



Metro Transit: Meeting Challenges and Managing Change

Metro is the largest public transportation agency in the Puget Sound region, serving 2.3 million people living in diverse and growing communities throughout King County's 39 cities and unincorporated King County. Until COVID-19, regional demand for transit services continued to grow.

However, the financial landscape in which Metro operates changed drastically with the COVID-19 pandemic. Already insufficient to meet existing demand and accomplish the long-term vision articulated in Metro Connects, the pandemic and its subsequent recession have significantly worsened Metro's financial situation. Projected sales tax revenues for 2021-2022 are approximately \$200 million less than the pre-COVID-19 forecast. Fare revenues are also down due to temporary suspension of fare collection and significant loss of ridership. Metro received \$243 million from the federal government for COVID-19 response, which was used to maintain service and support safety and cleanliness procedures. Costs to maintain the existing service levels and assets are anticipated to exceed revenues in 2020 and beyond, drawing down fund balance. This structural deficit will require either new revenues, a change in policy, or service reductions in outyears (likely 2025-2026), as Metro's fund balance is exhausted. A further temporary financial uncertainty is the outcome of the City of Seattle's November 2020 ballot measure to renew the Seattle Transportation Benefit District (STBD). The proposed measure would maintain a lower level of transit funding than the existing STBD; discussions between the City of Seattle and Metro are ongoing to determine routes and investments that will be prioritized through the new measure if passed by the voters.

The short- and long-term effects of COVID-19, climate change, income inequality, and the community's coming to terms with systemic and institutional racism create additional uncertainties and opportunities that will impact Metro operations in the 2021-2022 biennium and beyond.

KEY PRIORITIES

As King County rebuilds its mobility system, Metro will prioritize:

Access to Mobility during COVID Response and Recovery

Metro faces many challenges as the region responds to the pandemic. In response to the pandemic and related decreases in demand, Metro has suspended approximately 400,000 hours of service. However, demand has not fallen uniformly across the region. In areas where essential workers rely on transit for mobility, some routes have retained nearly two-thirds of their ridership, while other routes have lost as much as 90 percent of their ridership.

As the region recovers, the transit system will need to adjust to address the post-COVID environment and the changing needs of customers. The proposed budget provides appropriation authority to support the restoration of the suspended service during 2021; however, the pace and scale of service restoration



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will be based largely on system demand. Metro is in the process of identifying criteria that will be used to make service restoration decisions in a way that is data-driven, transparent, and equitable. Throughout 2021 and 2022, Metro will monitor these criteria and adjust service accordingly, with the potential to add back nearly all of the currently suspended Metro-funded service hours. Metro will focus on restoring service where needs are greatest, allocating resources to high ridership/crowded routes, especially those serving communities with higher proportions of low-income and Black, Indigenous, and people of color (BIPOC) populations. As noted above, Metro will draw on fund balance to restore the suspended Metro-funded service. Based on current forecasts, reserves and fund balance will likely support this service through 2024.

While Metro will not be able to deliver on the entire long-range vision as outlined in Metro Connects without additional funding, the 2021-2022 Proposed Budget and capital program support the implementation of several long-planned RapidRide lines and Sound Transit Link light rail integrations. The new RapidRide lines include Delridge (2021), Madison (2023), and Renton/Kent/Auburn (2023), providing frequent all-day service to several low-income and BIPOC communities. Unfortunately, given Metro's financial situation, further RapidRide expansions are not funded, although Metro will seek federal funding for the Rainier RapidRide line in the future. The 2021-2022 Proposed Budget and capital program also support system restructures to align fixed route bus and other Metro services with Link expansions, including Northgate link in 2021; Eastlink in 2023; and Federal Way, Lynnwood, and Redmond Link in 2024-2025.

Lastly, Metro will focus on modernizing business processes to improve service delivery and efficiency, including service management, asset management, customer engagement, customer information, and performance and business reporting.

Zero-Emissions Revenue Fleet

The Executive's proposed budget advances the transition to a zero-emissions fleet. During 2021-2022, Metro will purchase 40 battery electric buses and related charging infrastructure at South Base and will plan and design additional charging infrastructure to support an additional 260 battery electric buses by 2028. The incremental investment in battery electric buses and charging infrastructure totals approximately \$270 million between 2021 and 2028, funded through a combination of cash and debt. While these investments make progress toward the goal of a zero-emissions fleet by 2040, funding has not been identified for further battery electric bus and related charging infrastructure investments after 2028. Additional investments in electrification of the fleet will require a new revenue source, significant increased revenue forecasts, or a reduction in service levels.

Changes to Policing and Fare Enforcement

King County is committed to co-creating changes in transit policing and fare enforcement with the community and the Metro workforce. In 2021, Metro will convene a team with diverse workforce and stakeholder representation to re-examine how law and fare enforcement interact and are funded and to develop new, community-driven solutions to safety. The goal will be to implement changes in late 2021 or 2022.



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New Subsidized Annual Pass Program

In order to serve people with very low incomes who cannot afford the current ORCA LIFT, Regional Reduced Fare Program (RRFP), or youth fare, Metro will launch a fully subsidized annual pass program for eligible customers. To qualify for the program, residents must have incomes less than 80 percent of the Federal Poverty Level (FPL) and receive services from one of the following programs: Temporary Assistance for Needy Families (TANF)/State Family Assistance (SFA); Refugee Cash Assistance (RCA); Aged, Blind, or Disabled Cash Assistance (ABD); Pregnant Women Assistance (PWA); Supplemental Security Income (SSI); and/or Housing & Essential Needs (HEN). Customers will receive an annual pass that fully subsidizes their rides on Metro services; Sound Transit is also participating as a 24-month pilot. The program is anticipated to provide approximately \$30 million of fare value annually to eligible riders. During 2021, Metro will work to better understand how to reach low-income populations and distribute cards to eligible people. Metro will use that data to inform potential expansion of eligibility criteria as early as 2022.

Fare Increase

The Executive proposes delaying a planned fare increase to allow time for the economic recovery to take hold and to allow for a review of fares across all mobility modes, including buses, ferries, paratransit service, and more. This fare increase will also align with widespread system implementation of a new ORCA card system, as well as the likely expansion of the subsidized annual pass program. However, the delayed fare increase will also mean that Metro will not achieve the farebox recovery floor identified in its fund management policies.

Policy Revisions

As King County responds to the changing environment, Metro is working to update its policies, including the Strategic Plan for Public Transportation, Service Guidelines, and Metro Connects. Metro is working to update these documents in 2021, developing alignment among the policies and incorporating the recommendations of the Mobility Framework and other King County initiatives. Potential changes include prioritizing investments where the needs are the greatest and increasing the role of community engagement and environmental considerations in decision-making. Over the next few years, King County will re-evaluate the transit system in light of post-COVID conditions and consistent with new policies and will implement applicable system changes.