional electrical replacement.

Taxiway B Taxiway Object Free Area Safety Correction - $5,054,000. This project realigns a vehicle service road, adjacent to Taxiway B, outside of the taxiway object free area to address safety conditions. Work includes relocation of transformers, fences, pavement, stormwater facilities, pump station and signage. This project addresses portions of the airfield that do not currently comply with FAA safety requirements.

Airport Stormwater Program - $8,015,000. This program is intended to support assessment, inspection, repair, and construction of stormwater facilities throughout the airport. Costs include engineering, project management, permitting, construction and contingency.

Terminal Building Expansion - $145,000. This project expands the Terminal Building on the north end to accommodate TSA screening and two passenger hold rooms, estimated at 5,000 square feet. Total project costs are estimated at $4.1 million.

KEY ISSUES

ISSUE 1 – WORLD CLASS AIRPORT BY 2030 VISION

KCIA is proposing significant staffing and capital investments to modernize airport facilities and services. In addition to increased staffing, discussed above in the Airport appropriation unit, the Airport is proposing to continue expansion of their capital program. The proposed Airport CIP of $39.7 million represents a 15.9% increase over the 2019-2020 biennium and three times larger than the 2017-2018 biennium. The capital projects identified in the Airport CIP include a combination of reinvestment in airport facilities, including proactive rehabilitation and maintenance of existing utilities and infrastructure, facilities expansion to address anticipated need and safety improvements. In several existing capital projects, the Airport has identified the growing cost of construction and unanticipated utility and infrastructure work.

PARKS, RECREATION, TRAILS, AND OPEN SPACE LEVY

ANALYST: JAKE TRACY

	Expenditures	Revenues	FTEs	TLTs
2019-2020 Revised Budget	$114,703,034	$114,703,035	0.0	0.0
2021-2022 Base Budget Adjust.	$114,703,034	$114,703,035	0.0	0.0
2021-2022 Decision Packages	$17,844,512	$16,103,627	0.0	0.0
2021-2022 Proposed Budget	**$247,251,000**	**$245,510,000**	**0.0**	**0.0**
% Change from prior biennium	115.6%			
Dec. Pkg. as % of prior biennium	15.6%			

Major Revenue Sources: Parks, Recreation, Trails, and Open Space Levy

Base Budget Assumptions: N/A

DESCRIPTION

In August 2019, King County voters approved the 2020-2025 King County Parks, Recreation, Trails, and Open Space Levy. The revenue generated by the levy provides more than 80 percent of the division's operating revenues, as well as the majority of the division's capital funding. The voter-approved levy[1] required proceeds to be distributed as follows:

- Up to $8 million of the levy proceeds for a capital construction project at the Seattle Aquarium;
- Up to $44 million of the levy proceeds to for pool maintenance, capital improvements and construction;
- Up to $22 million of the levy proceeds for integrated floodplain management;
- 47% of the remaining proceeds for acquisition of open space, continued development of regional and other public trails, other capital improvement projects and major maintenance of the county's open space system, and community partnerships and grants;
- 40% of the remaining proceeds for King County's park system operations and maintenance, with no more than $10 million of this amount being used for targeted equity grants;
- 8% of the remaining proceeds for distribution to the towns and cities of King County for their town or city parks system operations and capital improvement projects; and
- 5% of the remaining proceeds for environmental education, maintenance and conservation programs at the Woodland Park Zoo.

[1] Ordinance 18890

Following passage of the levy, the Council amended K.C.C 4A.200.480 to require proceeds from the 2020-2025 levy to be deposited in this subfund.[2] Moneys deposited to this fund are then distributed as required by the levy ordinance. As a result, this fund acts as a pass-through only.

SUMMARY OF PROPOSED BUDGET AND CHANGES

At the time of levy passage, the levy was expected to generate $810 million in gross proceeds over six years. However, the August 2020 Office of Economic and Financial Analysis (OEFA) forecast estimates that proceeds over the life of the levy. will be reduced by roughly 3% due to changed economic conditions. As a result, the executive proposes to reduce each expenditure category over the life of the levy proportionally by 3% from what was initially planned.

The base budget includes amounts of revenue and expenditures for each year of the biennium that are equal to the amounts from 2020 (the first year of the levy). There are also two decision package items:

- Update line-item expenditures for various pass-through money, disbursing $17.84 million in 2021-2022 proceeds and 2020 fund balance in accordance with the requirements of the Parks Levy; and
- Add $16.10 million in revenues, consistent with the August 2020 OEFA forecast.

In 2019, the Council passed Ordinance 18993, which included a proviso that restricted expenditure of $250,000 until the Executive transmitted a parks levy funding report, which, in part, included expenditure recommendations given the reduction in proceeds, that would fully fund Parks Levy projects that have external partners as the lead agency, including cities, towns, and school districts, and provide the Seattle Aquarium $8 million in the first four years of the levy. The Executive transmitted this report and receipt was acknowledged by the Council.[3] The report analyzed two scenarios, one in which funding was reduced proportionally and one in which external partners were prioritized. At the time, the executive determined that the scenario in which external partners received full funding was problematic, as the scenario as analyzed would alter the percentage allocations approved by voters.

On October 9, 2020, the Executive transmitted an Annual Parks Levy Moneys Reallocation Report as required by Ordinance 18890. Table 1 below is taken from that report and shows the results of the 3% reduction as well as a proposed reallocation within the 47% for capital purposes. Items affected by that proposed reallocation are highlighted. As this reallocation is within one funding "bucket" identified in the levy, it would not affect the percentage allocations approved by voters. The details of this change are discussed in the staff report on the Parks Capital fund.

[2] Ordinance 19024
[3] Motion 15671

Table 1 – Levy Proceeds and Appropriations 2020-2025: Ordinance 18890 Estimate, August 2020 Forecast and Proposed Reallocation

Item	Ordinance 18890 (time of levy passage)	2020-2025 Aug 2020 OEFA Forecast (3% reduction)	2020-2025 Proposed Reallocation
2020-2025 Levy Proceeds (Gross)	$810,220,000	$783,119,493	$783,119,493
Additional Assumed Costs	-$10,000,000	-$7,831,195	-$7,831,195
Total Revenues	**$800,220,000**	**$775,288,298**	**$775,288,298**
Reimbursement of Election Costs	**$3,000,000**	**$736,956**	**$736,956**
Available to Allocate to Levy Categories:	**$797,220,000**	**$774,551,342**	**$774,551,342**
Seattle Aquarium	**$8,000,000**	**$7,772,523**	**$7,772,523**
Pools	**$44,000,000**	**$42,748,876**	**$42,748,876**
Aquatic Facilities Capital Grants	$35,640,000	$34,976,353	$34,976,353
Weyerhaeuser King County Aquatic Center	$7,920,000	$7,772,523	$7,772,523
Levy Administration Contribution - 1%	$440,000	$427,489	$427,489
Open Space River Corridors	**$22,000,000**	**$21,374,438**	**$21,374,438**
Open Space Floodplains Grant Program	$21,780,000	$21,160,694	$21,160,694
Levy Administration Contribution - 1%	$220,000	$213,744	$213,744
King County Parks Operating Fund	**$289,288,000**	**$281,062,202**	**$281,062,202**
Parks Operations and Maintenance	$279,288,000	$271,346,548	$271,346,548
Targeted Equity Grants	$10,000,000	$9,715,654	$9,715,654
King County Parks Capital Program	**$339,913,400**	**$330,248,087**	**$330,248,087**
Levy Administration Contribution - 1%	$3,399,134	$3,302,481	$3,302,481
Open Space Acquisition/Land Conservation	**$97,427,121**	**$94,656,817**	**$94,656,817**

King County Open Space and Equity Lands	$77,150,411	$74,956,667	$74,956,667
Stewardship of Lands Acquired (O&M)	$17,803,941	$17,297,692	$17,297,692
Water Access Acquisition on Lake Washington	$2,472,770	$2,402,457	$2,402,457
Regional and Other Public Trails System	**$163,845,712**	**$159,186,819**	**$160,696,819**
Eastrail (Eastside Rail Corridor)	$49,949,945	$48,529,637	$48,529,637
East Lake Sammamish Trail	$31,651,451	$30,751,453	$40,498,143
Capital Improvements for existing Regional Trail System	$17,803,941	$17,297,692	$8,666,734
Lake to Sound Trail	$15,825,725	$15,375,727	$15,375,727
Green to Cedar Rivers Trail4	$8,901,970	$8,648,846	$8,648,846
Green River Trail Extension - North	$5,934,647	$5,765,897	$5,765,897
Regional Trails Acquisition	$1,978,216	$1,921,966	$1,945,700
Interurban Trail South Investments	$5,440,093	$5,285,406	$5,285,406
Foothills Trail	$4,945,539	$4,804,915	$5,139,380
East Lake Sammamish Trail - Redmond Light Rail Extension	$3,956,431	$3,843,932	$3,880,000
Wayne Golf Course Trail Connector Improvements	$1,978,216	$1,921,966	$1,921,966
Soos Creek Trail	$3,956,431	$3,843,932	$3,843,932
Other Regional and Public Trails	$11,523,106	$11,195,451	$11,195,451
- Interurban Trail to Burke-Gilman Connection	*$7,418,309*	*$7,207,372*	*$7,207,372*
- Kirkland Green Loop Trail	*$2,472,770*	*$2,402,457*	*$2,402,457*
- Missing Link of Green River Trail	*$1,483,662*	*$1,441,474*	*$1,441,474*
- Interurban Trail Connection (Milton)	*$148,366*	*$144,147*	*$144,147*

Active Recreation and Other Park Repair and Renovation	**$41,047,975**	**$39,880,791**	**$38,370,791**
Infrastructure Investments at 5 Sites	$12,363,848	$12,012,286	$10,502,286
Ballfield Turf Replacement	$12,363,848	$12,012,286	$12,012,286
Play Area Rehabilitation	$2,472,770	$2,402,457	$2,402,457
Trailhead Access Improvement	$3,461,877	$3,363,440	$3,363,440
Backcountry Trail Rehabilitation	$5,440,093	$5,285,406	$5,285,406
Other Sport Court and Ballfields Rehabilitation	$4,945,539	$4,804,915	$4,804,915
Urban Parks and Open Space Grant Program	**$24,727,696**	**$24,024,573**	**$24,024,573**
Community Partnerships and Grants	**$9,465,762**	**$9,196,606**	**$9,196,606**

Legal analysis of supplantation is complete and no supplantation issues have been identified.[4]

KEY ISSUES

ISSUE 1 – DISTRIBUTION OF PARKS LEVY PROCEEDS

As described above, the Council asked for recommendations that would fully fund Parks Levy projects with external partners as the lead agency, with the entirety of the 3% reduction coming from King County-led projects and programs. Council may still have interest in making adjustments to Parks Levy expenditures. An important consideration in any changes to distribution of proceeds is that the percentage allocations specified in the levy ordinance approved by voters, and described above, must remain unchanged over the life of the levy.

[4] RCW 84.55.050 prohibits levy proceeds from being used to supplant existing funding.

PARKS AND RECREATION

ANALYST: JAKE TRACY

	Expenditures	Revenues	FTEs	TLTs
2019-2020 Revised Budget	$102,475,838	$99,024,481	253.1	1.0
2021-2022 Base Budget Adjust.	$4,159,831	$5,381,107	1.0	0.0
2021-2022 Decision Packages	($1,648,604)	($8,124,635)	8.0	0.0
2021-2022 Proposed Budget	**$104,988,000**	**$96,281,000**	**262.1**	**1.0**
% Change from prior biennium	2.5%			
Dec. Pkg. as % of prior biennium	(1.6%)			

Major Revenue Sources: Parks, Recreation, Trails, and Open Space Levy; Business Revenue

Base Budget Assumptions: (1) 0.0% GWI for 2021; (2) 2% GWI for 2022 (3) Changes approved in 2020 Parks standalone supplemental

DESCRIPTION

The mission of the Parks and Recreation Division (Parks) is to steward, enhance and acquire parks to inspire healthy communities. Operation and maintenance of King County's parks and open space system does not receive general fund support, and is instead funded through a combination of voter-approved levies[1] and business revenue from user fees, special events, sponsorships, and partnerships. This fund provides moneys for operation of King County's parks and open space system as well as various grant programs.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Parks and Recreation operating fund is proposed for a 2.5% increase in expenditures compared to the previous biennium. This increase is due to changes in the base budget, including the addition of 13.0 FTEs approved in the 2020 Parks standalone supplemental appropriation,[2] following the approval by voters of the 2020-2025 Parks, Recreation, and Open Space levy, 40% of which is earmarked for Parks Division operation and maintenance. The August 2020 OEFA forecast indicates a 3% reduction in total levy proceeds, and the proceeds for operations and maintenance are proposed to be reduced proportionally.

[1] The current levy, approved by voters in 2019, is a six-year property tax levy in place through 2025. The levy is discussed further in the staff report on the Parks, Recreation, Trails, and Open Space Levy appropriation unit.

[2] Ordinance 18993. A total of 19.0 FTEs were added, 13 had not yet been loaded into the budgeting system.

It should be noted that the negative overall decision package revenue and expenditure numbers are due in large part to a technical adjustment by which staff involved with capital projects would now be fully funded through the Parks-related capital funds (Funds 3160 and 3581).

Key Decision Package adjustments proposed for the 2021-2022 biennium include the following items:

- **Addition of 6.0 FTEs for parks maintenance specialists** and two short-term temporary seasonal employees. The Executive states that these positions are needed to support the growing number of parks and trails. The cost of the positions for the 2021-2022 biennium would be approximately $1.7 million from Parks Levy proceeds, and includes a one-time $240,000 purchase of vehicles to support the positions.

- **$300,000 for safety outreach and engagement,** specifically to communities that have been historically underserved, with the intent of increasing the public's and Parks employees' feelings of safety in King County Parks and trails. This work would be done in collaboration with the King County Sheriff's Office and labor partners. Executive staff state that a portion of this appropriation would likely be used for a consultant to facilitate a number of community meetings with support from division and department staff, including the Parks Equity and Social Justice (ESJ) coordinator and Department of Natural Resources and Parks Equity & Inclusion Manager. In addition to supporting the outreach process, this appropriation would also be used to implement recommendations from the community meetings.

- **$300,000 for unauthorized camp cleanup**. This would be a pilot program hiring an outside contractor to remove debris, including hazardous materials, left behind at unauthorized camps. According to the Executive, based on observations from Parks staff, rapid cleanup after camps are abandoned can reduce the likelihood of new unauthorized campers moving in, since immediate removal of abandoned encampments prevents future campers from using items left behind such as tents, material for fuel/fire, etc. Parks would determine the success of this investment through monitoring the frequency of unauthorized camps or campers returning after the clean-up. Executive staff state that the pilot program is currently on hold due to the COVID-19 pandemic.

- **$50,000 for Equity and Social Justice Program.** This money would go towards funding for equity and social justice efforts within the Parks division such as community engagement, facilitation, and surveys. The agency has converted an existing, vacant Project/Program Manager III position to a new Parks Equity and Social Justice coordinator to assist in this work. The position is currently filled as a special duty assignment.

Another new addition to the Parks and Recreation Operating Fund, beginning in 2020, was the targeted equity grant program. This program, using proceeds from the Parks Levy, is intended to provide grants for parks, recreation, and open space to underserved communities, including people with disabilities. The levy allocates the grant program a maximum of $10 million over the six-year life of the levy.

Legal analysis of supplantation is complete and no supplantation issues have been identified.[3]

KEY ISSUES

ISSUE 1 – DISTRIBUTION OF PARKS LEVY PROCEEDS

As noted in the Parks, Recreation, Open Space, and Trails Levy staff report, anticipated proceeds from the levy have been reduced by 3% since the time the levy was passed by the Council. In 2019, the Council asked for recommendations that would fully fund Parks Levy projects with external partners as the lead agency, with the entirety of the 3% reduction coming from King County-led projects and programs.[4] The Executive's proposed 2021-2022 budget reduces funding proportionally across all eligible expenditure categories. Councilmembers may still have interest in prioritizing funding for external partners, as this proposed budget does not include such a prioritization.

An important consideration in any changes to distribution of proceeds is that the percentage allocations specified in the levy ordinance approved by voters, and described in the Parks, Recreation, Open Space, and Trails Levy staff report, must remain unchanged over the life of the levy. This means the money within the 40% allocation cannot be moved to other funds (Parks Capital, for instance), without the percentages being brought back into balance by the end of the levy period. Two programs housed within the 40% allocation that benefit or could benefit external partners are the targeted equity grant program and money for the King County Fair.

This is a policy choice for Council to consider.

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[3] RCW 84.55.050 prohibits levy proceeds from being used to supplant existing funding.
[4] Ordinance 18993

PARKS, RECREATION AND OPEN SPACE AND PARKS CAPITAL

ANALYST: JAKE TRACY

PARKS RECREATION AND OPEN SPACE (3160)

	2021-2022 Proposed	2023-2024 Projected	2025-2026 Projected
Revenues	$13,461,470	$17,022,000	$11,953,000
Expenditures	$13,461,470	$17,022,000	$11,953,000

Major Revenue Sources: REET, Grants, Bond Proceeds

PARKS CAPITAL (3581)

	2021-2022 Proposed	2023-2024 Projected	2025-2026 Projected
Revenues	$184,920,464	$130,035,000	$75,404,700
Expenditures	$184,920,464	$130,035,000	($75,404,700)

Major Revenue Sources: Parks, Recreation, Open Space, and Trails Levy, REET, Grants

DESCRIPTION

The Parks Capital Improvement Program supports the acquisition, construction, and rehabilitation of open space, parks, trails, and recreational facilities. It is supported by proceeds from the voter-approved Parks, Recreation, Trails, and Open Space Levy (Parks Levy), as well as Real Estate Excise Taxes (REET) and grants.

The Parks & Recreation Open Space Fund (3160) provides for capital planning efforts, acquisition evaluations, budget development, and facility rehabilitations. It is funded by grants, REET, and bond proceeds.

The Parks Capital Fund (3581) provides revenues to be used for open space and trail acquisition, development projects, major maintenance, community partnerships and grants, and three of the new parks levy grant programs – Open Space - River Corridors, Parks Capital and Open Space, and Aquatic Facilities. It is funded by the Parks, Recreation, Open Space & Trails Levy, REET, and grants.

SUMMARY OF PROPOSED BUDGET AND CHANGES

Parks, Recreation, and Open Space Fund (3160). This fund is requesting a $13,461,470 appropriation in the 2021-2022 biennium. Key projects proposed for this fund during 2021-2022 include:

- Parks Central Maintenance Facility. Parks has been working for a number of years to develop a centralized maintenance facility in Renton. The 2021-2022 budget includes $6.02 million, proposed to be funded through REET and fund balance from the Parks Capital fund. The budget request states that these additional moneys are necessary for the project to move into implementation, due to additional expenses which became known after baseline.

- Cleanup of Maury Island Natural Area. This project involves $205,000 for remediation of contaminated soils in the Maury Island Natural Area, to be completed in coordination with the Washington State Department of Ecology.
- Infrastructure Rehab. $5.2 million.
- Small Capital Projects. $3.3 million.

Parks Capital (3581). This fund is proposing a $184,920,464 appropriation in the 2021-2022 biennium. Projects recommended for funding are a combination of open space purchases, construction and major maintenance of regional parks and facilities, trail development, and grants, as stipulated by the Parks Levy.

Key projects proposed for this fund during 2021-2022 include the following:

Open Space Acquisitions**.** The Parks Capital Fund supports open space acquisitions, including those recommended for grant awards by the Conservation Futures Advisory Committee.

The Conservation Futures Advisory Committee reviews and makes recommendations for projects to be funded by both the Parks Levy and the Conservation Futures Tax (CFT). Depending on project eligibility, some projects are recommended for CFT funding, some projects are recommended for Parks Levy funding, and some projects are recommended to receive funding from both sources. Although this is a biennial budget, King County Code outlines an annual process for applications, review, and recommendations from this committee.[1] As a result, the proposed 2021-2022 budget includes a list of proposed projects for 2021 only.

The recommendations of the Advisory Committee are recommended to the Executive and then transmitted as part of the proposed budget for Council review. For 2021, the committee recommended Parks Levy funding for projects totaling $11 million, as shown in Table 1 below. Of the $11 million, $1.254 million is contingent on the Council approving the executive's proposal to borrow the same amount against future Parks Levy proceeds. Executive staff state that increased used of bonds for CFT awards is part of the county's Land Conservation Initiative, but the fact that matching moneys are required for CFT limits how quickly bond proceeds can be spent. The executive states that, by using the cash balance designated to ongoing projects in this fund to borrow from future Parks Levy proceeds, more projects can be awarded grants now for acquisition over the next several years. Open space projects that would receive grants from this additional money are marked with asterisks in the table below.

[1] K.C.C. 26.12

Table 1 – Proposed Parks Levy Open Space Grant Awards

Agency/ Location	Project Name	PL Recommended	Council District
KC - WRIA 8	Eastrail - Renton Extension*	**$500,000***	9
KC - WRIA 9	Calhoun Pit	**$150,000**	9
KC - WRIA 7	Carnation Marsh	**$34,500**	3
KC - WRIA 7	Griffin Creek Natural Area	**$195,000**	3
KC - WRIA 7	Little Si Natural Area Additions*	**$225,000***	3
KC - WRIA 7	Mitchell Hill Forest Additions*	**$740,000***	3
KC - WRIA 7	Raging River Natural Area	**$1,130,000**	3
KC - WRIA 7	Upper Preston in Raging River	**$130,500**	3
KC - WRIA 8	Cougar Mountain Additions	**$300,000**	3
KC - WRIA 8	Eastrail - Woodinville Bottleneck	**$50,000**	6
KC - WRIA 8	Hollywood Hills Forest and Pasture	**$400,000**	3
KC - WRIA 8	McGarvey Park Open Space Additions	**$250,000**	9
KC - WRIA 8	Middle Bear and Cottage Lake Creek	**$450,000**	3
KC - WRIA 8/9	Soos Creek Park/Molasses Creek	**$250,000**	5,9
KC - WRIA 9	Bass Lake Complex Acquisition Pres.	**$500,000**	9
KC - WRIA 9	Green River/ Newaukum Creek Pres.	**$980,000**	7,9
KC - WRIA 9	Middle Soos Creek Preservation	**$550,000**	9
KC - WRIA 9	North Green River Acq	**$600,000**	5
KC - WRIA 9	Sweeney Pond	**$60,000**	9
KC - WRIA 10	Boise Creek Preservation	**$390,000**	9
KC - WRIA 10	Foothills Trail, McPherson Acq	**$305,000**	9
KC - WRIA 10	Little Lake Forest	**$440,000**	9
KC - Vashon	Frog Holler Forest Additions	**$400,000**	8
KC - Vashon	Neill Point Natural Area Additions	**$62,500**	8
KC - Vashon	Vashon Marine Shoreline*	**$1,722,500***	8
KC - Vashon	Vashon Park District Surplus	**$160,000**	8
KC - Vashon	Vashon Tax Title Properties	**$25,000**	8

Agency/ Location	Project Name	PL Recommended	Council District
TOTAL		**$11,000,000**	

Trail Development. The Parks Capital fund also supports development of trails, trailheads, and mobility connections, as well as ongoing maintenance of trails and trailheads as part of the regional trails system. Major proposed trail investments are show in Table 2 below.

Table 2 – Proposed Major Trail Investments

Project	2021-2022 Proposed	Description
East Lake Sammamish Trail	$50,385,206	$45,005,206 for 3.65 miles of the South Sammamish B segment and legal costs; $5,380,000 for the Redmond Light Rail Extension
Foothills Regional Trail	$8,501,650	Segment B, including the White River Bridge
Lake to Sound Trail	$2,419,090	In the City of Renton, connection to Segment A; Final design for Segment C
Eastrail	$32,706,830	Final design for the Wilburton Trestle and legal costs
Green River Trail	$1,117,830	$151,500 for final design and acquisition; $966,330 in passthrough funding to the City of Kent for missing link implementation
Marymoor Trail	$2,270,000	Trail redevelopment in the northeast corner of the park and water main extension
Bridges and Trestles	$3,051,240	Responding to emergent priority bridge issues that arise, program administration, inspections, load ratings, small repairs, and replacements.
Backcountry Trail Rehab	$1,123,181	One position, one vehicle, the purchase and improved GPS equipment, and trail construction material to improve drainage, tread and structures. Ongoing work throughout the County would improve trail condition and signage in backcountry parks.

Capital Improvements and Major Maintenance Renovations. The Parks Capital fund would support improvements or maintenance at the King County Aquatic Center, Skyway Park, utility systems, docks, ballfields, sport courts, and play areas around the County.

Grant programs. The 2020-2025 Parks Levy established four new grant programs, three of which are housed within the Parks Capital fund. Additionally, the Community

Partnerships and Grants program, which had previously been housed within the Parks and Recreation operating fund, is now housed within Parks Capital as of 2020. Table 3 below gives the proposed appropriations for each of the four programs for the 2021-2022 biennium.

Table 3 – Grant Programs

Grant Program	2021-2022 Proposed	Program Description
Parks Capital and Open Space	$7,537,793	Grants for cities, towns, and park districts to acquire open space or build park or recreation-related capital facilities
Open Space – River Corridors	$7,396,984	Grants for a wide range of entities to undertake multi-benefit projects in riparian corridors
Aquatic Facilities	$12,780,612	Grants for public entities to build new or improve existing aquatic facilities such as pools
Community Partnerships and Grants	$2,885,467	Grants for community-based organizations to plan, design, permit, and construct recreation facilities on King County land or within a King County town or city for public benefit

The Executive has proposed that 25% of the time of staff from the Youth and Amateur Sports Facilities grant program be used to help stand up the three new grant programs in this fund, as well as the targeted equity grant program (which is housed in the Parks and Recreation operating fund).

Legal analysis of supplantation is complete and no supplantation issues have been identified.[2]

KEY ISSUES

ISSUE 1 – DISTRIBUTION OF PARKS LEVY PROCEEDS

As described in the Parks, Recreation, Open Space, and Trails Levy staff report, anticipated proceeds from the levy have been reduced by 3% since the time the levy was passed by the Council. In 2019, the Council asked for recommendations that would fully fund Parks Levy projects with external partners as the lead agency, with the entirety of the 3% reduction coming from King County-led projects and programs.[3] The executive's proposed budget reduces funding proportionally across all eligible expenditure categories. Councilmembers may still have interest in making adjustments to Parks Levy expenditures.

[2] RCW 84.55.050 prohibits levy proceeds from being used to supplant existing funding.
[3] Ordinance 18993

Changes to distribution of proceeds may not change the percentage allocations specified in the levy ordinance approved by voters, and described in the Parks, Recreation, Open Space, and Trails Levy section of this staff report. This means the money within the 47% allocation for capital purposes cannot be moved to other purposes (operations and maintenance, for instance), without the percentages being brought back into balance by the end of the levy period.

Projects in the Parks Capital fund that are led by or are available to external partners include the list below. Note that not all projects are currently proposed for appropriation in this biennium.

- Aquatic Facility Grants
- Open Space – River Corridors Grants
- Parks Capital and Open Space Grants
- Interurban Trail to Burke-Gilman Connection
- Kirkland Green Loop Trail
- Starfire Soccer Capital Project
- Evergreen Pool

ISSUE 2 – BORROWING AGAINST FUTURE LEVY PROCEEDS

As discussed above, Parks Levy Open Space grant awards for several projects are contingent upon the Council approving the Executive's proposal to borrow $1.254 million in Parks Levy proceeds from future years in order to provide these awards as a match to CFT grant awards. If the Council chooses not to approve the Executive's proposal to borrow from future proceeds, the CFT committee recommends the revised project awards from the Parks Levy shown in Table 4.

Table 4 – Revised Funding Recommendations if Additional Parks Levy Money is Not Approved

Agency/ Location	Project Name	Total Parks Levy Recommended if Borrowed Money Approved	Total Parks Levy Recommended if Borrowed Money NOT Approved	Council District
KC - Vashon	Vashon Marine Shoreline	$1,722,500	$1,232,000	8
KC - WRIA 7	Little Si Natural Area Additions	$225,000	$0	3
KC - WRIA 7	Mitchell Hill Forest Additions	$740,000	$701,000	3
KC - WRIA 8	Eastrail - Renton Extension	$1,500,000	$0	9

ISSUE 3 – EXECUTIVE PROPOSED REALLOCATIONS WITHIN CAPITAL FUND

On October 9, 2020, the Executive transmitted an Annual Parks Levy Moneys Reallocation Report as required by Ordinance 18890. The report identifies that the Executive's proposed budget includes a proposed reallocation of $1.51 million within the 47% capital allocation specified in the levy. This money would be taken from the "Active Recreation and Other Park Repair and Renovation" line item identified in Attachment C to the levy motion and reallocated to the "Regional and Other Public Trails" line item.[4] This money is not proposed to be paid back to the Active Recreation line item by the end of the levy period.

Specifically, the Executive proposes to reallocate $1.51 million earmarked for the roof replacement of the concert stage at Marymoor Park to the East Lake Sammamish Trail project due to cost increases on that trail project.

The Executive also proposes to reallocate $8.6 million from the "Capital improvements to Existing Trails" line item to new trail projects, namely:

- $8.25 million to the Lake Sammamish Trail due to project cost increases.
- $334,465 to the Foothills Trail due to project cost increases.
- $23,734 to regional trails acquisition; the report states that the project's budget proposal assumed a previous version of the revised project amount.
- $36,068 for the East Lake Sammamish trail – Redmond Light Rail Extension; the report states that the project's budget proposal assumed a previous version of the revised project amount.

According to the report, Parks is applying for grant moneys for the East Lake Sammamish Trail project, and if grants are awarded and any portion of the Parks Levy money is not needed, it would be transferred back to the Active Recreation and Other Park Repair line item.

Staff has requested additional information from the Executive on this proposal.

[4] Motion 15378

CONSERVATION FUTURES

ANALYST: JAKE TRACY

	2021-2022 Proposed	2023-2024 Projected	2025-2026 Projected
Revenues	$69,059,327	$65,089,606	$67,877,403
Expenditures	$69,059,327	$65,089,606	$67,877,403

Major Revenue Sources: Conservation Futures Tax Levy, Bonds

DESCRIPTION

The Conservation Futures Tax (CFT) levy dedicates a portion of property taxes to purchase open space in King County. CFT moneys are collected countywide as a dedicated portion of the annual property levy – up to $0.0625 per $1,000 of assessed value – and are, by state law, available only for the acquisition of open space and resource lands.[1] In King County, the CFT levy is currently collected at $0.0333 per $1,000 of assessed value. Per County Code,[2] the Conservation Futures Advisory Committee conducts an annual review of applications for CFT funding and makes recommendations for the Executive and Council to consider as part of the budget.

SUMMARY OF PROPOSED BUDGET AND CHANGES

In 2019, the Council passed Ordinance 18981 and Motion 15513, which revised the conservation futures code and project eligibility criteria, respectively. The Ordinance identified "opportunity areas" and updated the criteria to allow projects to receive opportunity area funding match waivers if the population the project is intended to serve (not necessarily the population in the immediately surrounding area) has disproportionately limited access to open space and a lack of access to one or more of the determinants of equity. The legislation also added an additional requirement that any project seeking a match waiver through the opportunity areas provisions must demonstrate engagement and collaboration with the community.

Ordinance 18981 also expanded the CFT program to make non-profits eligible for funding, whereas previously only local governments could receive funding.

For 2021, the CFT Advisory Committee recommended funding for 49 projects totaling roughly $36.2 million, as shown in the table below. Of the $36.2 million, $264,000 is contingent on the Council approving the executive's proposal to borrow $1.254 million against future Parks Levy proceeds in the Parks Capital fund.[3] The CFT awards affected by this policy decision are noted with asterisks in Table 1 below.

[1] RCW 84.34.240
[2] K.C.C. 26.12
[3] See staff report on the Parks Capital fund.

The Committee's recommendations were transmitted to the Executive in mid-2020, and were presented to the Mobility and Environment committee on September 9, 2020. The Executive's proposed budget includes funding for all projects in the amounts recommended by the CFT Advisory Committee.

Table 1 – Proposed 2021 CFT Grand Awards

Agency/ Location	Project Name	Match Waiver Recommended	Total CFT Recommended	Council District
Covington	Jenkins Creek Park Expansion	-	**$420,000**	9
Des Moines	Midway Park Expansion Phase 2	Yes	**$1,890,000**	5
Forterra (Federal Way)	Kilworth Environmental Education Preserve (Camp Kilworth)	No	**$1,000,000**	7
Forterra (Kenmore)	Arrowhead	-	**$2,000,000**	1
GROW & partners (Seattle)	Ballard P-Patch	-	**$1,256,000**	4
Historic Seattle PDA & Seattle Parks (Seattle)	Turner-Koepf House and Garden	Yes	**$1,512,700**	2
Kent	McSorley Creek Wetland Additional Parcels	No	**$184,000**	5
KC - WRIA 8	Eastrail - Renton Extension	-	**$1,500,000**	9
KC - WRIA 8	Lake to Sound Trail, Segment D	Yes	**$2,300,000**	5
Lake Forest Park	LFP Lake Front Property Acquisition	-	**$950,000**	1
Mercer Island	Mercer Island I-90 Boat Launch Addn.	-	**$95,560**	6
Renton	May Creek Fawcett ROFR	-	**$305,181**	9
SeaTac	Des Moines Creek Park Expansion	-	**$500,000**	5,8
Seattle	East Duwamish Greenbelt: Brick Pits	Yes	**$1,000,000**	2
Seattle	East Duwamish Greenbelt: S. Chicago St.	-	**$150,000**	2
Seattle	Lakeridge Park Addition	-	**$275,000**	2
Snoqualmie	Snoqualmie Riverfront Reach Acquisitions	-	**$550,000**	3
KC - WRIA 7	Carnation Marsh	-	**$34,500**	3
KC - WRIA 7	Griffin Creek Natural Area	-	**$195,000**	3
KC - WRIA 7	Little Si Natural Area Additions*	-	**$225,000***	3
KC - WRIA 7	Mitchell Hill Forest Additions*	-	**$740,000***	3

Agency/ Location	Project Name	Match Waiver Recommended	Total CFT Recommended	Council District
KC - WRIA 7	Raging River Natural Area	-	**$1,130,000**	3
KC - WRIA 7	Upper Preston in Raging River	-	**$130,500**	3
KC - WRIA 8	Cougar Mountain Additions	-	**$1,350,000**	3
KC - WRIA 8	Eastrail - Woodinville Bottleneck	-	**$50,000**	6
KC - WRIA 8	Hollywood Hills Forest and Pasture	-	**$400,000**	3
KC - WRIA 8	McGarvey Park Open Space Additions	-	**$250,000**	9
KC - WRIA 8	Middle Bear and Cottage Lake Creek	-	**$550,000**	3
KC - WRIA 8	Skyway - West Hill Urban Greenspace	Conditional[4]	**$100,000**	2
KC - WRIA 8/9	Soos Creek Park/Molasses Creek	-	**$250,000**	5,9
KC - WRIA 9	Bass Lake Complex Acquisition Pres.	-	**$500,000**	9
KC - WRIA 9	Green River/ Newaukum Creek Pres.	-	**$1,980,000**	7,9
KC - WRIA 9	Middle Soos Creek Preservation	-	**$550,000**	9
KC - WRIA 9	North Green River Acq	-	**$600,000**	5
KC - WRIA 9	South King County Forest	-	**$990,000**	9
KC - WRIA 9	Tacoma Water Federal Way	Yes	**$2,000,000**	7
KC - WRIA 9	White Center Urban Greenspace	Yes	**$1,600,000**	8
KC - WRIA 10	Boise Creek Preservation	-	**$390,000**	9
KC - WRIA 10	Foothills Trail, McPherson Acq	-	**$305,000**	9
KC - WRIA 10	Little Lake Forest	-	**$440,000**	9
KC - Vashon	Frog Holler Forest Additions	-	**$400,000**	8
KC - Vashon	Neill Point Natural Area Additions	-	**$62,500**	8
KC - Vashon	Vashon Marine Shoreline	-	**$1,722,500**	8
KC - Vashon	Vashon Park District Surplus	-	**$160,000**	8
KC - Vashon	Vashon Tax Title Properties	-	**$25,000**	8

[4] According to the CFT Advisory Committee's report, a conditional waiver means that they are recommending a match waiver for this year's award, but are requesting more information from the applicant before approving a match waiver in future years

Agency/ Location	Project Name	Match Waiver Recommended	Total CFT Recommended	Council District
KC – Farmland/TDR	Protecting Farmland - Enumclaw/Upper Green River Farms	-	**$2,285,000**	7,9
KC – Farmland/TDR	Protecting Farmland - Snoqualmie and Vicinity Farms	-	**$850,000**	3
TOTAL 2021			**$36,153,441**	

In addition to the new project proposals for 2021, the Executive proposed budget includes the carry forward of grant awards for a number of previously approved projects.

Finally, the proposal includes the following administration items identified in Table 2.

Table 2 – CFT Administration Items

Administration	
Finance Fund Charges	$99,531
CFT Program Support	$810,662
Land Conservation Initiative Program Support	$267,162[5]
2020 Master Project	$11,722,154
2022 Bond Master Project	$25,000,000
Debt Service	$20,006,387
2021/2022 TOTAL	**$57,905,896**

KEY ISSUES

ISSUE 1 – BORROWING AGAINST FUTURE PARKS LEVY PROCEEDS

As noted above, CFT awards for two projects are contingent upon the Council approving the executive's proposal to borrow $1.254 million in Parks Levy proceeds from future years in order to act as a funding match to these proposals. Without the extra Parks Levy moneys, some projects would have less (or no) funding match as required by County Code. If the Council chooses not to approve the Executive's proposal to use the money in the Parks Capital fund, the CFT committee recommends the revised project awards from CFT proceeds shown in Table 3.

[5] The executive proposes two new TLT positions to support the LCI program. A portion of this money may be used for those positions. See the staff report section on the Surface Water Management Local Drainage Services appropriation unit for more information.

Table 3 – Revised CFT Grant Recommendations if Additional Parks Levy Money is Not Approved

Agency/ Location	Project Name	Total CFT Recommended if Borrowed Money Approved	Total CFT Recommended if Borrowed Money NOT Approved	Council District
KC - WRIA 7	Little Si Natural Area Additions*	$225,000	$0	3
KC - WRIA 7	Mitchell Hill Forest Additions*	$740,000	$701,000	3

YOUTH AND AMATEUR SPORTS FUND

ANALYST: JAKE TRACY

	Expenditures	Revenues	FTEs	TLTs
2019-2020 Revised Budget	$20,264,170	$8,721,260	3.0	0.0
2021-2022 Base Budget Adjust.	($10,909,266)	$51,328	0.0	0.0
2021-2022 Decision Packages	($1,189,533)	($1,133,244)	0.0	0.0
2021-2022 Proposed Budget	**$8,166,000**	**$7,640,000**	**3.0**	**0.0**
% Change from prior biennium	(59.7%)			
Dec. Pkg. as % of prior biennium	(5.9%)			

Major Revenue Sources: Rental Car Sales Tax

Base Budget Assumptions: (1) 0.0% GWI for 2021; (2) 2.0% GWI for 2022 (3) Expenditure of fund balance on previously approved grant awards in 2019-2020

DESCRIPTION

The Youth and Amateur Sports Fund (YASF) provides funding for youth or amateur sport activities or facilities through a combination of councilmanic and competitive grant programs.

The YASF was created in late 2016. Prior to that time, state law[1] had required that 75% of the County's car rental tax revenues be dedicated to repayment of the Kingdome debt, with the remaining 25% to be used for the Youth Sports Facilities Grant Program. When the Kingdome debt was retired, the County was able to devote all of its car rental tax revenues to youth and amateur sports activities and facilities.

As part of the 2017-2018 biennial budget Ordinance,[2] the Council created the YASF, which included the former Youth Sports Facilities Program and a number of new Councilmanic and competitive grant programs for youth and amateur sports activities and facilities. As a part of the 2019-2020 biennial budget Ordinance,[3] the Council set money aside in the competitive grants category for Sports and Activity Access grants and Local Sports and Activities grants.

SUMMARY OF PROPOSED BUDGET AND CHANGES

Rental car sales tax revenues are projected to be nearly 13% less for the 2021-2022 biennium compared to the previous one. The Executive's proposed 2021-2022 budget proposes to reduce YASF expenditures by roughly 60% compared to the 2019-2020

[1] RCW 82.14.049
[2] Ordinance 18409
[3] Ordinance 18835

biennium. A large majority of this change is due to reductions in the base budget, and primarily because fund balance that had accrued was disbursed to grant recipients in the previous biennium. Decision package items include:

- Reduce moneys for competitive grants by $573,720 (a 12% reduction). These grants support programs and capital improvements that reduce barriers or increase access to physical activity.
- Reduce moneys for the Get Active, Stay Active councilmanic grants by $450,000 (a 25% reduction). These grants are meant for organizations that provide youth and amateur sports and fitness programs.
- Loan out 25% of program staff's time to implement the four new parks levy grant programs. Those programs are funded through the Parks Capital fund and Parks and Recreation operating fund and thus those staff members' wages and benefits will be paid out of those funds for that portion of their time.

KEY ISSUES

ISSUE 1 – RELATIVE REDUCTIONS OF COMPETITIVE AND COUNCILMANIC GRANTS

As discussed in the section above, the Executive proposal includes reducing the money available for competitive grants by 12% and reducing the councilmanic Get Active Stay Active grant appropriation by 25%.

The relative amount of reductions to each program is a policy choice for the Council.

ISSUE 2 – SPECIFIED AMOUNTS FOR COMPETITIVE GRANTS

The 2019-2020 biennial budget included expenditure restrictions for the sports and access activity grants, local sports and activities grants, and youth sports facilities grants, all of which are part of the competitive grants category. Table 1 below contains information on these expenditure restrictions:

Table 1 – Expenditure Restrictions from 2019-2020 Budget

Program	Amount for Program	Maximum Grant Amount
Sports Access and Activity Grants	$600,000	N/A
Local Sports and Activity Grants	$1.5 million	$250,000
Youth Sports Facilities Grants	$2.6 million	$300,000

Executive staff state that their intent for this year to proportionally reduce the money available for each program by 12%

The decision of whether or not to include expenditure restrictions for these or other competitive grant programs is a policy choice for the Council.

WASTEWATER TREATMENT OPERATING

ANALYST: MIKE REED

	Expenditures	Revenues	FTEs	TLTs
2019-2020 Revised Budget	$342,181,419	$1,048,963,389	653.7	7.0
2021-2022 Base Budget Adjust.	($946,037)	$7,894,031	0.3	(6.0)
2021-2022 Decision Packages	$4,441,560	$62,408,130	3.0	0.0
2021-2022 Proposed Budget	**$345,677,000**	**$1,119,266,000**	**657.0**	**5.0**
% Change from prior biennium	1.0%			
Dec. Pkg. as % of prior biennium	1.3%			

Major Revenue Sources: Sewer Rate, Capacity Charge, investment income.

Base Budget Assumptions: (1) GWI 0% for 2021, 2% for 2022

DESCRIPTION

The Wastewater Treatment Division is responsible for collecting and treating wastewater from its designated service area, and for reclaiming wastewater, recycling solids, and generating energy. Wastewater Treatment Division expenditures are organized in three budgets, including the operating, capital and bond fund budgets. The operating budget includes both expenditures to operate the five wastewater treatment plants and 390 miles of conveyance pipeline, and rate revenues to support operating, capital and debt service needs. As such, revenues associated with the operating budget significantly exceed operating costs; the bulk of revenues are transferred to the capital and debt service budgets.

Operating programs are focused on the conveyance, treatment and recycling of wastewater and its treatment residuals. Wastewater is received from cities and sewer districts, who deliver it to county interceptor pipelines; generators include both households and business/industry. The West Point, South, and Brightwater treatment plants are considered regional treatment plants and receive and process the bulk of the region's wastewater; the Carnation and Vashon plants address more limited and localized wastewater processing needs. Agency services also support resource recovery efforts, including biosolids recycling, reclaimed water utilization and distribution, and natural gas/biomethane processing and reuse. The agency's Industrial Waste program permits and conditions discharge of industrial waste into the sewer system, requiring pretreatment of discharges to minimize impacts on treatment facilities.

Primary revenue sources include the sewer rate, paid by all dischargers and based on a volume calculation, with a set rate for all single-family; and the capacity charge, assessed for new connections to the wastewater system. Sales of processing residuals such as biomethane, recycled water, and biosolids, as well as interest on revenue accounts, are other revenue sources.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Wastewater Operating budget is proposed to increase by 1.02% for the 2021-2022 biennium. In June 2020, Council approved an increase in the sewer rate (4.5%) and capacity charge (3.0%)[1], which together with other revenue sources such as interest on investments, are projected to generate approximately $70.3 million in additional revenue in the 2021-2022 biennium; this includes a $62.4 million increase in revenues reflecting current revenue forecasts.

The Operating Budget is structured to provide revenue support to wastewater debt repayment and capital needs. Historically, the operating budget has included a direct transfer to support paying 40% of the cost of capital projects in cash; the transmitted budget proposes to instead transfer $249.6 million for debt "defeasance" (paying off high interest debt, to be replaced with low-interest debt); this is $84.7 million more than was paid for debt defeasance in the prior biennium. Additionally, the operating budget proposes to transfer $522.7 million to pay debt service on existing debt; this is $17 million more than the debt service transfer in the 2019-2020 biennial budget. Together, these transfers amount to $772,412,586, or more than twice the amount of operating expenditures for the biennium (stated to be $345,676,942).

The 2019-2020 budget included a proviso requiring an evaluation of the toxic content of wastewater effluents, and the extent to which they impact Resident Killer Whales in Puget Sound. The economic shutdown resulting from the COVID-19 pandemic has impacted the volume of industrial discharges into the sewer system; sampling during the economic shutdown would not produce characteristic toxic load results. The Executive is recommending a one-year extension of the study deadlines, making the status report due on December 31, 2021, and the final report due on June 30, 2022.

KEY ISSUES

ISSUE 1 – IMPACT OF ECONOMIC SLOWDOWN ON WASTEWATER REVENUES

Sewer rate revenues are based on wastewater flow volumes driven at both the single-family household and multifamily/commercial level. The single-family client category is billed at a static rate per household, and should not be impacted by constrained economic conditions. However, the Governor's March 23, 2020, "Stay Home, Stay Healthy" Proclamation, resulting in the shutdown of business and commercial operations, is expected to impact business/commercial wastewater revenues. These revenues, based

[1] Ordinance 19106

on early estimates from cities and sewer districts that collect and forward sewer rate revenues to the County, are projected to be reduced 15% from earlier forecasts; this amounts to a reduction of 6.5% of agency revenues overall for the period ending in 2022 (this includes revenue impacts from the latter part of 2020 as well). Early projections are for approximately $54.6 million in reduced sewer rate revenues for the 2021-2022 biennium; these projections are based on initial reporting from partner city and sewer district jurisdictions that collect sewer rate revenues locally.

WTD anticipates mitigating this revenue loss through two sources:

- Noting the heavily bond-funded capital program of the Wastewater Division, historically low interest rates nationally have resulted in a significant reduction in projected borrowing costs for wastewater capital projects, estimated at $18.3 million for the biennium.
- Uncommitted operating reserves of $36 million are available to apply towards this revenue shortfall.

Together with the savings in borrowing costs, these uncommitted reserves amount to sufficient revenue to address the projected $54 million revenue shortfall.

These projections were finalized late in the Executive's budget preparation process, and were not included in the projections in the Executive's transmitted budget. They were the subject of a separate summary paper requested by the Regional Water Quality Committee.[2] It is anticipated that these projections will be incorporated into the 2022 sewer rate proposal to be transmitted in May 2021.

Issue 2 – Anticipated Expenditures Not Included in Transmitted Budget: Nutrients, CSOs, Clean Water Plan

Nutrient Discharges. The Washington State Department of Ecology (DOE) has arrived at a decision to undertake a regulatory action to limit discharges of nutrients from wastewater plants. The regulatory action is expected to take the form of a General Permit condition, addressing the community of wastewater plants that discharge into Puget Sound as a whole; and facility-specific permit limitations, addressing individual plant nutrient discharges. These regulations are anticipated to impact regional wastewater treatment plants operated by King County. The West Point Treatment Plant and the South Treatment Plant are by far the two largest nutrient generators among treatment plants discharging into Puget Sound, and are expected to be significantly impacted by DOE's regulatory action. Compliance challenges are anticipated at West Point in particular: possible nutrient control strategies may require additional capital development; however, plant expansion is constrained by limitations on available land at the site.

[2] https://www.kingcounty.gov/~/media/depts/dnrp/wtd/about/Finances/2020_09_10_Estimated-COVID19-Revenue-Impacts-WTD-2020-2022.ashx?la=en

While no specific dollar amounts for compliance have been determined, it is anticipated that solutions may be highly costly. Final permits are anticipated to be issued by DOE in 2021. Initial requirements may be in the form of system tuning and refinement, with substantial discharge reduction requirements coming in subsequent permitting rounds.

The transmitted budget does not include compliance costs for DOE's regulatory action. As those costs become better understood, it is anticipated that, to the extent that additional funding is required to support compliance efforts in the 2021-2022 biennium, such costs will be addressed in a supplemental budget request. It is not yet clear whether the rate request for 2022, to be approved by Council by the end of June 2021, will include revenues to support nutrient discharge compliance.

CSO Projects. The Executive's proposed budget does not include any funding for updated expenditure requirements for Combined Sewer Overflow (CSO) projects that are tied to ongoing discussions with the DOE regarding completion deadlines for CSO projects, which may affect timing of expenditures.

Clean Water Plan. The Executive is undertaking a planning effort to evaluate water quality strategies and priorities as a whole, in light of the increasing requirements and expectations of the system; the results of that planning effort will be developed into the Clean Water Plan, and is also expected to have budget implications. Those costs are also not included in the 2021-2022 Proposed Budget, as transmitted.

ISSUE 3 – COST BURDEN FOR WASTEWATER RATE REVENUES

Sewer rate revenues are derived from single-family and multifamily residences, businesses, and commercial ratepayers. Single-family and multifamily bills are based on a static per-household rate; a single-family house is considered to generate 750 cubic feet of wastewater per month, and multifamily units are assessed at defined proportions of that amount. Commercial and industrial rates are based on a formula that considers volumes of wastewater discharged (water volumes consumed serves as a proxy for wastewater discharged).

In recent years, there have been significant efforts to conserve water. Both residential and commercial/industrial water users have been encouraged to use lesser volumes of water. Because wastewater charges for residential users are not volume-based, but for commercial/industrial users they are, there is a potential that reduced water use results in a shift of the cost burden from commercial/industrial users, who are able to realize rate savings through conservation, to domestic users, who are not.

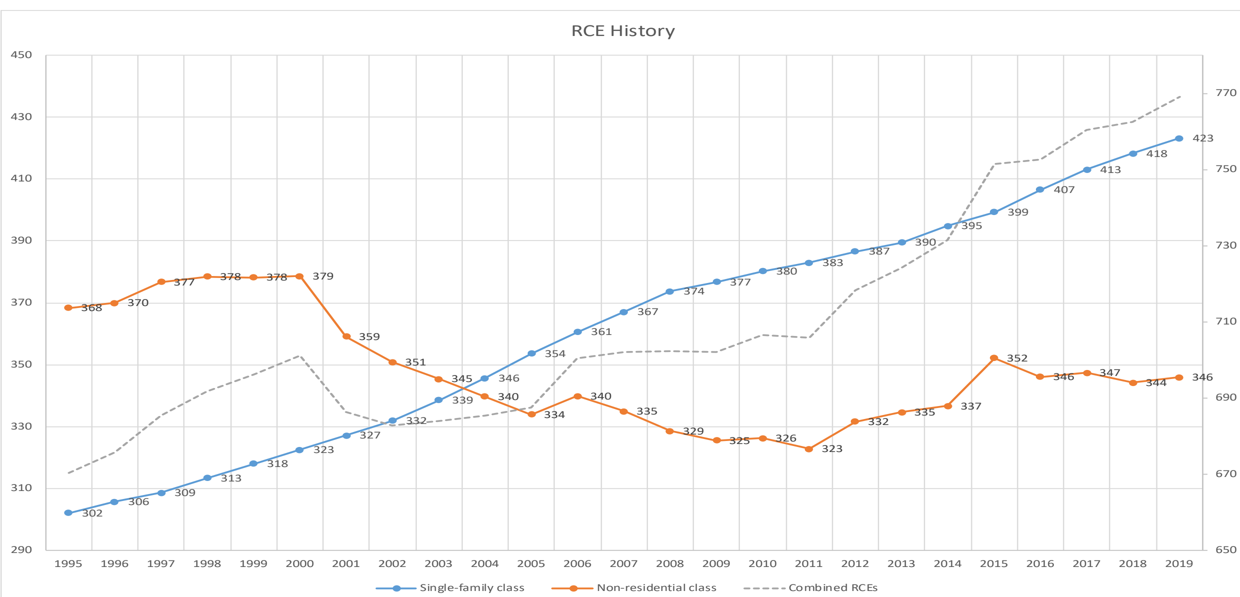
<u>QUESTION 1:</u> REGARDING THE COST BURDEN ALLOCATION ISSUE, HAS THE SHARE OF SEWER REVENUES BORNE BY THE RESIDENTIAL SECTOR COMPARED TO THE NONRESIDENTIAL SECTOR GROWN AS THE RESULT OF WATER CONSERVATION?

<u>ANSWER:</u>

Executive staff has noted that the single-family share of total sewer rate revenue, and Residential Customer Equivalents (RCE's) has climbed from 45% in 1996 to 55% in 2019, water conservation is apparently driving that shift; please note, however:

- The limited availability of pertinent data regarding numbers of customers and flow volumes for both "residential" and "non-residential" customers;
- The inclusion of multi-family customers within the non-residential category; as a result, the shift described above has been proportionately increasing for single family residences, and increasing for businesses, commercial and industrial structures, and multifamily structures.

Single-family residences have reduced water consumption from the estimated 750 cubic feet per month estimated in 1992, to about 600 cubic feet per month estimated currently. The sewer rate continues to assume consumption of about 750 cubic feet per month for single-family residences. That number is included in the interlocal contracts with participating city and sewer district, which are the subject of ongoing negotiations. The Executive estimates that, if the conversion factor were updated to 600 cubic feet/month for single family residences, the single family residential sewer bill would be reduced by about 10%, and non-single-family customers—including business, industrial, and multifamily residential buildings—would experience sewer bill increases of about 12%.



Conservation changes are not captured in the single-family reporting of customer count
Conservation changes are understated in non-single-family flows due to the mix with growth in customer base

WATER QUALITY CONSTRUCTION

ANALYST: MIKE REED

	2021-2022 Proposed	2023-2024 Projected	2025-2026 Projected
Revenues	$553,182,487	$418,748,918	$661,815,502
Expenditures	$553,182,487	$418,748,918	$661,815,502

Major Revenue Sources: Bonds, state loans, operating budget transfers

DESCRIPTION

The Water Quality Construction capital budget of the Wastewater Treatment Division funds construction, maintenance, upgrade and expansion of the wastewater system physical plants. The system is currently focused on completing the Combined Sewer Overflow (CSO) projects required by a consent decree between King County and the federal Environmental Protection Agency and Department of Justice, and the Washington State Department of Ecology; additionally, the agency is continuing its work on the Conveyance System Improvement project, to assure the capacity of the conveyance system interceptors to meet the demands of regional growth, and facility maintenance. There is growing focus on the aging of the system, as it passes the half-century milestone of operations; the two larger regional plants, and hundreds of miles of interceptor pipeline were completed in the 1960s and expanded in the 1970s, and are now at or over 50 years of age. The Wastewater Treatment Division is accelerating its Asset Management program in response, focusing on both treatment plant and interceptor pipeline evaluation, repair, upgrade and replacement; the Executive's Proposed Budget includes significant expenditures for Asset Management projects.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The capital budget, as described in the Water Quality Capital Fund financial plan, identifies revenues of $553 million, derived primarily from proceeds of bond sales, and a category referred to as "future undesignated funding," which includes a mix of financing sources including State Revolving Fund loans, Public Works Board loans, and transfers from the operating budget. Cash transfer from the operating budget in the 2019-2020 biennial budget amounted to $88 million; for 2021-2022, cash transfers from the operating budget will be directed to debt defeasance paying off high-interest debt to be replaced with low-interest debt. Those revenues are accounted for in the Water Quality Revenue Bond Fund, rather than the capital budget. Capital appropriations are divided among major expenditure categories, such as increasing the size and capacity of wastewater facilities to accommodate population growth — referred to as "capacity improvement;" and responding to state and federal regulatory requirements, referred to as "regulatory."

For the 2021-2022 biennium, the largest expenditures are for plant asset management expenditures, at $104 million, and regulatory compliance — mostly associated with CSO projects at $109 million. Many of these projects are constructed over multiple biennia, and so carry forward substantial funding from previous budgets. Major projects include the North Mercer/Enatai Interceptor Upgrade ($5,175,864); Lake Hills/NW Lake Sammamish Interceptor ($2,314,595), Elliot West Combined Sewer Overflow Compliance ($4,001,284); West Point Raw Sewage Pump Replacement ($47,783,542) and the Joint Ship Canal Combined Sewer Overflow project ($63,918, 987), which the County is constructing jointly with the City of Seattle, and which is moving into the construction phase.

KEY ISSUES

ISSUE 1 – ELLIOT WEST CSO

The proposed budget includes two capital projects for The Elliot West Wet Weather CSO Treatment Station (EWWTS); Project 1134067 ($4,001,284) would implement incremental changes to improve the operability of the plant; Project 1139043 ($11,783,389) would support an alternatives analysis and facility design to achieve full permit compliance. Elliot West was completed in 2005 as part of the Denny Way/Lake Union CSO control project, with the intention of controlling Seattle and King County overflow discharges into Lake Union, and Denny Way discharges into Elliot Bay. Although the Elliot West station has achieved substantial CSO volume and pollution reduction, it does not consistently meet permit requirements during high storm flows. Among the issues are failure to remove both grit and organic solids; the high solids content leads to failure to meet the "settleability" permit requirement, and complicates chemical dosing for disinfection of the discharge. There have also been violations of pH permit requirements. WTD staff and consultants have undertaken studies of the various treatment challenges, but have concluded that additional treatment units are needed to achieve full compliance with permit requirements.

Staff inquiry is focusing on whether the performance issues raised through the experience with this project are sufficiently understood to avoid replication in subsequent CSO projects. WTD has indicated that, at the time Elliot West was constructed, there were fewer treatment options available, both locally and nationally, to control CSO discharges. The agency indicates that modern flow monitoring technology, on-line analyzers, increasing modeling capability, and the development of compact treatment units provide better tools for the design of current and upcoming projects. Staff will seek to confirm that other completed CSO projects are performing to standards, and that current project designs are informed by lessons learned at Elliot West.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: DO THE PERFORMANCE ISSUES AT THE ELLIOT WEST CSO RAISE PERFORMANCE CONCERNS FOR OTHER COMBINED SEWER OVERFLOW PROJECTS?

ANSWER:

Executive staff noted problems with 1) infrastructure to remove solids and floatables; 2) challenges in applying disinfection chemicals; and 3) violations of pH permit requirements. Elliot West, a "wet weather treatment station," is similar to the Georgetown Wet Weather Treatment Station; other completed CSO's are built as holding tanks, rather than treatment stations, and so do not have similar processing mechanisms.

Elliot West was built with horizontal bar screens to remove floatables and solids—a new technology at the time of construction. Georgetown will use a proven technology—traveling screens—for removal of solids; these screens are not prone to clogging. While Elliot West relies on settling within the storage tunnel, Georgetown will use "high rate clarification" to remove settleable solids.

Elliot West uses chlorine to disinfect discharge flows prior to discharge to Puget Sound; Georgetown will use ultraviolet light for disinfection prior to discharge, eliminating pH issues and dechlorination complications.

ISSUE 2 – CAPITAL COST CONTROL

In response to a Council proviso in the 2015-2016 biennial budget, the Wastewater Treatment Division undertook a Capital Cost Estimating technical evaluation to examine and improve its methods for effectively projecting capital project costs, and controlling costs to projected amounts. This study resulted from Council concern with cost growth in CSO projects between initial cost projections and estimates as the projects went into design and construction. The study was completed in 2017, and the results were incorporated into agency practices.

As the agency accelerates its Asset Management focus in response to the aging physical facilities, an increasing number of interceptor pipeline upgrade or replacement projects is anticipated. One current project appears to be experiencing significant cost escalation. The North Mercer/Enatai project, which will replace the interceptor pipeline conveying wastewater from north Mercer Island and southeast Bellevue, was initially projected at $116 million; the project is currently estimated at $150 million, according to the 2020 Baseline Report that the agency publishes as part of its Performance Metrics project.

Staff inquiry is focusing on the reasons for the cost escalation on this project, whether the Capital Cost Estimating technical evaluation recommendations were employed and effective, and whether there are cost control implications for similar interceptor upgrade projects.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 2: WHAT ARE THE REASONS FOR COST ESCALATION ON THE NORTH MERCER/ENATAI INTERCEPTOR PROJECT? WERE THE CAPITAL COST ESTIMATING RECOMMENDATIONS EMPLOYED, AND WERE THEY EFFECTIVE?

ANSWER:

North Mercer Island & Enatai Interceptors Upgrade

Following the initial 30% design phase, additional field investigations led to design refinements, including enhanced odor control facilities and a change in the pipe material. Continuing coordination with stakeholders led to a change in the scope for trail restoration, the standards for the Mercer Island lift station, and the alignment of the horizontal directional drill pipeline. Additional permitting requirements, additional property rights acquisition, and a spare sewage pump were among the other changes.

Cost Estimating Study Recommendations

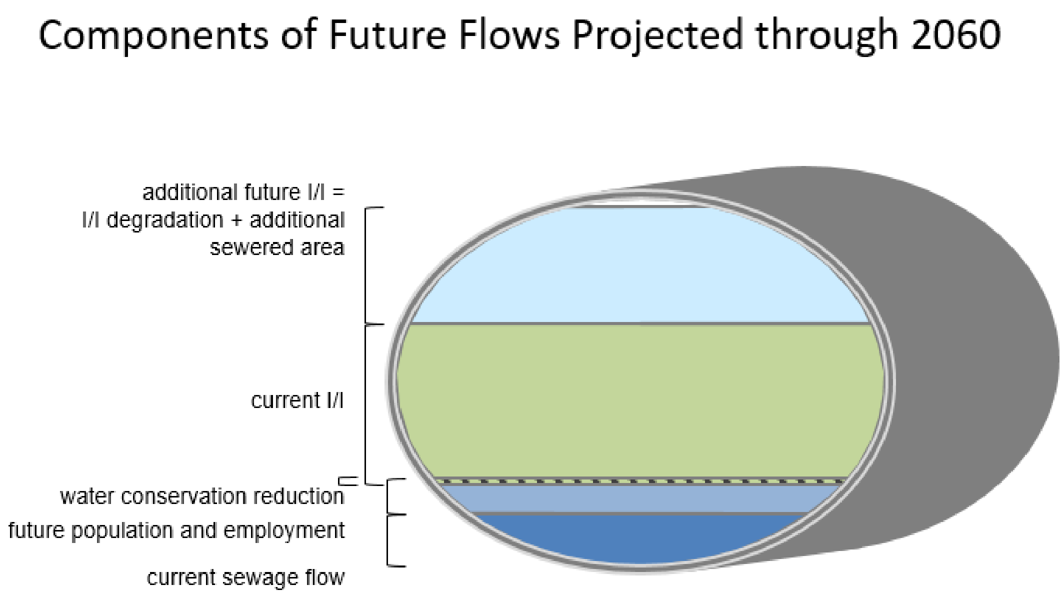
The Executive indicates that the recommendations of the Council-required Cost Estimating study are being implemented; WTD established new protocols for estimating project costs, to provide a Basis of Estimate (BOE), which includes multiple standardized elements, such as the design basis, planning basis, allowances, assumptions, exclusions contingency, management reserve, and other considerations. Other changes included Portfolio Management, Project Formulation, Trend Analysis, Alternatives Analysis, and Resource Management Tools. The Executive indicates that while cost changes and variances from estimates are inevitable, cost escalation can now be communicated and understood if it occurs; cost changes are vetted and approved by the Portfolio governance boards for all capital projects. The Executive describes the changes resulting from the Council-required evaluation as transformative for WTD. WTD currently works collaboratively with other King County capital programs to share the learning from this project, and the improved processes.

ISSUE 3 – INFILTRATION/INFLOW AND FLOW CAPACITY PROJECTIONS

As the Executive moves forward with its Asset Management program, a significant number of interceptor pipelines are likely to be among the recommended asset management projects. Many of these projects were built in the 1960s and 1970s, and are facing both capacity issues and deterioration concerns. Pipelines are the focus of the Conveyance System Improvement project, which evaluates pipelines for their ability to convey 20-year peak flows through the year 2060, incorporating projected regional growth expectations.

Concurrently, the agency is proceeding with its Infiltration/Inflow control project, which is intended to develop options to address the volumes of fugitive flows entering interceptor pipelines, and being conveyed to treatment plants. These are flows that are not the intended focus of treatment; yet, because they enter the system from groundwater or surface leakage, they are conveyed and treated in common with the primary wastewater flow. Pipeline capacity must be sized to accommodate these flows to avoid system backups. It is estimated that over 70% of future flow volumes will be constituted of infiltration and inflow.

Figure 1. Components of Future Flows Projected through 2060



It is both expensive and energy consumptive to convey and treat these fugitive flows. They must be transported through miles of pipeline to treatment facilities, including being pumped uphill where needed; both treatment plants and pipelines must be sized to convey and process these flows.

A 2009 analysis[1] indicated that the majority of these flows originate in homeowner-owned side sewers, as well as laterals leading to pipelines operated by cities and sewer districts. The Wastewater Treatment Division has worked with its city and sewer district partners to evaluate and recommend approaches to address this issue. While that evaluation is ongoing, the initial phase has identified several concepts as a means of addressing infiltration and inflow issues: 1) common regional sewer standards; 2) a sewer inspector

[1] "The SSES generally confirmed the conventional wisdom that laterals and side sewers represent the major source of I/I in a system." P. ES-3 Initial Infiltration and Inflow Reduction Project Alternatives Analysis Report April 2009 https://www.kingcounty.gov/~/media/services/environment/wastewater/i-i/docs/Reports/0904_II_ReductionAlternativesAnalysis.ashx?la=en

training and certification program; and 3) a private side sewer inspection program. The 2021-2022 Capital Budget includes $1.5 million to further develop these remedial proposals, in cooperation with regional partners.

Success in controlling infiltration and inflow over time would be expected to result in reduced flow volumes, and lower peak flow pipeline capacity requirements. This could result in significant cost savings, as capacity concerns of given pipelines are less urgent, and capacity sizing is not required to assume such large infiltration and inflow volumes.

As WTD is proceeding with capacity assessments associated with its Conveyance System Improvement Project, it has indicated that it is not assuming reductions in infiltration and inflow volumes resulting from proposed remedial measures. Savings from reductions in capacity requirements are not being incorporated into project designs and cost expectations. The Division notes that the region has been challenged by infiltration and inflow issues for extended periods, and that it is not prudent to anticipate significant savings from the success of these remedial measures.

Staff inquiry is focusing on whether there are opportunities to incentivize or otherwise encourage progress in controlling infiltration and inflow.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 3: IF INFILTRATION/INFLOW VOLUMES WERE SIGNIFICANTLY REDUCED, WOULD THAT SIGNIFICANTLY REDUCE THE NEED FOR, OR THE IMMEDIACY OF, CONVEYANCE PIPELINE CAPACITY PROJECTS? FOR THOSE PROJECTS THAT ARE REQUIRED, COULD THEY BE SIGNIFICANTLY SMALLER IN CAPACITY REQUIREMENTS, AND IN COST?

ANSWER:

The Executive indicates that peak flow standards, which establish pipeline capacity requirements, were set to meet permit requirements disallowing overflows from the separated conveyance system. If infiltration and inflow were controlled, and peak flows reduced the overflow risk, capacity requirements in pipelines would be reduced. A task force of the Metropolitan Water Pollution Abatement Advisory Committee is currently reviewing options for I/I control.

The Executive indicates that existing code language requiring I/I enforcement tools such as excess flow surcharges are considered difficult to enforce, noting that pipes built prior to 1961 are exempted from enforcement. The Executive emphasizes the need for cooperation with participating agencies to achieve progress in controlling I/I, and that MWPAAC and WTD have worked together since the early 2000s on controlling I/I.

TRANSIT

ANALYSTS: LEAH KREKEL-ZOPPI AND MARY BOURGUIGNON

Operating Fund (4641)	Expenditures	Revenues	FTEs	TLTs
2019-2020 Revised Budget	$1,938,473,681	$1,814,671,549	5,347.3	51.0
2021-2022 Base Budget Adjust.	$45,584,929	($5,609,853)	1.2	0.0
2021-2022 Decision Packages	$37,349,026	$58,299,595	(226.2)	(12.5)
2021-2022 Proposed Budget	**$2,021,408,000**	**$1,867,362,000**	**5,125.8**	**42.2**
% Change from prior biennium	4.3%			
Dec. Pkg. as % of prior biennium	1.9%			

Major Revenue Sources: Sales tax, grants, contracts for services, fares

Base Budget Assumptions: (1) 3% GWI for ATU represented employees in 2021; (2) 3% GWI and Merit/Step ATU represented employees in 2022; (3) no GWI for non-ATU employees in 2021; (4) 2% GWI for non-ATU employees in 2022; 0.5% Merit/Step in 2021 and 2022; (5) 5% reduction in ATU medical/dental rate

Transit Infrastructure Capital Fund (3641)[1]

	2021-2022 Proposed	2023-2024 Projected	2025-2026 Projected
Revenues	$282,965,458	$473,232,557	$172,038,322
Expenditures	$282,965,458	$473,232,557	$172,038,322

Major Revenue Sources: Sales tax, Marine property tax, Sound Transit payment, grants, interest income, debt proceeds

Transit Fleet Capital Fund (3642)

	2021-2022 Proposed	2023-2024 Projected	2025-2026 Projected
Revenues	($185,018,029)[2]	$27,265,910	$214,382,696
Expenditures	($185,018,029)	$27,265,910	$214,382,696

Major Revenue Sources: Sales tax, Marine property tax, grants, interest income

[1] Revenues and expenditures for the Transit Infrastructure Capital Fund, Transit Fleet Capital Fund, Revenue Stabilization Reserve Fund, and Bond Fund reflect information provided by the Office of Performance, Strategy, and Budget (PSB) in updated financial plans on September 24, 2020 rather the published Executive Proposed 2021-2022 Biennial Budget supporting documents. Figures in red updated using information provided by PSB on October 8, 2020.

[2] Metro is proposing to use carryforward revenue and current fund balance to fund 2021-2022 projects and disappropriate the remainder.

Revenue Stabilization Reserve Fund (4643)

	2021-2022 Proposed	2023-2024 Projected	2025-2026 Projected
Revenues	$3,201,790	$3,048,836	$4,027,059
Expenditures	--	--	--

Major Revenue Sources: Sales tax, interest

Debt Service (Bond) Fund (8430)

	2021-2022 Proposed	2023-2024 Projected	2025-2026 Projected
Revenues	$1,684,006	$15,767,743	$32,192,780
Expenditures	$14,767,489	$19,687,937	$34,665,877

Major Revenue Sources: Sales tax, Marine property tax, interest income, Federal debt service subsidies

DESCRIPTION

The Metro Transit Department (Metro) is the largest provider of public transit in the Puget Sound region. Metro operates fixed-route services, including bus and water taxi services; Access Paratransit service; and a variety of flexible and shared services, including Dial-A-Ride Transit (DART), Community Connections, Vanpool, Vanshare, Rideshare, Community Access Transportation, and Alternative Services. Metro also operates Regional Express bus service and Link Light Rail under contract for Sound Transit; and operates streetcar service for the City of Seattle. As of early 2020, Metro provided more than 130 million rides each year on these mobility services.

The Strategic Plan for Public Transportation[3] and King County Metro Service Guidelines[4] are the adopted policies that provide policy guidance to Metro on achieving the vision for the transit system and designing and investing in the system. Metro's long-range plan, METRO CONNECTS,[5] provides longer-term guidance for service development goals into the future. The Mobility Framework[6] provides guidance for helping Metro adapt to transportation system changes and emerging technologies equitably and sustainably and will guide future updates to the adopted policies.

[3] Ordinance 18301 Attachment A
[4] Ordinance 18301 Attachment B
[5] Ordinance 18449
[6] The Mobility Framework was requested by Motion 15253. The Mobility Framework Recommendations Summary and policy update process were adopted by Motion 15618.

Metro's services are supported by dedicated funding sources. Major revenue sources for Metro include a 0.9 percent sales tax collected in King County; federal and state grants; contracts for services with Sound Transit, the City of Seattle, and other partners; and fares. Metro also receives a minor portion of its revenues from dedicated property taxes and interest.

The COVID-19 pandemic significantly changed Metro's services, operations, and revenues during 2020 and will affect Metro's budget and operations into the next biennium and potentially even beyond that. In response to declining ridership and to ensure safe operating conditions for its employees, Metro began implementing emergency transit service reductions on March 23, 2020, the same day that the Washington State Governor issued the "Stay Healthy, Stay Home" order for Washington State. Metro implemented additional rounds of emergency service reductions on April 6 and April 18, reducing weekday transit trips by 27 percent. Metro began restoring some reduced service in June and made another round of adjustments in September. Metro is currently operating at approximately 85 percent of its pre-COVID-19 service level.

Metro also undertook a number of operational changes in response to the pandemic, including eliminating fare collection from March 21 to October 1, 2020, restricting boarding to rear doors only, requiring masks for operators and passengers, sanitizing coaches daily, and limiting the number of passengers on coaches to approximately 17 percent of regular capacity.

As a result of the COVID-19 pandemic, Metro's revenues are projected to be $349 million lower for 2021-2022 than in pre-COVID-19 projections for the same period. Metro received $243 million in CARES Act funds in April 2020 to help the agency respond to increased costs and reduced revenues associated with the COVID-19 pandemic, but Metro staff state that this amount was only enough to cover 2020 costs and will be fully expended prior to the start of the 2021-2022 biennium.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed Metro budget of $2.7 billion, including operating and capital, represents an 18 percent increase over the 2019-2020 biennium, while overall revenue for Metro is projected to be nine percent lower in 2021-2022 than in 2019-2020, as a result of lower sales tax collections, fare collections, and reduced interest earnings due to the COVID-19 pandemic's impact on retail sales, transit ridership, and interest rates.

Metro's budget would include $483 million more in expenditures than revenues in 2021-2022. The Executive proposes to draw down Metro's undesignated fund balance to make up the gap between revenues and expenditures. With this planned spending, Metro's financial plan projects $300 million in undesignated ending fund balance for 2021-2022, declining to $102 million in 2023-2024 and $31 million in 2025-2026.

Metro states that the proposed 2021-2022 Metro budget is generally consistent with Metro's fund management policies,[7] with the exception of the farebox recovery requirement and the order in which expenditures would be made (discussed below in Issue 2 of this staff report), and meets and sustains all required reserve levels over the 10-year financial plan.

Metro’s fund management policies call for using available funds first to operate and maintain Metro's current transit system and reserves. Metro staff state that the proposed use of undesignated fund balance to maintain the system during the next biennium is generally consistent with these policies and will allow Metro and policy makers to gain clarity on many of the unknowns brought on by the COVID-19 pandemic before making major decisions about the future of the system. The proposed budget largely holds Metro's services stable, while seeking to reduce indirect costs (those not directly related to providing transit service)[8] by five percent and deferring many planned capital projects, including limiting the planned rollout of RapidRide lines and slowing the proposed operating base expansion. While the 2021-2022 budget proposes to maintain transit service levels to the extent possible, Metro projects significant service cuts beginning in 2025 without additional revenue.

Fund Management Policies and Reserve Funding

General Financial Practices. The adopted fund management policies[9] direct Metro to manage its finances to fund, in the following order: (1) debt service; (2) operation of the current transit system,[10] including asset maintenance and replacement; (3) maintenance and replenishment of reserves; and (4) new transit service and capital investments necessary to achieve All Day and Peak Network priorities identified by the King County Metro Service Guidelines, and new transit service and capital investments necessary to achieve elements of the long range vision identified in METRO CONNECTS.[11]

Fund Structure. The Public Transportation Fund has five subfunds: Operating, Infrastructure Capital (formerly called Public Transportation Construction), Fleet Capital, Revenue Stabilization Reserve, and Debt Service.

- The **Operating Subfund** supports the ongoing operation of Transit services. It includes direct operating labor and non-labor costs, administrative costs, and indirect and overhead costs. The 2021-2022 appropriation request is $2.02 billion. This subfund includes a reserve equal to 6.75 percent of the Office of

[7] Ordinance 18321
[8] Metro characterizes 29 percent of the agency's cost as indirect, and estimates that a five percent reduction in indirect costs would be $12 million annually.
[9] Ordinance 18321
[10] Including passenger loads and reliability investments as prioritized in the King County Metro Service Guidelines (Ordinance 18301, Attachment B).
[11] Ordinances 18301, 18449

Economic and Financial Analysis (OEFA) forecast total annual enterprise fund sales tax revenue. For the 2021-2022 budget, this reserve is proposed at $46.3 million.

- The **Infrastructure Capital Subfund** (Fund 3641) supports capital infrastructure projects other than revenue fleet vehicle purchases, including the planning, design, acquisition, preservation, and replacement of infrastructure and other capital items needed to support Metro's operations. For 2021-2022, the proposed appropriation request is for $283 million, along with a carryover of $534 million from 2019-2020.

- The **Fleet Capital Subfund** supports new and replacement revenue fleet[12] purchases. To smooth large expenditure fluctuations associated with fleet replacement purchases, Metro is to maintain a Revenue Fleet Replacement Reserve in the Revenue Fleet Capital Subfund that is funded by consistent biennial contributions (incorporating an inflation factor) of sales tax and projected grant revenue to fund a 20-year fleet replacement plan. Short term (five years or less) debt may be used to mitigate peaks in fleet purchases when fleet purchase costs exceed the sum of the current Transit resource contribution plus projected grant revenue. The Revenue Fleet Replacement Reserve balance shall never be less than zero nor exceed $250 million in 2016 dollars adjusted for the value of the fleet. For 2021-2022, the Executive is proposing to disappropriate $185 million from the fund, transferring $100 million to the Operating Subfund and using remaining fund balance to support expenditures of $90 million in 2021-2022.

- The **Revenue Stabilization Reserve Subfund** holds fund balance to offset the impact of an economic downturn. This subfund is proposed to consist of a reserve equal to 20.4 percent of the OEFA forecast total biennial enterprise fund sales tax revenue. For the 2021-2022 budget, the financial plan proposes a reserve of $262 million, which would maintain the estimated ending fund balance from 2019-2020 through the next biennium. Monies in the Revenue Stabilization Subfund may only be accessed through enactment of an appropriation ordinance submitted by the Executive when the forecasted year-over-year sales tax base growth falls below the June-to-June Seattle CPI-W growth rate for two consecutive forecasts (as adopted by the King County Forecast Council).[13]

- The **Debt Service Subfund** is required to be sufficient to meet annual debt service obligations for debt-financed Transit assets. For 2021-2022, the proposed appropriation is $14.8 million. This is lower than had been anticipated

[12] Revenue fleet refers to vehicles used to transport customers, such as buses and Vanpool vans, as opposed to vehicles used for internal purposes such as maintenance.
[13] Ordinance 18321, Attachment A, Section IV.A

in prior years due to the proposed deferral of a number of capital projects, which has reduced Metro's need for debt funding during the 2021-2022 biennium.

Farebox Recovery Ratio. Metro's fund management policies require Metro to recover at least 25 percent of passenger-related operating costs from farebox revenues, and establish a target of recovering 30 percent. In 2019, Metro's farebox recovery declined below the required 25 percent recovery ratio. Due to the impacts of COVID-19 on transit ridership and fare collections, Metro is projecting a significant decline in farebox recovery, beginning in 2020 and continuing throughout the next biennium. Metro further states that due to the uncertainty of when Metro's ridership will recover and return to pre-COVID-19 levels, the Executive is not proposing a transit fare increase in the 2021-2022 biennium. Table 1 shows the projected farebox recovery ratios associated with the 2019-2020 declines and proposed 2021-2022 budget.

Table 1. Farebox Recovery Ratio 2019-2022

Year	Required Farebox Recovery Ratio	Actual or Projected Farebox Recovery Ratio
2019	25%	23.9% (actual)
2020		7% (projected)
2021		15% (projected)
2022		18% (projected)

Further discussion of farebox recovery ratio implications will be discussed in Issue 2 of this staff report.

<u>**Operating Budget Highlights**</u>

Following are key components of the 2021-2022 Executive proposed $2 billion Transit Operating budget.

Fixed-route Transit Service Reductions and Proposals

The proposed budget would reduce direct and indirect expenditures for bus service by $109 million, resulting in a reduction of 429.5 FTEs. This reduction would translate to cutting transit service hours by 421,800 annual service hours.

Of those service hours, the largest reduction would be 365,000 annual service hours funded by the City of Seattle through the Seattle Transportation Benefit District Levy (STBD), which will expire at the end of 2020. If voters approve a renewal measure in November 2020, a supplemental budget proposal would be submitted to reduce the amount of the reduction to Seattle-funded transit service hours based on a new contract to be negotiated between Seattle and King County. In that case, however, some reductions would still occur as the proposed STBD renewal would provide less funding for transit service hours than the expiring levy. Metro projects that if the new levy passes, Seattle would contract with Metro for provision of 170,000 annual transit service hours.

Cuts to Sound Transit-funded regional express bus service would account for a reduction of 25,000 annual service hours.[14] For Metro-funded transit service hours, the Executive is proposing a net reduction of 31,800 annual service hours over the biennium, which represents a reduction of less than one percent. However, Metro is also proposing an alternative services project in Skyway that would be equivalent to the cost of 31,800 annual transit service hours, resulting in essentially no net change to the overall size of the Metro-funded transit system.

In 2021, Metro's budget includes funding to continue restoring transit service that was temporarily reduced or suspended. Funding would be available for the system to return roughly to pre-COVID levels by September 2021, if ridership demand largely returns by that time. If ridership recovers more slowly, transit service hours would be restored on a more extended timeline. The budget includes no proposed changes to transit service levels in 2022. Table 2 shows the breakdown of transit service hours reductions by funding source.

Table 2. Proposed 2021-2022 Transit Service Reductions

Funding Agency	Baseline hours	Fall 2020 change	Spring 2021 change	Fall 2021 change	2022 change	Total change	2022 Total Hours
Metro	3,915,000	(416,300)	56,000	328,500	0	(31,800)	3,883,200
Seattle	365,000	(175,000)	(80,000)	(110,000)*	0	(365,000)	0
Sound Transit	310,000	(25,000)	0	0	0	(25,000)	285,000
All Service	**4,590,000**	**(616,300)**	**(24,000)**	**218,500**	**0**	**(421,800)**	**4,168,200**

*This reduction would most likely not occur if the Seattle Transportation Benefit District Levy Renewal passes in November 2020. Instead, Metro anticipates that 170,000 annual transit hours would be restored to the system in 2021-2022, pending negotiation of a contract for service between Seattle and King County.

While Metro's total Metro-funded service hours would remain stable, Metro is planning for several significant transit service changes during the biennium, including:

- **Restructure bus service in Northeast Seattle, (170,000) annual service hours:** To better coordinate transit service with and avoid duplicating the Northgate Link light rail extension scheduled to open in 2021, Metro has been conducting community outreach and planning for a major restructure of transit service in Northeast Seattle. This is proposed to result in a net reduction of 170,000 hours, 47,000 that had been funded by Metro, and 123,000 that had

[14] Sound Transit bus service was reduced during 2020 to respond to COVID-19-related ridership and revenue declines. At this time, Metro does not anticipate additional Sound Transit bus service reductions during the 2021-2022 biennium, but understands that Sound Transit has not yet completed its budget.

been funded by Seattle and other partners. If the new STBD levy passes, the reduction in Seattle-funded transit service hours could change.

- **Reductions to invest in new needs, (93,000) annual service hours:** Metro would propose to reduce transit service hours in areas identified by reduction guidance in Metro's adopted policies, in order to fund other identified service priorities, as described below.
- **Invest where needs are greatest, 50,000 annual service hours:** Metro is proposing to add 50,000 annual service hours to invest in communities that have been historically underserved.
- **RapidRide H Line (Burien, Delridge, Seattle), 30,000 annual service hours:** Consistent with the adopted H Line alignment ordinance,[15] Metro is proposing to begin operating the RapidRide H Line in September 2021 at enhanced service levels compared to service currently in the corridor.
- **Flexible services and construction related changes, 28,200 annual service hours:** These hours are proposed to go towards restoring Dial-a-Ride-Transit (DART) service, sustaining new DART service in the Renton-Kent-Auburn area, converting several pilot programs to DART service (discussed in the Mobility Services section below), and funding construction-related changes.
- **Flexible services in Skyway, equivalent to 31,800 annual service hours:** Metro's proposed budget would include a new investment of $6 million, or the equivalent of 31,800 annual service hours, to implement flexible mobility services in Skyway. The nature of the services is not yet known because Metro is proposing for that decision to be made through a community-driven process.

The service reinvestment planning described above may not be fully compliant with existing Service Guidelines policies, but, according to Metro, is based on an assumption that Metro's adopted policies will be updated during the biennium to include stronger equity considerations in service planning, as recommended in the Mobility Framework. Metro is currently working with regional stakeholders and the Regional Transit Committee and the Council to update Metro's policies, including the Strategic Plan for Public Transportation, the Service Guidelines, and METRO CONNECTS. The Executive currently plans to transmit these policy updates to the Council in mid-2021. Metro states that any transmitted transit service change proposals will comply with the adopted policies in effect at the time.

Mobility and Contracted Service Changes

Metro proposes to reduce expenditures for contracted and mobility services by $12.6 million during the biennium. This net reduction would include the following components:

- Reducing payments to the Access Paratransit contractor by $17 million as a result of decreased ridership,

[15] Ordinance 18894

- Reducing Vanpool funding by $300,000 to due to reduced fuel costs, and
- Increasing funding by $5 million ($900,000 of which is revenue-backed by Seattle) for new Alternative Services pilot projects and to transition existing Alternative Services pilots into regular service, including shifting the Snoqualmie Valley and Judkins Park services into the Community Access Transit (CAT) program, and the Trailhead Direct Program into a DART service.

Metro would also reduce expenditures on contracted police and security costs by $2.2 million to coincide with transit service reductions.

Link Light Rail Expansion

The 2021-2022 budget marks the beginning of a period of significant expansion of Link light rail, with North Link planned to open in 2021, East Link and the Bellevue Operations and Maintenance Facility in 2023, and the Redmond, Federal Way, and Lynnwood Link extensions in 2024. Metro operates Link light rail service under an intergovernmental agreement with Sound Transit,[16] which covers Metro's operations and maintenance costs, as well as some overhead expenses. Administrative, maintenance, and operational support for Link expansion during 2021-2022 is proposed as an increase of $26.8 million and 209 FTEs to Metro's budget (all revenue-backed).

To support Link light rail expansion, buses stopped using the Downtown Seattle Transit Tunnel in 2019, and the operations and maintenance of the tunnel will transfer to Sound Transit during the 2021-2022 biennium.[17] For Metro, this means a reduction of $6.26 million and 28 FTEs from the Transit Facilities Division and a commensurate increase in the Rail Division (included in the larger increase noted in the paragraph above). Metro staff note that Metro is working with the Amalgamated Transit Union (ATU) Local 587, which represents employees in both divisions, to attempt to transfer as many of the tunnel personnel as possible into the new positions in the Rail Division.

As Sound Transit Link light rail service expands, Sound Transit will be consolidating and reducing its Regional Express bus service, which Metro also operates under contract. These reductions will largely occur during the 2023-2024 biennium and beyond.[18]

Downsizing, Continuous Improvement, and Employee Investments

Metro began operating as a stand-alone department on January 1, 2019.[19] The new department was created by consolidating and reorganizing functions from the former

[16] The current agreement was approved in 2019 through Ordinance 18914. It has a base term of 4.5 years, with the option of three two-year extensions.
[17] Ordinance 14396
[18] As noted above, Sound Transit regional express bus service was reduced during 2020. At this time, Metro does not anticipate any additional reductions during the 2021-2022 biennium, and reductions due to Link expansion will not occur until 2023.

King County Department of Transportation's Transit Division, Director's Office, and Marine Division.

While the proposed 2021-2022 budget proposes to downsize the department in response to the revenue shortfalls resulting from the pandemic (as noted above, by a net reduction of 226.2 FTEs), it also proposes additions of $4.65 million and 17.5 FTEs for organizational changes and investments that Metro states will support ongoing efficiencies and process improvements and foster employee morale during a time of uncertainty.

Metro staff state that the net reduction of 226.2 FTEs will be accomplished primarily through eliminating vacant positions and voluntary departures through attrition and the County's Voluntary Separation Policy. Metro staff indicate that the only layoffs anticipated are the 200 part-time operators (equivalent to 120 FTEs) that occurred during 2020. As part of these staffing reductions and in response to the deferral of many planned capital projects (see discussion below in the capital budget section), Metro is proposing to eliminate vacant positions and travel and vendor expenses in the Capital Division and reduce support for the RapidRide, passenger facilities, and Access to Transit programs (for a reduction of $4 million, 17 FTEs, and 4 TLTs); reduce the Marine Division's summer intern program and other expenses (for a reduction of $325,000); and scale back its Wellness Center program for employees (for a reduction of $5.7 million and 1 FTE).

Overall, staffing reductions and increases to support the Sound Transit expansion discussed above have been summarized by Metro in Table 3.

Table 3. Metro Proposed FTE Changes 2021-2022

Category	Net FTEs	Notes
Direct Bus Operations	(367)	Reductions for bus operators, mechanics, and other vehicle maintenance staff resulting from lower service being operated.
Indirect Reductions	(94.5)	Reductions due to capital project deferrals, the repurposing of South Interim Base, and reductions to indirect costs.
Sound Transit Expansion	181	Support for expansion of Link light rail.
Other	54.3	Expansions proposed for Communications & Engagement staff, the subsidized annual pass program, and to reflect Marine FTEs being moved to the Transit Fund.

Proposed operational investments to offset the downsizing proposals include bringing Metro's drug/alcohol testing program in-house, with the goal of achieving time savings for employees who will no longer have to travel to a separate lab; investing in a grievance tracking system to automate the way grievances are tracked and managed; planning for additional telecommuting long-term, with the goal of reducing Metro's central rates over time by occupying less office space; reorganizing and expanding labor relations and employee services staff, with the aim of more efficient support for hiring, training, and, as needed, layoffs and disciplinary functions; providing retraining opportunities for staff; and providing resources to support continuous improvement initiatives, including increased equity analysis and performance measurement, as well as improved compliance and accountability for contracts and subcontracts.

Community Engagement

Metro's Mobility Framework[20] called for Metro to develop an equity-centered engagement framework; build lasting relationships in communities; and strengthen communication and marketing efforts to ensure that priority populations[21] are aware of existing mobility services, pilots, service changes, affordability programs, and other efforts. To implement these recommendations, the proposed budget includes an addition of $6 million[22] and 11 FTEs to increase Metro's investment in communications and engagement. Specific initiatives proposed with this increase include developing a Community Liaison program, with short-term, temporary employees who are linguistically and culturally diverse; providing increased language services and more varied communications materials; and funding increased collaboration with community-based organizations.

Subsidized Annual Pass Program

The Subsidized Annual Pass Program (formerly called the Income-Based Fare Program) was approved by the Council[23] in February 2020 and is scheduled to launch in October 2020. The program will serve individuals with household incomes less than 80 percent of the Federal poverty level (FPL), initially limited to people participating in six state benefit programs with the same income qualification threshold. Program participants will receive fully subsidized annual transit passes for use on transit services operated by Metro and Sound Transit, and could use the ORCA card they are issued through the program to receive discounted fares on other regional transit services. Metro would purchase the transit passes for program participants, and then receive the value of those passes as revenue. Metro is proposing $77.9 million in expenditures and $51.6 million in revenues to continue roll-out of the program in 2021-2022. The net cost of $26.3 million for the biennium is roughly consistent with the $10 million annual net cost Metro estimated in February 2020, with the increase attributed to direction to distribute passes more quickly than originally planned.

Next Generation ORCA Launch

[20] Motion 15618 adopted the Metro Mobility Framework Recommendations Summary
[21] The Mobility Framework defines priority populations as: black, indigenous and people of color, low- and no-income people, immigrants and refugees, limited-English speaking populations, and people with disabilities.
[22] Of this total, $2.1 million is proposed as one-time investments to be evaluated prior to the development of the 2023-2024 budget.
[23] Ordinance 15600

Next Generation ORCA, the replacement for the One Regional Card for All (ORCA) regional fare media card, is scheduled to launch in 2021. Public transit agencies throughout Central Puget Sound are building the next generation of ORCA. According to the ORCA agencies, Next Generation ORCA is expected to improve the customer experience by offering new payment options, instantly loading value and products to customers' accounts, and offering more options for buying ORCA cards and adding value. Metro is proposing to spend $6.2 million during 2021-2022, $2.3 million of which would be revenue-backed, to support customers through the transition with additional marketing and communication efforts.

The proposed budget also includes a $674,888 capital project to identify and scope potential enhancements to Next Generation ORCA that could be implemented after initial roll out. Potential enhancements to the Next Generation ORCA system might include: fare capping to enable customers to pay-as-they-go for rides until they reach a capped maximum amount, paid park and ride parking, bicycle parking fee collection, integration with third party providers such as Uber and Lyft, full integration with Vanpool and Access, and other integrations such as a transit pass included with purchase of sporting event tickets.

Paid Parking Program

In the 2019-2020 budget, Metro proposed a new program to offer parking permits to customers at Metro owned park and rides with weekday utilization averaging 90 percent or higher. Customers could purchase a monthly parking permit and receive guaranteed parking at their selected park and ride. Shortly after the program launched in December 2019, it was suspended as a result of low park and ride utilization during the COVID-19 pandemic, and Metro terminated the contract with the vendor to administer the program. Metro is proposing to reduce expenditures for the paid parking program by $1.5 million. Metro has stated that if parking demand returns to pre-COVID levels during the biennium, then Metro could reinstate the permit program and would request funding through a supplemental budget.

Marine Division

The Marine Division became part of Metro when the Metro Transit Department was created in 2019. In 2021, funding for the Marine Division is proposed to move from separate funds into the public transportation fund. Marine service would continue to be supported by a dedicated property tax levy that would be applied only to Marine Division operating and capital activities, as required by state law. This integration of the Marine budget into Metro's budget would transfer $7.5 million and 24.5 FTEs to Metro's operating budget from legacy Marine appropriations, and result in a reduction of $684,847 in expenditures due changes in how overhead is being applied.

Capital Budget Highlights

Metro's capital budget is organized into two sub-funds:

- Fund 3641 for Transit Infrastructure, which proposes expenditures of $238 million for 2021-2022, plus $530 million in carryover; and
- Fund 3642 for Revenue Fleet, which proposes a disappropriation of $185 million, relying on $122 million in carryover.

Capital Infrastructure Carryover

As with Metro's operating budget, the capital budget is affected by the revenue shortfalls resulting from the pandemic, with many projects – including, most notably, several planned RapidRide lines and Metro's base expansion plans – either deferred or cancelled. However, as with the operating budget, the proposed impacts to the capital program during 2021-2022 are less than might otherwise be anticipated, due to a proposed spend-down in fund balance.

In the Transit Infrastructure Fund, Metro proposes to carry forward $297 million in undesignated fund balance, as well as $243 million in future debt proceeds and other revenues. This carry forward, which results largely from the fact that capital spending during 2019-2020 was less than had been budgeted, will allow Metro to proceed with many key capital investments. However, as with the operating budget, the capital fund balance will not last indefinitely: Metro's proposed financial plan forecasts that this fund balance will be largely exhausted by the end of the biennium, meaning that additional capital project deferrals may be needed in future biennia if the economy has not recovered.

Base Expansion (Operational Capacity Growth) Deferral

Metro currently operates seven bus bases at four campuses (North, East, Central, South). In 2019, Metro completed an Operational Capacity Growth (OCG)[24] study, which recommended that Metro increase operational and bus base capacity to support near-term service demand, the long-term network envisioned in METRO CONNECTS, and battery-electric buses and charging infrastructure. The 2019-2020 biennial budget, which was adopted as the OCG recommendations were being developed, planned for base expansion projects that would accommodate an additional 625 to 650 buses by 2040. The 2019-2020 funded and planned projects included expansion projects at Metro's Central[25] and South Campuses,[26] as well as a new base to be developed by 2030 in South King County.

The 2021-2022 proposed budget scales back these base expansion plans, including:

[24] https://www.kingcounty.gov/~/media/depts/transportation/metro/accountability/pdf/2019/metro-facilities-master-plan-operational-capacity-report.pdf
[25] Included projects serving Atlantic, Central, and Ryerson bases.
[26] Funded projects included a new Interim Base and South Annex Base at South Campus.

- **South King County Base:** The proposed budget disappropriates $26 million from the plan to design and construct a new 250-bus South King County base by 2030, deferring that project indefinitely.
- **Central Campus:** The proposed budget disappropriates $37.7 million from plans to add capacity for 150 buses and add a Wellness Center at Central Campus.
- **South Campus:** The proposed budget no longer plans to use the South Interim Base[27] as a stand-alone operating base when construction is completed at the beginning of 2021 (resulting in operating budget cuts of $5.6 million and 20 FTEs), though does propose a $45.4 million capital appropriation for continued development of the South Annex Base, which is planned to have capacity for 250 buses, to be completed within the next five to seven years.

RapidRide Program Reductions

Metro launched the RapidRide program in 2010 as the agency's bus rapid transit corridors with features such as dedicated bus lanes and other corridor improvements to enhance bus speed and reliability, specially branded buses, greater stop spacing, lighted stations with real-time arrival signs, off-board fare payment, and on-board amenities including free wifi. Metro currently operates six RapidRide lines.

Metro Connects envisioned an expansion of the RapidRide network, proposing 13 new RapidRide Lines by 2025, with a total of 26 by 2040. Seven of the lines were to have been Move Seattle RapidRide Lines, funded in part by the 2015 Move Seattle ballot measure approved by Seattle voters, and developed in partnership with Metro. In the 2019-2020 budget the timeline was revised due to funding constraints, showing plans for implementing seven new RapidRide lines by 2027, with the additional 13 to be delivered later.

In the 2021-2022 budget, Metro is proposing to further reduce the number of RapidRide lines to be delivered to three by 2025. According to Metro, the reduction in capital investments in RapidRide lines is proposed due to the lack of funding, including lack of funding for the additional transit service hours necessary to operate additional RapidRide lines (discussed in Issue 1 of this staff report). Table 4 shows the difference between the RapidRide implementation schedule planned as of February 2020, compared to the implementation schedule proposed in the 2021-2022 Budget. The RapidRide lines shown in italics are partnerships with the City of Seattle.

[27] South Interim Base was planned for 125 buses, and was planned to be used while construction for South Annex Base was underway.

Table 4. RapidRide Implementation Schedule Comparison

Assigned Letter	Area Served	Pre-COVID-19 Target opening	2021-2022 Proposed Budget Target Opening
G	*Madison:* *Madison Valley/ E Madison St/ Seattle Central Business District (CBD)* *Alignment: Ordinance 19012*	2023	2023
H	*Delridge:* *Burien TC/ Westwood Village/ Seattle CBD* *Alignment: Ordinance 18894*	2021	2021
I	Renton/ Kent/ Auburn Alignment: Ordinance 19098	2023	2023
R	*Rainier:* *Seattle CBD/ Mt. Baker/ Rainier Beach*	2024	Deferred
J	*Roosevelt:* *Seattle CBD/ Eastlake/ Roosevelt*	2024	Deferred
K	Totem Lake/ Bellevue/ Eastgate	2025	Deferred
TBD	East or South King County Line (TBD)	2027	Deferred

The three lines proposed to move forward in the budget have all had alignment ordinances approved by the Council and therefore have already moved forward to the design and construction phases. In the case of the G Line and I Line, Seattle and Metro have submitted applications for substantial federal funding partnerships. Capital improvements for the H Line have been mostly locally funded by Metro and Seattle with a $6.5 million contribution from the state of Washington.

Metro is proposing net appropriations of $78 million for the RapidRide program in 2021-2022, including:

- Disappropriating $54 million from the R Line (Rainier),
- Appropriating $107 million for the I Line (Renton – Kent – Auburn),
- Appropriating $5 million to complete the H Line (Burien – Delridge – Seattle),
- Appropriating $19 million from Sound Transit for enhancements to the C and D Lines (West Seattle and Ballard), and
- Appropriating approximately $900,000 for RapidRide program planning and management, and piloting a Living Building Challenge-certified RapidRide station.

Sound Transit Expansion Investments

As the discussion on Metro's proposed operating budget noted, the 2021-2022 budget will mark the beginning of a significant expansion of Sound Transit's Link light rail system. Metro's operating expenses to support Link light rail are all revenue-backed, under its intergovernmental agreement with Sound Transit (see discussion above in operating budget section). However, in addition to these operating expenses, Metro's 2021-2022 budget also proposes $34 million in capital expenditures, to be funded by Metro (not revenue-backed by Sound Transit), to make station area improvements and develop bus layover facilities to improve the transfer environment between Metro buses and Link light rail, Sounder, and bus rapid transit stations.

Projects proposed to be funded in the 2021-2022 budget include passenger improvements around Sounder stations; bus layover improvements near Kent Station, Federal Way Link extension stations, and South Renton Transit Center; and transfer environment improvements at 10 bus stops near North Link stations, six bus stops near Sound Transit I-405 bus rapid transit stations, 10 bus stops in Shoreline near Lynnwood Link extension stations, six bus stops near Downtown Redmond Link extension, and 21 bus stops near East Link stations.

Information Technology Investments

Metro's Strategic Technology Roadmap for Transit[28] was developed to articulate goals, vision, and timing for the more than 300 technology applications and interfaces Metro maintains to plan routes and schedules, collect fares, communicate between buses and the base, and provide information to customers. The proposed 2021-2022 budget continues Metro's investment in technology solutions with $32.9 million proposed for new or updated transit technology projects, including:

- **Next Generation ORCA:** $8.5 million to complete work on the ORCA Replacement Project, which is anticipated to begin implementation in 2021 and be completed by late 2022/early 2023. This nearly $60 million project is a collaboration among Metro, Sound Transit, and other regional transit agencies to replace and update the existing 2009-era ORCA smart card regional fare collection system.

- **Service Management Modernization (aka Active Headway Management):** $3.35 million to recommend hardware and software solutions to increase schedule reliability and reduce crowding by actively managing the headway (or space) between buses on each corridor. The proposed project will make recommendations for future budget proposals to update and improve Metro's service management systems at the Transit Control Center and in the field to facilitate service planning, scheduling, dispatching, battery-electric bus operations, and communications.

- **Transit Asset Management Program:** $15.4 million to develop an integrated system to consolidate 40+ separate and independent asset management systems to help manage Metro's $1.4 billion in tangible assets and facilitate

[28] Motion 14769

compliance with Federal Transit Administration asset inventory, condition, and investment requirements.

- **Video Management System:** $11.7 million to install an automated, cloud-based system for identifying, labelling, and distributing requested video segments from Metro's existing on-board camera systems.[29]

- **Grievance Tracking System:** $1.24 million to develop a technology solution to manage workflow and deadlines associated with grievances processed at Metro.

- **Electronic Drawing Management System:** $1.85 million to replace an unsupported system with a new system to manage Metro's permanent facilities' electronic design and engineering records.

Speed and Reliability

Prior to the current reduction in traffic congestion due to the pandemic, ensuring the speed and reliability of buses was a key Metro priority. Speed and reliability improvements, which may include dedicated bus lanes, traffic signal queue jumps, or other improvements to help buses move more quickly through congestion, are designed to make buses more dependable for riders and can sometimes alleviate the need for service hour investments by helping buses stay on schedule, avoid bunching, and move more quickly from stop to stop. During 2021-2022, Metro proposes to invest $25 million in speed and reliability improvements, including spot improvements on corridors in Seattle, SeaTac, Kent, Covington, and Kirkland; corridor-wide improvements to areas with major service restructures, including the Renton-Kent-Auburn, North Link, and East Link areas; continued improvements to the Third Avenue streetscape in downtown Seattle; and improvements (funded in collaboration with the City of Seattle) to the pathways of Routes 40, 44, and 48 within Seattle.

Transit Oriented Communities

Working with partner jurisdictions to encourage the development of affordable, transit-oriented housing and dense, transit-supportive communities has been a Council priority for the last several biennia. Metro's Transit Oriented Communities project proposes to allocate $1 million during 2021-2022 to support the development of a strategic plan for managing Metro's real property portfolio to identify opportunities to reposition properties from single-purpose parking lots or transit facilities to properties that can achieve community development goals. This project will also support efforts to integrate land use considerations into how Metro plans for and deploys new high frequency service.

New Electrification Investments

[29] Metro's on-board cameras were expanded and enhanced during the 2017-2018 and 2019-2020 budgets in response to Motions 14595 and 14741.

In 2017, King County committed to transitioning to a zero emissions transit fleet by 2040. In 2020, the King County Council adopted the following goals[30] to accelerate the adoption of electric vehicles: a 100 percent zero-emission revenue bus fleet by 2035; a 67 percent zero-emission Americans with Disabilities Act of 1990 (ADA) paratransit fleet by 2030; a 100 percent zero-emission rideshare fleet by 2030; installation of 125 chargers at King County-owned park-and-rides by 2030; and 50 percent of light duty County fleet vehicles to electric by 2025 and 100 percent by 2030, among other goals. Metro is proposing to make initial investments in the 2021-2022 budget towards the County's commitment to electrification of the fleet.

Metro's proposed 2021-2022 budget includes $93 million in fleet electrification investments,[31] focusing on battery bus deployment on the South Campus transit bases. Key investments would include:

- Purchasing 40 battery electric buses and building associated charging infrastructure at South Base.
- Begin designing charging infrastructure at the Interim Base at South Campus, and the South Annex Base.

Metro proposes to purchase 300 battery-electric buses by 2028, build infrastructure at the Interim Base to support 105 battery electric buses at the South Campus by 2025, and build charging infrastructure at South Annex Base with capacity for 155 battery electric buses by 2027. The agency would also make investments in on-route charging at bus layover locations (expected to be needed in addition to base charging), charging infrastructure for light-duty vehicles, and investing in green charge technology.

No-Growth Fleet Replacement

The proposed 2021-2022 Metro budget would disappropriate $185 million from the Transit Fleet Capital Subfund and transfer $100 million to the Transit Operating Subfund. Fund balance would be used to purchase 40 battery electric buses (20 60-foot and 20 40-foot) to be delivered in 2021; 13 hybrid RapidRide buses for the G Line; and replace those Vanpool, Access Paratransit, and Community Access Transit vehicles that will come to the end of their useful life within the biennium. According to Metro, this fleet replacement proposal only replaces current fleet in need of replacement, and with the exception of the vehicles for RapidRide G Line, represents fleet planning for a "no growth" transit network.

Phase Out of Cash Fare Collections

[30] Ordinance 19052.
[31] Not including zero-emissions fleet and infrastructure disappropriations or trolley system enhancements.

In concert with the expected improvements to the accessibility of using the ORCA fare payment system due to the launch of the Subsidized Annual Pass Program and Next Generation ORCA, Metro has stated that the agency plans to engage with community stakeholders in late 2020 and early 2021 to develop a plan to phase out the acceptance of cash on board Metro’s services. Relatedly, the proposed 2021-2022 budget includes a disappropriation of $331,281 due to the proposed cancellation of a study to replace fareboxes on Metro buses. Metro's cash fareboxes are past their useful life and would need to be replaced in order for Metro to continue accepting cash payments in the future.

Marine Division

The proposed 2021-2022 budget would appropriate $1.2 million for a West Seattle Mobility Transit Hub[32] at the West Seattle Water Taxi's terminal at Seacrest Dock. The proposed transit hub facility would accommodate vehicle parking, buses and transit shuttles, and bike and pedestrian access to the West Seattle Water Taxi. The project is planned to be completed in the 2021-2022 biennium. The proposed budget would also disappropriate $1.5 million for the Marine Division's West Seattle Terminal Replacement project due to the cancellation of the project.

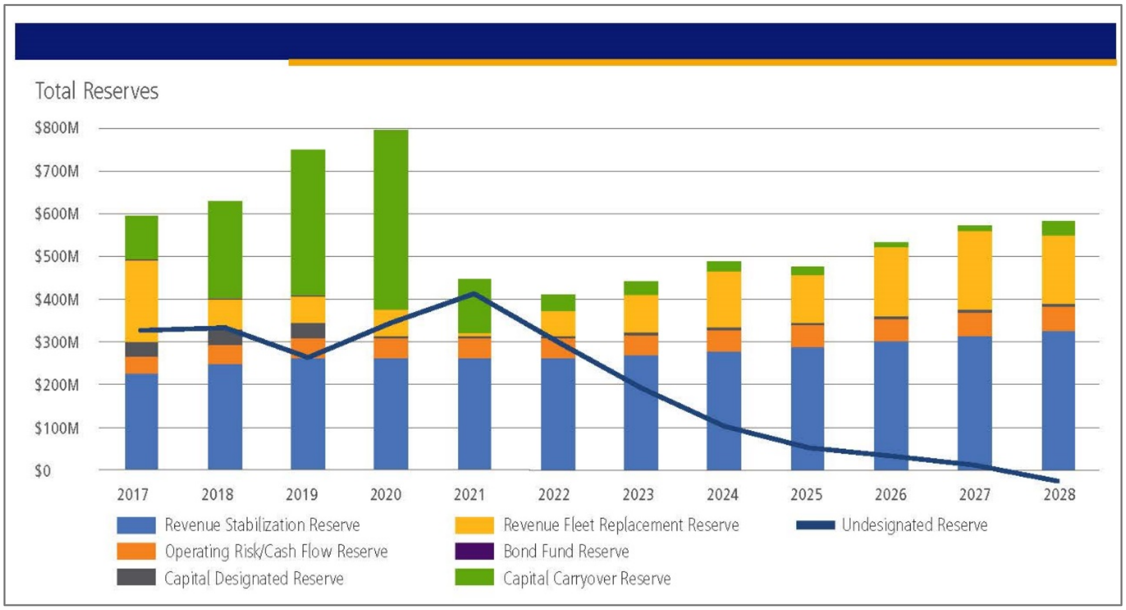
KEY ISSUES

ISSUE 1 – USE OF FUND BALANCE, COST CONTAINMENT, AND TRANSIT SERVICE LEVELS

As noted above, Metro has faced significant operational and revenue impacts as a result of the pandemic. Given the continuing uncertainties about ridership levels, commuting patterns, and the overall economic situation Metro will encounter during 2021 and 2022, the proposed budget would spend $483 million more than anticipated revenues and use undesignated fund balance to cover the gap (see Figure 1 below).

Figure 1. Metro Proposed Use of Reserves

[32] Project Number 1139239



Using this approach would allow Metro to propose less extensive reductions to service levels and to propose less significant capital project deferrals than would otherwise be the case. As discussed in the operating section of this staff report above, Metro is proposing a net transit service reduction of Metro-funded transit service of less than one percent, and is proposing to fully re-invest the transit service hours from a proposed 140,000 annual service hour cut during the biennium. Metro is also proposing a five percent reduction in non-direct service costs, resulting in a $24 million reduction that represents one percent of Metro's operating budget.

There is risk associated with this approach. Metro could potentially face significant financial challenges in future biennia. By holding spending relatively stable in the 2021-2022 biennium, if Metro is unable to secure other sources of funding, Metro projects a need to deplete its fund balance and make cuts of approximately 500,000 annual service hours, or 13 percent of the system, by 2025.

This approach represents a policy choice for the Council: whether to maintain transit services to the extent possible using fund balance, as Metro proposes; or whether to make more significant cuts during 2021-2022 to maintain fund balance into future biennia.

ISSUE 2 – COMPLIANCE WITH ADOPTED POLICY

Metro's adopted fund management policies 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. The proposed 2021-2022 budget will generally comply with the adopted fund management policies, by maintaining all required reserve levels. However, there are two areas of the fund management policies with which the proposed budget does not comply:

- The general financial practices (Section I.A of the fund management policies) set an order in which Metro must expend funds. The first priority is paying debt service. The second priority is the operation of current transit system levels. Only after those two priorities are fulfilled can Metro maintain and replenish its reserves and fund new transit service and capital investments, even investments called for by the Service Guidelines and METRO CONNECTS. In the case of the 2021-2022 budget, Metro proposes to make cuts to current transit system levels. But it also proposes to invest in a number of new initiatives that may not be considered necessary to maintain operations of the current system. Such new investments include:
    - $6 million allocated for feeder-to-fixed flexible service in Skyway,
    - $26 million allocated new Subsidized Annual Pass Program,
    - $93 million in fleet electrification investments,
    - $78 million in capital investments and 30,000 annual service hours for new RapidRide lines, and
    - $34 million in capital investments to improve the transfer environment around upcoming Link light rail stations.

  These investments are consistent with Metro's adopted policies and King County stated priorities, but may not be consistent with the fund management policies during a time when existing transit service levels have been cut.

- As noted above, the farebox recovery ratio section (Section III.A of the fund management policies) sets a target of covering 30 percent of passenger related operating costs from farebox revenues and a requirement for covering at least 25 percent of passenger related operating costs from farebox revenues. Metro has indicated in a letter to the Council that it will not meet either the target or the floor during the upcoming biennium: the current estimate is 15 percent in 2021 and 18 percent in 2022. Metro's farebox recovery ratio will depend largely on the return of riders to the system, and meeting the target set in the fund management policies could require significant cuts to service levels.

Council staff is working with legal counsel on a potential approach to address this issue.

Additionally, Metro states that they plan to consider changes to fund management policies in the next biennium to align the policies with the Mobility Framework. Metro also states that during 2021, the agency will undertake a comprehensive review of fares to determine whether and how fares across modes might be more integrated and to review farebox recovery.

NEW INFORMATION FOR OCTOBER 15 ROUNDTABLE

Compliance with Fund Management Policies

As discussed during the October 8 panel meeting, Metro's proposed budget is generally compliant with its adopted fund management policies.[33] However, there are two areas of the fund management policies with which the proposed budget does not comply:

- The general financial practices section (Section I.A) sets an order in which Metro must expend funds, requiring that operation of current transit system levels must be funded before Metro can fund new transit service and capital investments. Metro has proposed making some reductions to existing transit system levels in response to decreased ridership and revenues resulting from the pandemic, but has also proposed a set of new investments, both to respond to changing ridership patterns and meet equity goals and also to prepare for future system priorities, such as Link light rail expansion and zero-emission fleet goals.

- The farebox recovery ratio section (Section III.A) sets a requirement that Metro must cover at least 25 percent of passenger related operating costs from farebox revenues. Metro projects farebox recovery ratios of 15 percent in 2021 and 18 percent in 2022.

Council staff has worked with legal counsel to draft an ordinance that would suspend these two sections of the fund management policies during 2021-2022, citing the fiscal and operational impacts of the pandemic. The suspension of these policies would allow Metro to gradually restore the existing system, while initiating new investments.

<u>Restoration of Temporarily Suspended Transit Service</u>

During the discussion at the October 8 panel meeting, Councilmembers expressed interest in learning more about how Metro is projecting ridership for 2021-2022, and what criteria will be used to restore transit service that has been temporarily reduced or suspended as a result of the pandemic.

According to Metro, ridership is currently 60-65 percent below 2019 ridership. In developing ridership projections for the 2021-2022 budget, Metro had to consider unknowns such as the impacts of the COVID-19 pandemic into the future and the potential for changing commute patterns throughout the region post-COVID. Metro estimated a slow recovery of baseline ridership throughout the biennium and layered in the estimated impacts of service changes, including the assumed loss of Seattle Transportation Benefit District (STBD) service. This resulted in an estimate of 52 percent of baseline ridership in 2021 and 62 percent of baseline ridership in 2022. Metro is projecting that by 2024, ridership will return to 87 percent of the 2019 baseline.

Should ridership return more rapidly than Metro is projecting, the agency would see an earlier recovery of fare revenue compared to projections, and would have capacity in the system to accommodate the return of ridership, assuming the pandemic social distancing requirements were reduced or no longer in effect.

[33] Ordinance 18321

Metro's proposed budget includes resources to fully restore transit service to pre-pandemic levels as early as September 2021, but in actuality Metro states that decisions about the pace at which to restore suspended transit service will be guided by monitoring the following indicators at the route level:

- **Ridership** as a percent of pre-pandemic ridership
- **Crowding** based on the number of trips above the load limit driven by public health guidelines (currently Metro buses are restricted to carrying 1/6th of typical capacity)
- **Equity** based on route opportunity scores, once policy updates are adopted
- **Employers** status for returning workers to regional job centers and ORCA Passport data
- **Productivity** data comparing pre-pandemic riders per platform hour to current data

Metro states that other factors that will determine the pace at which transit service is restored are Metro's workforce availability and regional indicators such as the Governor's Safe Start phases; the status of in-person classes at major colleges, universities, and school districts; and the status of in-person work at the largest employer work sites.

Metro indicates that suspended transit service will be restored both at scheduled spring and fall transit service and by adding supplemental service between service changes.

Metro states that they are developing a COVID-19 recovery dashboard that will allow the public, policymakers, stakeholders, and partners to monitor the route-level indicators listed above in real time. Metro is also planning to provide a quarterly COVID-19 service recovery briefing to keep the public, policymakers, stakeholders, and partners informed about the transit service restoration process. If the Council desires to ensure transparency around the monitoring of pandemic-related ridership changes and the restoration of suspended transit service, a proviso could be developed related to that objective.

Permanent Changes to Metro-Funded Service

As Metro is monitoring key indicators for restoring pandemic-related temporary service suspensions, Metro is also planning for several significant transit service changes during the biennium that would involve transmitting permanent service change proposals to the Council.

Restructure bus service in Northeast Seattle, (170,000) annual service hours
In anticipation of the Northgate Link light rail extension scheduled to open in 2021, Metro has been conducting community outreach and planning for a major restructure of transit service in Northeast Seattle. Metro indicates that, assuming the loss of STBD funded service hours, this restructure would result in a net reduction of 170,000 service hours, as shown in Table 5. The 47,000-hour reduction of Metro-funded service hours represents the elimination of the portion of Route 41 that would be replaced by Link light

rail. Note that if the proposed STBD levy passes, the reduction in Seattle-funded transit service hours could change.

Table 5. Proposed 2021-2022 Budget: Northgate Link Transit Service Restructure

	Pre-COVID-19 Service Level	Proposed Change	Percent reduction	Post-Restructure
Metro-funded annual service hours	1,226,000	(47,000)	(3.8%)	1,179,000
Seattle-funded annual service hours	121,000	(121,000)	(100%)	0
Other partner funded annual service hours	2,000	(2,000) + Northgate Link light rail	NA	Northgate Link light rail
Total	**1,349,000**	**(170,000)**	**(12.6%)**	**1,179,000 + Northgate Link**

According to Metro, the Northgate Link restructure would be likely to result in improved frequencies on areas routes in connecting to jurisdictions outside of Seattle, such as Shoreline, Kenmore, and Mountlake Terrace, but reduced frequencies on several Seattle-only routes in the area, due to the loss of STBD funding.

Transit Service Reinvestments, 143,000 annual service hours reinvested
Metro proposes to reduce transit service hours in areas identified by reduction guidance in Metro's adopted policies at the time of the proposal, in order to fund other identified service priorities. Table 6 shows those proposed reinvestments.

Table 6. 2021-2022 Proposed Transit Reinvestments

Metro funded service	Annual transit service hours
Northgate Link reduction	(47,000)
Fixed route reductions to address new needs	(93,000)
DART reductions to address new needs	(3,000)
Total proposed reductions	**(143,000)**
Investments in historically underserved areas	50,000
RapidRide H Line	30,000
RKAAMP bus service[34]	10,000
DART service for RKAAMP[35]	8,700
DART service for Trailhead Direct Program	11,000
Construction-related changes	1,500

[34] The Renton Kent Auburn Area Mobility Project service was implemented in Fall 2020.
[35] The Renton Kent Auburn Area Mobility Project service was implemented in Fall 2020.

Metro funded service	Annual transit service hours
Skyway flexible service	31,800
Total proposed investments	**143,000**

The service reinvestment planning shown in Table 6 may not be fully compliant with existing Service Guidelines[36] policies, but, according to Metro, is based on an assumption that Metro's adopted policies will be updated during the biennium to include stronger equity considerations in service planning, as recommended in the Mobility Framework.[37]

Metro is currently working with regional stakeholders and the Regional Transit Committee and Council to update Metro's policies, including the Strategic Plan for Public Transportation,[38] the Service Guidelines, and METRO CONNECTS.[39] The Executive currently plans to transmit these policy updates to the Council in mid-2021. Metro states that any transmitted transit service change proposals will comply with the adopted policies in effect at the time.

Capacity for Future Expansion

At the October 8 panel, Councilmembers asked how the proposed 2021-2022 budget impacts Metro's capacity for future expansion. As noted above, Metro's proposed budget proposes using undesignated fund balance to minimize operational reductions during 2021-2022 and to provide funding for key capital projects. As a result, the proposed budget anticipates that Metro-funded service hours will mostly be restored to pre-COVID levels by the end of the biennium.[40]

Even as Metro is proposing to maintain service levels to the extent possible, however, the proposed budget assumes a reduction of 367 FTEs[41] for bus operators, mechanics, and other vehicle maintenance staff resulting from lower service levels being operated; and proposes to defer or cancel nearly $1 billion in capital projects over the next decade, including significant deferrals to Metro's base expansion program.

[36] Ordinance 18301
[37] Motion 15618
[38] Ordinance 18301
[39] Ordinance 18449
[40] Note that if the Seattle Transportation Benefit District (STBD) levy is not renewed, which the proposed budget assumes, Metro would cut approximately 365,000 Seattle-funded annual service hours. If the new STBD levy is approved, the level of Seattle-funded reduction would less, with approximately 170,000 annual service hours added through a supplemental budget request during 2021.
[41] Note that Metro is simultaneously proposing to add 181 FTEs to support the expansion of Link light rail. Metro staff note that the 367 FTEs reduction is anticipated to occur through attrition and retirement, not through layoffs.

Metro staff state that, even with these reductions, the department has the operational and infrastructure capacity to respond with needed service levels as the economy recovers and ridership returns.[42]

On the operational side, Metro points to several areas of flexibility to allow it to provide a level of staffing sufficient to meet service level needs. First, Metro notes that as social distancing requirements are relaxed, more passengers will be able to ride each bus,[43] meaning that as public health conditions improve, more passengers will be able to travel without requiring an increase in service hours or staffing.

If additional operators are needed, Metro has implemented a recall list that extends through August 8, 2022, for the 200 part-time transit operators who were laid off during 2020. Although this recall list will get smaller as it is used and as former operators find other employment over time, it does provide a mechanism to bring back trained operators quickly if they are needed. Metro staff also note that due to the high level of retirements occurring in 2020 through the County's Voluntary Separation Policy, Metro anticipates a lower level of attrition during 2021. Finally, Metro notes that because any major additions to service levels would happen during the regularly scheduled March and September service changes, there would be enough advance notice to recruit and train any needed staff, a process that currently takes about two months.

On the capital side, Metro proposes to scale back its base expansion plans, including:

- **South King County Base:** The proposed budget disappropriates $26 million from the plan to design and construct a new 250-bus South King County base by 2030, deferring that project indefinitely.
- **Central Campus:** The proposed budget disappropriates $37.7 million from plans to add capacity for 150 buses at Central Campus.
- **South Campus:** The proposed budget no longer plans to use the South Interim Base[44] as a stand-alone operating base when construction is completed at the beginning of 2021 (resulting in operating budget cuts of $5.6 million and 20 FTEs), though does propose a $45.4 million capital appropriation for continued development of the South Annex Base, which is planned to have capacity for 250 buses when it is completed in 2027.

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[42] Metro staff note that, although the budget proposal does not assume the renewal of STBD funding, the agency has capacity to provide the services anticipated under the small 2020 STBD measure if it is approved. However, they note that their current financial and operational planning does not account for potential additional revenue sources, such as a voter-approved countywide funding measure. Should new funding become available in future biennia, Metro would need to provide increased capacity, which would likely be featured in any proposal for additional revenue.

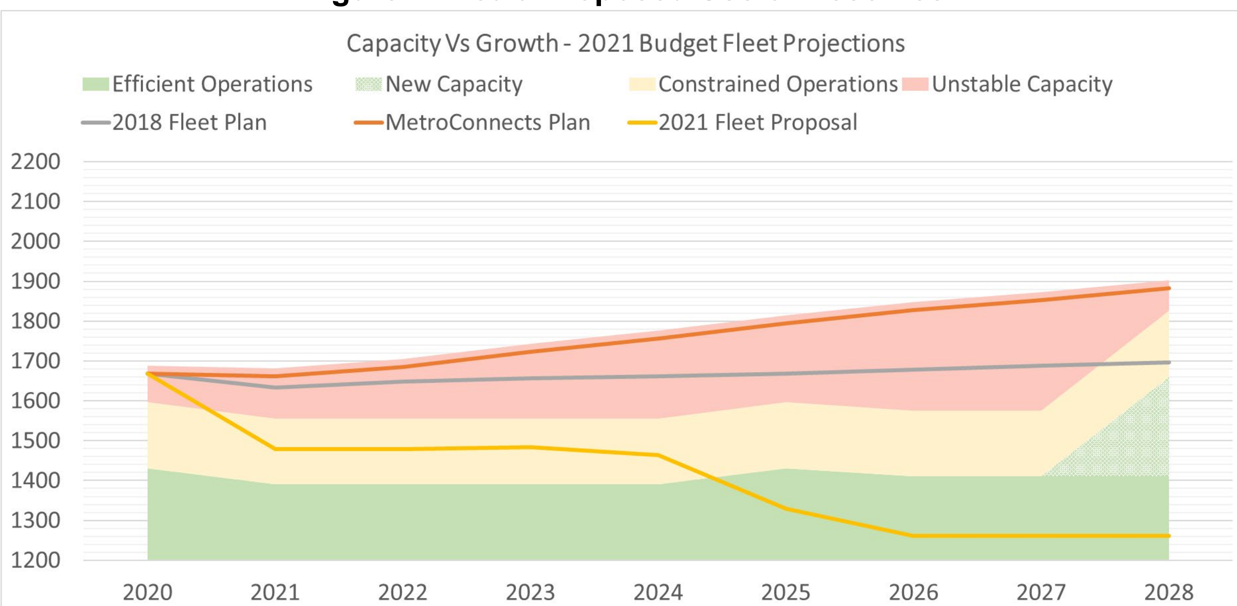
[43] Metro staff note that Metro is currently operating 85 percent of pre-COVID service hours but carrying only 35 percent of pre-COVID riders. By the end of the biennium, Metro anticipates providing nearly 100 percent of Metro-funded service hours, but only 70 percent of riders, as riders gradually return to the system and as buses are presumably allowed to carry more passengers.

[44] South Interim Base was planned for 125 buses and was planned to be used while construction for South Annex Base was underway.

As Figure 2 shows, Metro anticipates that the slower pace for base expansion will meet the department's fleet and service needs through 2028, both because of the reduction in Seattle-funded hours (shown as the sharp drop in the gold line in the figure between 2020 and 2021) and also because of lower revenue levels projected through 2028.[45]

Metro staff note that if there is short-term need for additional base capacity, the South Interim Base could be used. As noted above in this staff report, the South Interim Base was planned for 125 buses and will be completed next year. However, the budget proposes that South Interim Base will not be operated or staffed as a base, but instead used for other purposes, including electrification, with the plan being that it could be available as a space for charging battery electric buses by 2025. If there are immediate capacity needs, South Interim Base could be used as a base. Metro staff also note that the planned opening of South Annex Base in 2027, with space for 250 buses, will provide additional capacity.

Figure 2. Metro Proposed Use of Reserves



[45] As noted above, Metro's revenue projections and financial plans do not currently assume additional revenue sources, such as a countywide voter-funded measure.

Fleet Electrification and Opportunity Costs

During the October 8 panel, Councilmembers asked for more information about Metro's plans to transition to a zero emissions fleet, and the opportunity costs associated with transitioning to electric buses. In the Zero Emission Battery Bus Preliminary Implementation Plan Report,[46] summarized in the next section of this staff report, Metro provided analysis comparing the cost of a zero-emission fleet and continuing Metro's previous fleet practices. The comparison used Metro's costs for purchasing and installing charging infrastructure[47] for the 40 battery electric buses proposed in the 2021-2022 budget to compare the lifecycle costs of battery electric buses and diesel hybrids.

The lifecycle cost analysis includes fueling infrastructure (maintaining existing infrastructure for diesel fueling, compared to building new infrastructure for electric charging), fuel, vehicle purchase, vehicle maintenance, and battery and bus disposal costs. Metro also performed a comparison assuming that capital, fueling, and operating pricing for battery electric buses will decrease over time as the technology develops. Additionally, Metro ran comparisons factoring societal costs such as noise and pollution into both scenarios. Table 7 shows the results of the cost comparison that factored in both monetary and societal costs.

Table 7. Comparison of Lifecycle Battery Electric Bus and Diesel Hybrid Costs

	Diesel Hybrid	Battery Electric (current costs)	Battery Electric (costs decreasing as technology advances)
Monetary and societal lifecycle cost by 2040	\$1.368 billion	\$1.943 billion	\$1.355 billion
Comparison to base	-	\$574 million	(\$13 million)
% difference	-	42%	(1%)
Cost in annual transit service hours	-	237,000 annual service hours over 19 years	-

If current battery electric bus fleet and infrastructure costs bear out over the 19-year fleet conversion plan, Metro risks spending additional fleet replacement costs equivalent to the cost of providing 237,000 annual service hours over the same time period. However, if the battery electric bus costs decrease as the technology advances, Metro projects the lifecycle and societal costs of the two technologies to be roughly equivalent, with no opportunity cost to convert to a zero emissions fleet.

[46] Proposed Motion 2020-0359
[47] Project #1134282, Ordinance 19138

Table 8 summarizes proposed revenue fleet electrification capital expenditures in Metro's 2021-2026 capital improvement program. Metro has structured the fleet replacement capital improvement program in such a way that it will be transparent to track the incremental cost difference between hybrid and battery electric bus purchases. While these capital projects show the expenditures Metro is planning to make towards fleet electrification over the next six years, they do not necessarily translate to funding that could otherwise be used to operate service, both because of the constraints due to COVID-19 in the near term, and because transit service must be supported with ongoing revenue. Capital expenditures also do not capture potential operating cost savings associated with potential lower fueling costs for battery electric buses.

Table 8. Metro's Proposed Zero Emission Investments

Name	Description	21-22	23-24	25-26	6-Year Total
Battery Electric Buses (BEB) *1139507 & 1139328*	Incremental cost difference between purchasing 300 BEBs and hybrids	$12,752,465	-	$39,632,744	$52,385,209
Interim Bus Base Charging *1139367*	Charging infrastructure for 105 BEBs by 2025	$5,098,503	$29,086,488	$33,399,212	$67,584,203
South Annex Base Electrification *1139369*	Charging infrastructure for 155 BEBs by 2027	$15,594,568	$425,829	$22,522,519	$38,542,916
Layover charging *1139852*	On-route charging infrastructure for BEBS in 2025/2026	$3,120,440	$8,999,154	$12,748,093	$24,867,687
Green Power Charge Management *1139400*	Market research and planning for IT systems to support a zero-emissions fleet	$6,656,748	$5,067,382	$2,745,359	$14,469,490
Zero emissions Infrastructure planning *1134274*	Planning and programming of bus and fleet zero emissions infrastructure	$667,474	$1,687,020	$1,788,723	$6,650,136

Name	Description	21-22	23-24	25-26	6-Year Total
Electrify Planning Report *1139397*	Planning to create a roadmap to fully electrify Metro's fleet	$3,846,947	-	-	$3,846,947
Total		**$47,737,145**	**$45,265,873**	**$112,836,650**	**$208,346,588**

<u>Summary of 2019-2020 Transit Budget Proviso Responses</u>

Due to delays caused by COVID-19, there were responses to provisos in the Transit Section of the 2019-2020 Budget that were not transmitted and reviewed by Council prior to the transmittal of the proposed 2021-2022 budget. Because the Council intended to review those proviso responses prior to consideration of the 2021-2022 budget, staff is providing a summary of the relevant legislation, which has now been transmitted but has not yet taken up by Council.

Proposed Motion 2020-0359, acknowledging receipt of the **Zero Emission Battery Bus Preliminary Implementation Plan Report**, was transmitted September 30, 2020, in response Proviso P9 in the 2019-2020 Biennial Budget Ordinance 18835, as amended by Ordinance 19021, Section 64. Additionally, Metro also transmitted a report[48] required by the "Jump Start" Ordinance 19502.

Proposed Motion 2020-0346, acknowledging receipt of a **Report on Implementation of a Kenmore Water Taxi Route**, was transmitted September 29, 2020, in response to Proviso P1 in the 2019-2020 Biennial Budget Ordinance, Ordinance 18835, Section 107.

Additionally, a response to Proviso P8, Ordinance 18930, Section 75, requesting a **Report on Implementation of a Ballard Water Taxi Route** is due December 31, 2020, and was not transmitted in time for inclusion in this staff report.

Zero Emission Battery Bus Preliminary Implementation Plan Report

Both the budget proviso and Jump Start Ordinance requested the following set of information: the identification of major milestones through the 2021-2002 biennium, a fleet procurement plan, a high-level schedule for the installation of charging infrastructure, a summary of evaluations, updated cost projections, and a preliminary high-level financing plan. The Jump Start ordinance requested additional information on the Battery Electric Bus (BEB) market, a review of the ADA paratransit vehicle industry, and options for increasing zero-emission vehicle technologies at King County Park and Rides.

[48] 2020-RPT0142

Both reports generally meet the reporting requirements and show at a very high level the paths to reaching full conversions by 2035 and 2040. The reports revise the financial analysis completed in 2017 to reflect new modeling assumptions and updated cost information. As noted in the staff report, the updated cost models show that BEB are more expensive than diesel-hybrids, even when societal benefits are factored in. It is estimated that BEBs, when using current data, in the most favorable case, when societal costs are included, is one percent less expensive than diesel-hybrids. In the moderate case, when societal costs are included, BEBs are 42 percent more expensive than diesel-hybrids. The largest factor driving the cost difference is the significant investments required for BEB charging infrastructure whereas the diesel-hybrid infrastructure already exists. Council staff continue to review the many assumptions used in the model, such as societal, fueling, and electricity costs.

Key milestone dates for the biennium include:

- During the biennium, Metro will begin building large-scale electrical charging infrastructure at the South Base Test Facility and continue developing information technology (IT) solutions for charge management. Construction is expected to begin in Q4 2020.
- Twenty 40-foot long range buses and twenty 60-foot BEB are expected to begin service in January 2022.

The reports also include high level BEB fleet replacement plans for full electrification by 2035 and 2040. Both procurement plans reflect a slowdown in near term procurement for BEBs when compared to earlier projections. Both plans assume Metro will purchase its last diesel-hybrid coaches in 2023 to support the RapidRide G line. Both plans also assume Metro will grow its trolley fleet by an additional thirty 60-foot trolleys. BEB purchases in both plans are the same from 2025-2034. However, for the 2035 plan, Metro would purchase 177 BEBs to reach its zero-emission goal. Council staff analysis of this procurement plan is ongoing to better understand how both procurement plans compare to the regular replacement cycle for diesel-hybrid buses. Council staff analysis of both reports is ongoing.

Report on Implementation of a Kenmore Water Taxi Route

The report on implementation of a Kenmore Water Taxi Route provides an update on the ridership projections and cost estimates in the 2015 ferry expansion options report, a discussion of planning efforts needed or underway to implement the routes, an environmental impact analysis, a summary of coordination with local agencies, a discussion of options for funding the route, a summary of public outreach, and a description of next steps for moving forward.

The update of ridership projections and costs affirmed that Lakepointe to University of Washington Waterfront Activities Center remains the most viable Kenmore to Seattle route, projected to have annual ridership of approximately 196,000 by 2025. That roughly translates to an average of 754 weekday rides. The updated cost estimate for the route is $40.1 million for capital costs, including vessels, and $3.7 million in annual operating costs. It is estimated to take three years to undertake the planning and capital improvements necessary to implement the route.

The report explored potential funding for implementing the Kenmore water taxi route and estimated an increase to the existing $0.0125 water taxi property tax levy of between $0.0065 and $0.0086 would be needed, depending on the level of funding from grants and partnerships that would be available.

According to the report, planning efforts that would be needed to implement the route include an evaluation of how the route would fit in with long-term planning for transit service for Kenmore and the region, including an analysis of future population and travel trends, and a determination of how this route aligns with the policy goals of the Mobility Framework.

The report concludes that while implementation of a Kenmore to Seattle water taxi route would support increased mobility, adding a water taxi route is "unviable for the foreseeable future, given the impacts caused by the COVID-19 pandemic." The report states that the route would remain in Metro's long-range plans for potential future expansion of water taxi service in King County.

Council staff analysis of the report is ongoing.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: IS THERE AN OPPORTUNITY COST ASSOCIATED WITH THE PROPOSED INCREASE IN COMMUNITY ENGAGEMENT?

ANSWER: As noted above, the proposed budget includes an addition of $6 million[49] and 11 FTEs to increase Metro's investment in communications and engagement.

Metro staff note that, historically, Metro's community engagement staff have focused their work to support a specific project, program, or policy development. During this next biennium, Metro proposes to work to strengthen relationships with community and design engagement with community partners in a way that pulls together opportunities for input across many agency projects, minimizing confusion and making more efficient use of community time and energy.

Metro's proposal also includes new resources to pilot a community liaison program to be staffed by short-term, temporary employees who are linguistically and culturally diverse to help directly involve priority populations in shaping Metro's decision making on plans, policies, and programs. Metro staff state that Metro plans to use this investment to help Metro establish policies and implement best practices in language and disability access in its engagement practices and in communications to increase participation in decision-making processes.

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[49] Of this total, $2.1 million is proposed as one-time investments to be evaluated prior to the development of the 2023-2024 budget.

Whether to increase community engagement to the extent proposed by Metro is a policy choice for the Council. Enhancing and increasing community engagement is consistent with County equity and social justice policies, as well as with the recommendations of the Mobility Framework. However, the $6 million proposed for this expansion of services could instead fund between 25,000 and 32,000 annual service hours.

One option could be to use a budget proviso to encumber some or all of the proposed budget increase for community engagement until there is more certainty about ridership recovery and the need for additional transit service. At that point, the Council could work with Metro to determine how to direct the funds.

QUESTION 2: HOW WAS ACCESS RIDERSHIP PROJECTED FOR THE 2021-2022 BIENNIUM?

ANSWER: Metro indicates that it experienced a drop in Access ridership of 70 percent during the initial phases of COVID-19, but that ridership steadily increased to approximately 45 percent of pre-COVID levels by August.[50] Metro anticipates that Access ridership will increase to 80 percent of the 2019 baseline in 2021 and 88 percent in 2022. Metro's proposed budget would reduce payments to the Access Paratransit contractor, MV Transportation, by $17 million during the biennium: $11.3 million due to lower staffing levels[51] and fuel costs associated with lower ridership projections and $5.8 million due to expected service efficiencies and scheduling improvements that Metro anticipates the contractor will be able to implement.

Metro staff state that several steps will be taken to provide more Access capacity as ridership returns. First, as social distancing requirements are relaxed, Access will be able to carry more passengers per van. Second, Metro has a process to allow passengers to take taxis or transportation network companies if Access service is not available to meet their needs. Finally, to provide greater flexibility and protection to vulnerable passengers during the pandemic, Metro has been allowing passengers who are not certified for Access service to use it this year; as Access ridership returns and pandemic restrictions diminish, Metro will return to its pre-COVID requirements and limit Access service to those who have been certified as eligible.

QUESTION 3: HOW IS THE NORTH EASTSIDE MOBILITY PROJECT (NEMP) WORKING WITH THE CHANGES DUE TO COVID-19? IS METRO LOOKING AT ANY ADJUSTMENTS TO THE NEMP AREA?

ANSWER: A service restructure in the north Eastside of King County, called the North Eastside Mobility Project (NEMP) was implemented as part of the March 2020 service change,[52] just as pandemic shutdowns went into effect. The primary change in the restructure was to shorten Route 255, which had been the main all-day route

[50] Metro Transit Department, COVID-19 Response and Recovery Report, October 8, 2020, p. 9.
[51] As noted above, Access service is operated by a contractor, MV Transportation. Reductions in Access staffing due to lower ridership levels would be of contractor employees, not Metro employees.
[52] Ordinance 18944

connecting Kirkland and downtown Seattle, to operate between the Totem Lake Transit Center and University of Washington. Other changes made more direct connections between Kirkland and Bothell, Woodinville, and Redmond; expanded evening and weekend service; and expanded Community Ride options.

According to Metro, the NEMP is generally meeting expectations to a reasonable extent given the crisis. However, reduced Sound Transit Link service levels create a challenge for Eastside Route 255 customers travelling to and from Downtown Seattle. The NEMP included more frequent service on Route 255 and requires customers to transfer between bus and rail at UW Station. While Link service has recently ramped up somewhat from its low point earlier in the pandemic, frequencies are still down from pre-pandemic, as follows:

- Every 15 minutes until approx. 6am
- Every 8 minutes until approx. 8am
- Every 15 minutes until approx. 2pm
- Every 8 minutes until approx 6:30pm
- Every 15 minutes headways until approx. 10:15pm
- Every 30 minutes until approx. 12:45am.

Particularly during midday, night, and evening periods, customers who need to transfer between Route 255 and Link are experiencing significantly longer than anticipated waits. Metro staff state that Metro is monitoring NEMP and other routes and adjusting service levels as needed to accommodate COVID load limits as closely as possible.

QUESTION 4: WHAT ROUTES CURRENTLY HAVE HEADWAYS GREATER THAN 90 MINUTES?

ANSWER: According to Metro, five routes have service with headways 90 minutes or longer for all or a portion of their service span:

- Route 118 (Vashon Island)
- Route 119 (Vashon/Maury Islands)
- Route 208 (North Bend to Issaquah)
- Route 224 (Duvall to Redmond)
- Route 915 (Auburn to Enumclaw).

At present, all these routes are operating and all continue to have some headways 90 minutes or longer.