

Regional Transit Task Force Summary of Meeting

**October 7, 2010, 5:30 – 9:00 PM
Mercer Island Community Center**

Task Force members present: Shiv Batra, Gene Baxstrom*, Fred Butler, Suzette Cooke, Grant Degginger, Kevin Desmond*, Bob Drewel, Chris Eggen, David Freiboth, Noel Gerken, Chris Hoffmann, Carl Jackson, Rob Johnson, Kate Joncas, Josh Kavanagh, Jane Kuechle, Steve Marshall, Estela Ortega, Tom Pierson, Tom Rasmussen, Carla Saulter, Jim Stanton, Bob Swarner, Greg Walker*

Task Force members absent: Chuck Ayers, Ed Miller, Lynn Moody, Jared Smith, Liz Warman, Larry Yok

Facilitator: John Howell (Cedar River Group)

I. Welcome

The meeting was called to order at 5:35 p.m. John Howell asked task force members and attendees to introduce themselves, then he reviewed the meeting agenda. There was one new topic added at the end of the agenda: an explanation of Metro's schedule maintenance program.

II. Discussion of Legislative Approach

As background for the discussion, Victor Obeso of Metro reviewed the financial forecast. (See meeting presentation, "Metro Revenue Shortfall Update and Discussion of Legislative Approach.") Of the major actions Metro took in its nine-point plan to balance the 2010-2011 budget, three were one-time actions. The remainder will provide ongoing help to reduce costs or bring in new revenue (slides 2 and 3). In charts showing projected service hours through 2015, it may not appear that overall service hours will be reduced dramatically between 2009 – 2012, but that is due to the impact of revenue-backed services, such as operations for Sound Transit and those related to the Alaskan Way Viaduct and SR-520. Projections are that the base Metro services funded through the sales tax will need to be reduced by 150,000 hours in 2012, with a cumulative reduction of 600,000 hours by 2015 (slides 4 and 5). To put these numbers in perspective, 100,000 hours is the equivalent of 10 commuter routes; and 600,000 hours is the equivalent to all Metro services on the weekends or all fixed route transit services in the East subarea. By 2015, more than \$70 million would be needed annually to provide service at the 2011 level. This amount is the equivalent of all Metro police services, cleaning services and employer programs.

Genesee Adkins, State and Federal Relations Manager for King County, provided the legislative context and some possible strategies Metro could pursue for short-term and long-term solutions. She reviewed the state's financial outlook going into the 2011 legislative session. There are three waves to the current state financial picture. The first was the Governor's order in September 2010 for 6.3 percent budget cuts. The second will come after this fall's election, depending on the vote on several initiative measures which would impact the budget. The third wave will be the development of the 2011-13 biennial budget. A \$3 billion gap is currently projected, which will call for additional across the board cuts in the state budget. However, since a sizable proportion of the state budget is federally mandated services, there are fewer areas that can be cut. On the federal level, a transportation bill is not expected in 2011.

* Non-voting member

For Metro, there are several legislative options, but all have trade-offs. A potential short-term revenue enhancement could be legislative authorization of a \$20 vehicle license fee (VLF) for a limited period of time (sunset provision). Long-term funding options include: (a) a motor vehicle excise tax (MVET), (b) roadway pricing with a partial transit revenue stream, (c) increasing the maximum sales tax for transit over the current 0.9 percent ceiling, (d) added property taxes, and (e) seeking other new revenue sources. A VLF of \$20, with up to \$50 in the Puget Sound region, has been discussed in the last two years as a way to provide short-term funding for transit. It was proposed in the 2009 and 2010 legislative sessions but was not successful. For the long term, the Transportation Partnership has been organizing around a long-term, multi-modal model that would include transit. They are looking at developing a proposal for 2011 or beyond.

Even with a short-term option, Metro would face some service reductions. And whether or not Metro pursues any legislative options, the agency will need to continue implementing efficiencies and cost control measures identified in the audit.

Answers to Task Force members' questions:

- *Cost reduction scheduling:* Accelerating schedule efficiency measures could be done but would not help reduce the financial challenges Metro faces.
- *Peer transit agencies:* Most transit agencies are facing similar challenges. The scope of needed reductions may vary because of local finances, the amount in reserves, etc. Community Transit, for example, has already had to eliminate all Sunday service.
- *Inflators:* Metro has included inflation factors in its projections. The major cost drivers are people (wages and benefits) and supplies (especially fuel). If inflation remains low, or labor contracts are renegotiated, or diesel prices drop, the financial projections would change. The current projections assume tax growth at 6 percent.
- *Legislative approach:* Generally, legislators want to see that local government is accountable, is taking a hard look at operations and pursuing efficiencies, and is getting stakeholder participation. In terms of what to take to the legislature, it is better to ask the bigger question rather than taking a specific package or solution. The legislators face a many-layered challenge with competing needs, so they will want to shape solutions.
- *VLF:* Legislators might be amenable to a short-term, stop-gap measure with a sunset provision if Metro has committed to productivity measures. It can be argued that the VLF may not be the best source of transit funding, but legislators are familiar with it.
- *VLF and local measures:* How the VLF will affect local areas depends on how it is written. In the latest version introduced in the Legislature last year, if a local city has adopted a license fee and transportation benefit district, the transit agency would credit that jurisdiction and not charge its own VLF. But that reduces the funding for the transit agency.
- *Effect of Initiative 1053:* The popular understanding is that the two-thirds vote for tax measures that this Initiative would require does not apply to local options. But there is also a question as to what would be considered a tax and what would be a fee.
- *Demonstrating efficiencies:* Metro has a track record already to demonstrate it has taken action to increase efficiency in past funding crises. When the fuel crisis hit, Metro raised fares. When the voters took away funding through the MVET, Metro raised fares and made significant cuts. When the sales tax revenue began to drop, Metro instituted a hiring freeze and cut 40 positions even before many other agencies reacted. Metro has implemented most of the audit's

- *Community input on task force recommendations:* The process for the task force's recommendations is that the report will go to the County Executive and the County Council in November. The Executive will prepare a policy recommendation that will be included in the proposed Comprehensive Plan and Strategic Plan that will be submitted to the Council by the end of February 2011. The plans will then go to the Regional Transit Committee (RTC) for review. Metro's proposed transit service guidelines and performance measures will be incorporated in the Comprehensive and Strategic Plans and the public will have opportunities to review and comment on the Executive's proposal.

Discussion:

Mr. Howell asked task force members to discuss the threshold question: Should Metro go to the legislature for a short-term, stop-gap measure, or a long-term solution, or both, or neither? In the ensuing discussion, task force members raised the following points.

Comments on approach to the legislature:

- Show a track record of efficiencies before going to the legislature. There is a general perception that Metro can do better. Metro must show that it is acting to implement efficiencies and cost controls, the audit recommendations, and the recommendations of the task force. On labor costs, there are various operational practices that could be identified for reduction, such as reducing overtime.
- Begin talking with at least King County legislators now about the work Metro is doing to improve and what the agency sees ahead. This is a tremendous time of uncertainty, and every government is facing challenges. Metro will need to show why it is a priority.
- The County Council process to consider the new policies the task force is recommending won't be complete before the legislative session opens. But we have to start talking with legislators now in order to get anything before them in 2012 for the long term.
- The criteria for how Metro approaches the legislature might be to seek stability and suggest a suite of revenue tools that are locally based.
- These issues feed into the larger conversation at the state and national levels about what government should finance.
- The question is what is sufficient evidence for policymakers to believe that Metro is making the changes recommended in the audit and by the task force. Possibly the evidence is the revised Comprehensive and Strategic Plans, scheduled to be submitted in late February, that incorporates the task force's recommendations. Meanwhile, start educating legislators on what Metro and the County are doing to achieve efficiencies and incorporate the task force's recommendations. Since the revised Comprehensive and Strategic Plans would go to the Regional Transit Committee (RTC) for review and recommendation, members of the task force should meet with the RTC to bring them up to date on the task force's work.

- The challenge with saying that Metro needs to show efficiencies and cost reductions before going to the legislature is that cuts means stranded riders. Are we willing to do this? Will we need to let 100,000 hours of service get cut before going to the legislature?
- The challenges Metro is facing are multi-year and will need to be approached with the legislature over more than one session. Even if we don't ask for legislative action now, we should start talking with legislators to educate them about the challenges transit is facing. Also make sure they understand the connection to the economy: transit is about people getting to their jobs, health care, and educational institutions.
- The solution is to go wider with a multimodal, regional transportation system. Get everyone working together and approach the legislature with a long-term, sustainable, regionwide strategy. It may not be possible this year, but if we don't go to the legislature, someone else will.
- There might be greater strength in assembling a diverse group representing transit agencies statewide. The problem affects everyone. A solution might get more legislative support if it were for more than just King County.
- Instead of approaching the issue as short-term or long-term strategies, talk about strategies to make up for the reduction in sales tax. Sales tax is regressive, so just increasing it might not be the best solution. There might be other options for asset monetization, parking fees, etc. By next year, there will be a toll on 520, so people may be willing to pay more for transit.
- The two basic questions are: What's the ask? And when do we make it? The ask needs to be coherent and made with a united front. So the timing question depends on how quickly we can shape the ask and the coalition.

Comments on the public climate:

- If a public vote is needed, voters will need to be motivated. There is no motivation to vote on a tax increase when transit seems to be working. People are currently not feeling the problem; a vote this year or next would not pass. Transit didn't decrease in prior years after the motor vehicle excise tax (MVET) was cut, and when sales taxes have been down. We'll need to show why this situation is different.
- Recommend against a strategy of having the voters feel the pain first. We could do irreversible damage to our transit service. Instead, build on what Metro has already accomplished in implementing efficiencies, following the auditor's recommendations and starting to follow up on the task force's recommendations.
- Voters in the recent past have supported transit with votes for Sound Transit 2 and for Metro's Transit Now. If the public is now hearing there's not enough money for transit, they may be confused. We should not plan to have stranded riders. There have been two fare increases recently.
- The voters have shown they think transit is important. We should be willing to go back to them with a clear proposal.
- Unity is needed also among the people who will be affected by any cuts. People are already concerned; some have been affected by the cuts made through efficiency measures already. There will be opposition to more cuts.

Seek short-term help from the legislature:

- Seek short-term, stop-gap measures because people are affected already and transit needs to address their needs.
- We should not make deep cuts before we look for funding. When businesses are thinking of relocating to our region, one of their first questions is what kind of transit system we have.
- Going after a short-term request is more of a political question for those who can read the legislature. If we go after short-term money, we should be careful that it doesn't reduce the long-term funds available. A big piece of the Transportation 2040 plan was to find sustainable funding.
- A danger in waiting is that someone needs to decide when long-term strategies start. Meanwhile, we may lose the sense of urgency and the level of agreement we have now.

Seek only long-term strategies with the legislature:

- Focus on long-term, stable funding. Don't bother with a short-term fix, since we'd be competing with immediate needs for food and health care.
- The \$20 VLF is a nonstarter. The public is not likely to favor any new taxes. This short-term measure does not provide enough funding to be worth the political cost. Also, since the VLF has cars paying for transit, it is likely some of the funds would need to go for roads.
- Metro should do a year of work on implementing what the task force has recommended before going to the legislature. Get the first performance measure report out, build a coalition, figure out what the long-term solution looks like. We won't get anything from the legislature next year. It's better to develop the coalition to go to the legislature in 2012.
- Legislators outside King County would be suspicious of our request since we are the largest and richest county but have trouble reaching consensus. In addition to showing that we're serious by implementing efficiencies, we need to speak with the legislature with one voice. So we first need time to identify what we're trying to address and to put together a regional consensus.
- A long-term funding strategy will require a lot of work to develop. It needs to be well thought-out, well-reasoned, and something that has a good chance of solving the problem. Time will also be needed to lay the ground work with policymakers and build a coalition. A long-term strategy would have more power by broadening it to include other transit agencies and mobility needs across the state.
- If we have to choose, go for long-term funding and authority, but don't lose the opportunity this year to reach out to the legislature.

Seek both short-term and long-term help:

- Seek both a short-term and long-term help. Metro should show efficiency before going to the legislature but already has a compelling story with the progress made so far on the auditor's recommendations. If we don't ask for funds now, ask for authority and leave it to local jurisdictions to raise funds.
- Initiate a short-term, stop gap measure, but demonstrate what a long-term strategy needs to be. Short-term and long-term should be concurrent. The short-term needs to be a piece of the longer term strategy. Bring a long-term sustainable plan to the legislature.
- Short-term and long-term solutions are needed, but need to be connected to what's feasible politically. It might be better to ask for a local funding mechanism.

- There's some indication from the Transportation Partnership that the legislature may be ready to consider a long-term transportation funding package this session. If so, we should be ready this year with a proposed long-term solution.

Mr. Howell noted that discussion of the next steps to move the recommendations forward will be on the agenda for the next task force meeting.

Mr. Howell summarized the conversation by saying that there is a strong consensus for a longer-term, sustainable funding strategy. This will likely require multiple legislative sessions and multiple funding sources. The approach should include options for local governments to fund transit locally.

There also appears to be consensus that work should begin soon to educate legislators and other decision makers about the efficiency measures Metro has already taken and will take to follow the auditor's and the task force's recommendations. Many task force members also counseled starting now to discuss a long-term strategy with friendly legislators.

On the question of whether to pursue short-term strategies with the legislature, there was a split opinion. Some believe Metro needs to adopt the recommendations of the task force, and be able to show results first. Others believe that Metro has already demonstrated sufficient commitment to cost control and efficiency to provide a believable basis for pursuing short-term measures with the legislature.

III. Discussion of Draft Task Force Report and Recommendations

In advance of the meeting, Mr. Howell had e-mailed to task force members a draft of the task force's final report and recommendations. See *Regional Transit Task Force Final Report and Recommendations, Draft #1, 10/1/10*.

Answers to Task Force members' questions:

- *Add seventh transit design factor (environmental sustainability) to Recommendation #1:* This factor is included in the recommendations on performance measures as an element that performance measures should report on.
- *Social equity definition:* At the last meeting, Josh Kavanagh and Victor Obeso agreed to work on revising this definition. They have a new version ready to go out for task force review tomorrow.
- *Revenue issues:* Mr. Howell will write up this section of the report based on the discussion in this meeting.

Discussion: Several task force members said that they thought the draft report presented the task force's work accurately. Task force members made the following suggestions about the report:

- Switching between annual and biennial budgets is a little confusing.
- Add the subgroup meeting notes to the Attachments.
- Add the audit progress report to the Attachments.
- Vision 2040 and Transportation 2040 are mentioned, but the report should show stronger support for regional policies.
- In the recommendations, put performance measure and cost control recommendations first, then the service strategy recommendations. This would reflect the order in which the task force discussed the recommendations.

- There are a few times in the discussion of geographic value on page 28 where “should” needs to be changed to “must.”
- Include in the revenue write-up the discussion from the last meeting about the imbalance between where revenues come from and where service is—the revenue/tax equity issue.
- Format the report to amplify the important points. Even though the audience is the County Council and Executive, there will be many other people interested. The information about efficiencies and what got us to this point needs to be expanded.
- Reviewing Metro’s mission and vision was part of the charge to the task force, but the task force has not had a chance to spend time with these.

Regarding the mission and vision, Mr. Howell asked if the task force members wanted to spend part of the next meeting reviewing these or if he should add to the recommendations that Metro should propose a revised mission statement and create a vision statement as part of the Comprehensive and Strategic Plans. (Metro itself does not have a vision statement, but there is a vision statement for the Transportation Department of which Metro is a part.) The task force members expressed a strong preference toward recommending that Metro develop mission and vision statements as part of the Comprehensive and Strategic Plans.

Mr. Howell will send a Word version of the report to the task force for those who want to put in comments or edits in “track changes” format. He will also accept comments by e-mail and phone.

IV. *Schedule Maintenance*

Mr. Obeso introduced a two-page memo dated October 7, 2010, on schedule maintenance, as a response to a question from a task force member. This is a summary of recent history on how Metro makes changes in routes that are impacted by traffic, in order to make sure the routes perform according to schedule. The memo reviewed activities in the 2002 – 2009 timeframe, and shows the relationship between schedule maintenance efforts and on-time performance. The second page shows the schedule maintenance activities by subarea.

Task Force Comment: This information provides insight into service-related actions that are done outside the 40-40-20 framework. It is important to understand how these occur.

V. *Public Comment*

John Niles

Mr. Niles said that the placards in Metro buses announcing Fall 2010 service changes (including the launch of the new RapidRide A line and Transit Now service enhancements) make it appear that Metro is doing fine. He suggested that the signs would be a good opportunity to educate the public on the kinds of issues the task force has been discussing. For example, the signs could list the changes Metro has made to improve efficiency, and highlight the performance measures one at a time. Mr. Niles noted that he recently received an mass e-mail from Metro Transit Director Kevin Desmond about the opening of the RapidRide service. He suggested that such e-mails would also be a good opportunity to educate the public about budget challenges and how Metro is responding.

VI. *Next Steps*

The next and the last scheduled task force meeting is on Thursday, October 21. Staff recently polled task force members about their availability for an additional meeting in October, should they decide they

needed more discussion to complete their work. That poll showed that the most members who would be able to attend an additional meeting would be 18 members on Thursday, October 28.

Topics still to be discussed include the write-up Mr. Howell will do on the legislative agenda, the revised social equity definition, further discussion of the final report and recommendations, and the steps to move the recommendations forward. Task force members agreed to hold the evening of Thursday, October 28 for a possible additional meeting, but to decide at the October 21st meeting whether an additional meeting is needed. The meeting adjourned at 9:00 p.m.