



SCA Public Issues Committee AGENDA

October 8, 2014 – 7:00 PM
Renton City Hall

1. **Welcome and Roll Call** – Mayor Bernie Talmas, Woodinville, Chair 5 minutes
2. **Public Comment** – Mayor Bernie Talmas, Woodinville, Chair 10 minutes
3. [Approval of minutes – September 10, 2014 meeting](#) 2 minutes
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4. **Chair’s Report** – Mayor Bernie Talmas, Woodinville, Chair 5 minutes
5. **Executive Director’s Report** – Deanna Dawson, SCA Executive Director 10 minutes
6. [Area Agency on Aging \(AAA\) Appointment](#) 3 minutes
ACTION ITEM
Page 24
Deanna Dawson, Executive Director
(2 minutes recommendation, 1 minute action)
7. [Military Bases and Regional Centers](#) 15 minutes
POTENTIAL FUTURE ACTION ITEM
Page 26
Doreen Booth, Policy Analyst
(5 minute update, 10 minute discussion and potential action)
8. [Arlington/Marysville Manufacturing Industrial Center Request](#) 15 minutes
POTENTIAL FUTURE ACTION ITEM
Page 47
Doreen Booth, Policy Analyst
(5 minute update, 10 minute discussion and potential action)
9. [Youth and Community Athletic Facilities](#) 10 minutes
POTENTIAL FUTURE ACTION ITEM
Page 57
Lyset Cadena, Senior Policy Analyst
(5 minute update, 5 minute discussion and potential action)

- 10. [King County Executive Proposed 2015/2016 biennial budget](#)**
DISCUSSION ITEM 25 minutes
Page 64
Deanna Dawson, Executive Director
(10 minute staff and finance committee update, 15 minute discussion)
- 11. [Metro Transit Service and SCA Ad Hoc Committee Update](#)**
DISCUSSION ITEM 10 minutes
Page 66
Lyset Cadena, Senior Policy Analyst
(5 minute update, 5 minute discussion)
- 12. [AWC Draft Legislative Agenda](#)**
DISCUSSION ITEM 10 minutes
Page 103
Deanna Dawson, Executive Director
(5 minute update, 5 minute discussion)
- 13. Upcoming Events**
- a) Joint SCA & AWC Networking Dinner – Wednesday, October 22, 2014 – 5:30 PM Renton Pavilion Event Center
 - b) SCA Public Issues Committee Meeting – Wednesday, November 12, 2014 – 7:00 PM Renton City Hall
- 14. For the Good of the Order**
- 15. Adjourn**

Did You Know?

Did you know that more poor people live in suburbs than live in cities? A recent Seattle Times article reported that from 2000 to 2011, the number of Americans living below the federal poverty level (\$23,492 for a family of four in 2012) rose about 36 percent, to 46.2 million. Meanwhile, the number of the suburban poor grew 64 percent. Poverty also has shown to be on the rise in Seattle suburbs. Last year, Brookings Institution researchers using the federal benchmark for poverty from 2010, which for a family of four was an annual income of \$22,300, found that two out of three Seattle-metro-area residents who were at or below the poverty line were living in the suburbs.

In fact, the number of poor people in the suburbs increased by 80 percent between 2000 and 2011 — with much of that growth concentrated in the cities south of Seattle. The rate outpaced the nation's and ranked the Puget Sound region as the 23rd fastest growing for suburban poverty among the largest 100 metro areas.

At the same time, in the core cities of Seattle, Everett and Tacoma, poverty grew by 31 percent. Nationally, there's no single path to poverty in the suburbs. Some of suburbia's poor are the formerly middle class who were walloped by the 2007-09 recession, losing jobs and homes when the housing bubble popped. Some are immigrants who bypassed the traditional urban route and headed straight for the suburbs. Others are lower-income African Americans and Latinos who were pushed out of gentrifying cities as housing prices skyrocketed. Other people, some of them with federal housing vouchers, left cities looking for jobs, safer neighborhoods or better schools.

To read the whole story, go to

http://seattletimes.com/html/nationworld/2024441089_suburbanpovertyxml.html

Sound Cities Association

Mission

To provide leadership through advocacy, education, mutual support and networking to cities in King County as they act locally and partner regionally to create livable vital communities.

Vision

To be the most influential advocate for cities, effectively collaborating to create regional solutions.

Values

SCA aspires to create an environment that fosters mutual support, respect, trust, fairness and integrity for the greater good of the association and its membership.

SCA operates in a consistent, inclusive, and transparent manner that respects the diversity of our members and encourages open discussion and risk-taking.



SCA Public Issues Committee

DRAFT MINUTES

September 10, 2014 – 7:00 PM

Renton City Hall

1055 S Grady Way, Renton WA 98057

1. Welcome and Roll Call

PIC Chair Mayor Bernie Talmas, Woodinville, called the meeting to order at 7:03 PM. 24 cities had representation ([Attachment A](#)). Guests present included Mary Jane Goss, Mayor of Lake Forest Park; Bob Keller, Sammamish City Council; Bill Peloza, Auburn City Council; Michael Hursh, Auburn; Dawn Dofelmire, Algona City Council; Diane Carlson, King County; Edie Gilliss, City of Seattle; Eben Sutton, Public Health – Seattle & King County; Maria Wood, Public Health – Seattle & King County; Patty Hayes, Public Health – Seattle & King County.

2. Public Comment

Chair Talmas asked if any member of the public had any public comment. Seeing none, Talmas closed the public comment portion of the meeting.

3. Approval of the July 9, 2014 Minutes

Council President Hank Margeson, Redmond, moved, seconded by Councilmember Tom Odell, Sammamish, to approve the July 9, 2014 meeting minutes.

The motion passed unanimously.

4. Chair's Report

Chair Talmas reported that the SCA Leadership met with King County Executive Dow Constantine earlier in the day and discussed regional issues including funding for roads and transit. The Executive's recommended transit cuts have changed, reducing some of the impact to SCA member cities.

5. Executive Director's Report

Deanna Dawson, SCA Executive Director, thanked members for attending the pre-PIC workshop that provided an overview of human services. Dawson noted that she is available to follow up on any of the items covered in the workshop. Dawson passed out a flyer ([Attachment B](#)) that listed four community conversations that will take place in October at different locations around the county for the Youth Action Plan. She noted that these conversations will highlight the needs of youth in communities and identify where additional services are needed. Dawson reported that there isn't a north end location however, Shoreline has offered to host and there may be an additional meeting scheduled for that location. Deputy Mayor Catherine Stanford, Lake Forest Park, thanked Dawson for working on a north end location. Dawson asked members to let her know if they're able to participate in these discussions. There is a growing recognition that investing in prevention, especially in children, is our best hope for getting ahead of budget challenges. Many of the budget challenges we see, from public health to public safety, could be prevented through early intervention. Dawson continued that this is the message behind both the Executive's Health and

Human Services Transformation Plan, as well as the Youth Action Plan that the County Council initiated. The need for investment in youth was something the Executive spoke about during the leadership meeting with the Executive earlier in the day.

Dawson reported on a “sneak peek” of Executive Constantine’s proposed budget that the SCA Leadership received earlier in the day. Dawson highlighted the following items of interest to cities: no solid waste rate increase for 2015-2016; no changes for district court contracts with cities; no change to city bookings at the jail; no change to city contracts for Sheriff services, although they are taking a look at some other items relating to the Sheriff’s office, and some of the services that are largely paid for by residents of unincorporated county, but are regional services. Dawson noted that more information regarding the public health funding crisis will be addressed in an agenda item but, the Executive noted that the county is working with cities that are facing clinic closures. Dawson reported that on transportation, budget gaps for roads funding may mean that the county needs to eliminate some maintenance contracts with cities, but contracts for technical services will continue. On transit, Executive Constantine mentioned that the budget will have something to ramp up alternative services for some of the less urbanized areas of the county.

Dawson stated that while transit funding will be addressed later in the agenda, she wanted to note a couple additional items from the discussion with the Executive earlier today. Dawson reported that in the next week or so, we will be seeing the release of the peer review that was done earlier this summer. Dawson reminded members that SCA had the opportunity to meet with the peer review panel consisting of CEOs from various transit agencies across the country. SCA was represented by Dawson, Deputy Mayor Chris Eggen of Shoreline, and Mayor Bill Allison of Maple Valley. One of the points that was pushed on heavily in that meeting was the fact that the way Metro currently looks at the productivity of a route may not fairly consider differences from across the county. Comparing a route serving rural areas to one serving heavily urbanized areas is like comparing apples to oranges. In that meeting, several of the CEOs agreed with this, and noted that their agencies had different productivity measures for different types of communities (such as urban, suburban, and rural). Dawson continued that during our meeting with the Executive this morning, there was discussion on how to incorporate these and other suggestions on moving forward on transit. It was agreed that rather than simply having the division make changes, or having an Executive Order, it would be wise to reconvene a group (similar to the Regional Transit Task Force, or RTTF) to ensure that the process is fair and transparent. SCA will work with the County on convening that process after the county, and cities, have completed their budget processes. Dawson stated that it is important to ensure that we are not just looking forward to when and if we have additional funding, but also looking at routes already cut and communities already affected.

Dawson noted that the SCA Leadership also discussed with the Executive ways to continue working with the county to address ongoing needs for transportation funding. Options for funding local transportation needs for both roads and transit were discussed as well as methods to continue to partner on pressing the state legislature for a statewide transportation package. An option that was discussed was looking at a more regional approach of looking at the Puget Sound area (the 3 large counties of King, Pierce, and Snohomish, possibly adding Kitsap as they are a PSRC member) and seeking a funding option to deal with our critical infrastructure needs in this area.

Dawson reported that to address this and other transportation topics, Mayor Marchione as SCA President will be convening a meeting to allow all SCA member cities to discuss not just transit, but

roads and other transportation infrastructure needs, and to start developing a strategy. SCA will also be looking to coordinate more broadly with cities throughout the region, and will be convening a discussion with city leaders in other Puget Sound counties. Dawson stated that SCA will continue to work closely with the County and Seattle on these efforts. Dawson noted that Seattle Mayor Murray has invited cities to a discussion on transit on Friday morning.

Dawson passed around a handout ([Attachment C](#)) on transportation regarding Executive Constantine's announcement of a new integration initiative between Sound Transit and Metro.

Dawson reported that the SCA Leadership and the Executive briefly discussed the August 7 State Supreme Court ruling that psychiatric boarding, the warehousing of mentally ill patients without treatment because of a lack of funds, is not justified. On September 5, the State Supreme Court stayed the order related to boarding for 120 days to give the state and counties time to plan and deploy state resources. Additionally, the state released \$30 million in funding to address psychiatric boarding. King County Mental Health Division staff is asking the King County Council for spending authority of \$5 million in MIDD fund balance as a contingency to address boarding issues if necessary. Monies would potentially be used to purchase bed space and treatment for patients. The Division Director for Mental Health and Substance Abuse is feeling optimistic that the county will not need to rely on MIDD resources given the release of the \$30 million but it is possible that a portion or all of the fund balance could be used to meet the Supreme Court motion. This is a different message than MIDD members heard at their August meeting; at that meeting it was stated the money was going to be used for boarding without discussion of council approval for such spending. Another remaining issue of concern to SCA's MIDD member, Dave Asher, Kirkland, is where the fund balance came from. It was the understanding of MIDD members that the fund balance would be in the red in 2015. The ordinance setting up the MIDD and the committee's operating rules state that the Committee will, "Review, make recommendations and comment on emerging and evolving priorities enhancements for the use of the MIDD sales tax revenue". SCA has therefore pushed to ensure that any use of funds go through the committee.

Dawson reported that the SCA Executive Committee of the Board recently met with King County Councilmembers Dembowski, Hague and Lambert to discuss regional issues. Dawson continued that the SCA Executive Committee is scheduled to meet with Seattle Mayor Murray next week.

Dawson reported on future SCA Networking Dinners. There will be a joint dinner with AWC on October 22 and the SCA Annual Meeting and Networking Dinner is scheduled for December 3. Additionally, after taking the summer off, SCA will be reconvening the women's leadership group. If you are interested in participating, please contact Deanna Dawson at 206-433-7170 or deanna@soundcities.org.

6. RLSJ, RWQC, TPB Appointments

Redmond Council President, Hank Margeson, PIC Nominating Committee Chair, reported that the PIC Nominating Committee met.

Chair Margeson, moved, seconded by Mayor Dave Hill, Algona, to appoint Council President Dana Ralph, Kent, to an alternate seat on the Puget Sound Regional Council (PSRC) Transportation Policy Board (TPB); Councilmember Joseph Cimaomo, Jr., Covington, to a member seat on the Regional

Law, Safety, and Justice (RLSJ) Committee; and Councilmember Ed Prince, Renton, to a member seat on the Regional Water Quality Committee (RWQC).

Deanna Dawson, SCA Executive Director, commented that there were good applicants for all of these committees, but since each committee was currently overrepresented in the North and underrepresented from the South, the recommended appointees are from cities in the South in order to ensure geographic equity.

There was no further discussion. The motion passed unanimously.

Chair Margeson reported that there are two openings, one member and one alternate, on the King Conservation District (KCD) Advisory Committee. Chair Margeson inquired if the PIC would give permission to the PIC Nominating Committee to review nominees for these open seats and make a recommendation directly to the SCA Board of Directors at its September 17, 2014 meeting.

Mayor Dave Hill, Algona, moved, seconded by Councilmember Amy Ockerlander, Duvall, to authorize the PIC Nominating Committee to make appointment recommendations for the openings on the King Conservation District (KCD) Advisory Committee directly to the SCA Board of Directors at its September 17, 2014 meeting.

Chair Margeson noted that the KCD Advisory Committee is a very active committee and filling these seats now would be very advantageous to the work of the committee. Dawson noted that initially SCA had considered filling the seats at the end of the year, as the Committee had already sent its proposed program of work to the County. But given the amount of work the Committee would be doing in the fall, it made sense to fill the vacancies late in the year.

There was no further discussion. The motion passed unanimously.

7. Public Health Funding

Doreen Booth, SCA Policy Analyst, gave a briefing on the public health funding crisis and solutions proposed by the public health department to the County Executive in their budget request. The Public Health – Seattle and King County (PHSKC) shortfall for 2014 is estimated at \$12 million and the shortfall for the 2015/2016 biennium is estimated at \$30 million. The intent of the briefing was to provide background information on the structural shortfall at PHSKC and to describe the department's proposed solutions to address the shortfalls. The solution to address the shortfalls includes the closure of public health clinics. Booth noted that 4 of the 10 public health clinics are proposed to be closed, with 3 of the clinics proposed for closure located in South King County, creating a disproportionate impact in the area of the county with the greatest concentration of low-income residents and the highest documented need for public health services. Booth addressed the overarching issue, the lack of sustainable funding for public health and she reviewed the work to date of the Board of Health's Legislative and Funding Committee.

Executive Director Deanna Dawson asked members for feedback on whether they would be supportive of advocating for additional funding options for public health. She noted that Mayor David Baker, Kenmore, discussed with her an effort by Representative Pollet to tax e-cigarettes and use some portion of the proceeds to fund public health. There may be other options for funding that could also be considered.

Councilmember Dini Duclos, Federal Way, noted that Federal Way is extremely upset about the disproportionate cuts proposed for public health centers in South King County. Duclos noted that South King County has the highest concentration of people who need these services and public transportation to those clinics proposed to stay open is not great. She noted Federal Way Mayor Jim Ferrell is reaching out to South King County cities to create a coalition to address the proposal and noted he had also reached out to the County Executive.

Councilmember Kate Kruller, Tukwila, noted that more people are moving into suburban areas and poverty is increasing. This means the needs are greater than ever in South King County.

Mayor Nancy Backus, Auburn, noted that all mayors were working together in South and Southeast King County to maintain clinics there; she noted many cities' residents use the Auburn clinic. Backus also noted that Metro services are being cut to South and Southeast King County. Backus further stated that if we don't pay for public health services upfront, we will pay it down the road at a much greater cost. She noted that we need to make sure our residents have opportunities to access public health services.

Dawson offered the assistance of SCA in these efforts, and asked how SCA might be helpful. Councilmember Duclos stated that the South King County cities may ask for a letter of support from SCA.

Mayor Dave Hill, Algona, noted that Algona citizens use both the Federal Way and Auburn clinics. Hill stated we will likely see an increase in police activity and have other expenses in communities if there are fewer public health services available. Hill does not understand why the proposed clinic closures are weighted so heavily towards South King County.

Booth explained that the PHSKC has to maintain two primary care clinics to retain Federally Qualified Health Center (FQHC) status and the increased reimbursement such status brings. Booth also noted that dental services are proposed to be retained as there are few other adult dental providers for low-income residents and the reimbursement rate for such services generates revenue. Booth noted that the four clinics proposed for closure are not primary care facilities nor do they have dental services.

Councilmember Toby Nixon, Kirkland, asked for a clarification about decreases in programs for infectious disease outbreaks and the medical examiner's office.

Patty Hayes, Interim Director of Public Health – Seattle and King County, responded. She noted that while the shortfall hits the prevention division, they are proposing extra cuts in the office of the director to minimize cuts in the prevention division. Hayes stated that the department would still be able to respond to disease outbreaks, even with the proposed cuts. She noted a critical potential public health issue – Enterovirus D68 affecting young children - and shared that King County had just had its 1st confirmed case. Public health is working hard not to undermine the prevention area with the proposed cuts. Hayes noted that in the medical examiner's office, they are looking for efficiencies and to help leverage resources in other ways.

Councilmember Barry Ladenburg, SeaTac, shared that there is a petition being circulated asking King County not to close South King County clinics. Ladenburg suggested that the lack of funding should be a state issue.

Dawson noted that Mayor Baker has proposed supporting finding a new dedicated funding source for public health. Dawson asked if this is a priority for members.

Noting that “full service” clinics were not being closed, Councilmember Ladenburg asked if one South King County clinic could be made a full service clinic. Dawson noted that there was hope that some services offered by clinics could be served by other providers, particularly now that more residents were covered by insurance under the Affordable Care Act. But she noted that there were some services (including Women, Infant, and Children services (WIC)) that the county provided that may not be offered elsewhere. Booth also noted that public health clinics serve undocumented residents, people who are not eligible for insurance coverage under the Affordable Care Act.

Deputy Mayor Catherine Stanford, Lake Forest Park, would welcome a resolution coming to the PIC so she can take it back to her council. Stanford noted that the health of the community is important to all cities in King County and noted that this is the tip of the iceberg for shortfalls.

Deputy Mayor Chris Eggen, Shoreline, agreed with Catherine Stanford on the need for a resolution coming to PIC. Eggen felt personally that there is legitimate need and growing need for public health services. Eggen stated that King County will need to come up with overriding strategy to deal with this and noted that it may require new tax authority from the state. Eggen would like to have a position that favors finding a way to fund public health clinics, but further noted he does not want to fight about which clinics are closed.

Councilmember Kruller concurs with Deputy Mayors’ Stanford and Eggen. Kruller noted that even though the South King County public health centers are not primary care centers by definition, the people who utilize them consider their services primary care.

Mayor Backus asked how the remaining clinics could absorb the roughly 23,000 clients from the 3 South King County clinics proposed to be closed.

Councilmember Tom Odell, Sammamish, noted a public health epidemic will affect all cities. Odell noted that the United States has substandard health services. Odell is supportive of a resolution coming back to the PIC related to public health funding.

8. Metro Transit Service Reductions

Lyset Cadena, SCA Senior Policy Analyst, gave a briefing on the current status of service reductions and provided an update on the work of the SCA ad hoc committee on transit service. The cuts to Metro service are guided by Metro’s Service Guidelines. The Service Guidelines calculate the need for transit service as well as provide the framework to measure the performance of current bus routes. The performance data is used to determine a route’s ranking for reduction in priority order. In April, the County Executive proposed four series of reductions and on July 21, the County Council approved a compromise plan on bus service reductions. The compromise plan reduced Metro bus service by 161,000 hours in the routes deemed the least productive. It also approved cutting an additional 188,000 hours of service in February 2015 without designating the specific routes to be

eliminated or revised. The 188,000 hours could be adjusted based on the recommendations of an ad hoc committee consisting of the Executive and County Councilmembers. Any additional cuts to Metro bus service would be evaluated by the County Council during the budget process. The King County ad hoc committee reviewed Metro's finances, enterprise financial plan, cost reductions, savings and the July and August revenue forecasts. On September 2, the County Executive transmitted the February 2015 service reduction ordinance based on the recommendations from the King County ad hoc committee. The ordinance reduces Metro service by 180,000 hours and of this total 11,000 hours is held in reserve. Cadena passed around a handout ([Attachment D](#)) on the February 2015 service reductions compared to the original service reduction proposal.

Cadena noted that if the Seattle November ballot initiative passes, the February 2015 service cuts will be deferred until June to allow for service contracts to be created. Cadena passed around two handouts ([Attachments E and F](#)) on the Community Mobility contracts program.

Cadena mentioned that in response to Metro's transit cuts, the SCA board created an ad hoc committee to come together and develop cohesive policies on transit. The SCA ad hoc committee met twice during the month of August to provide input and further define policy statements. The ad hoc committee would like to feedback from the PIC committee.

Cadena reported that the King County Transportation, Economy, and Environment (TrEE) committee heard the service reduction ordinance on Wednesday, September 10, and plans to take action on September 16 and will expedite the ordinance to the County Council for their action on September 22.

Deanna Dawson, SCA Executive Director, noted that the new RTTF will provide the platform to incorporate changes to the Service Guidelines. She stated she was not sure what the next step are in creating the committee but it will look similar to the original RTTF. Dawson mentioned that all communities need to be treated fairly and the Executive and County Council have been listening to the concerns of SCA member cities. She also noted that cities have provided good feedback on the proposed service reductions and that is what led to the change in the current service reduction ordinance. Dawson noted that Mayor Murray will be hosting a regional transit summit on Friday, September 12, to make sure the system works for all. She also mentioned she would be attending a meeting in Snoqualmie on Thursday, September 11, in regards to the service reductions in the Snoqualmie Valley.

Mayor Dave Hill, Algona, mentioned that King County has been responsive to SCA concerns on this issue. A shortfall still exists and it needs to be addressed, but service reductions are being softened by reforms and the economic recovery.

Councilmember Toby Nixon, Kirkland, stated that the Kirkland City Council reviewed the SCA ad hoc committee draft statements and had concerns over the harshness of the language. Nixon mentioned that the statement seemed to reverse some of the previous SCA positions, and he had submitted proposed edits. Mayor Bernie Talmas, Woodinville, mentioned that the second meeting of the SCA ad hoc committee took place before the Executive released the February 2015 service reduction ordinance. Dawson stated that the SCA ad hoc committee pulled back their policy statements due to the recent service reduction ordinance and will be formulating a more overarching policy position to

bring back to the PIC for consideration. Other cities had also raised some concerns about the draft language being considered by the ad hoc committee.

Deputy Mayor Chris Eggen, Shoreline, noted Kirkland's representative on the SCA ad hoc committee, Councilmember Dave Asher, had expressed similar concerns to the committee. Eggen noted that the committee would focus on looking at whether the productivity measures were fair to different communities, and whether there should be a minimum level of service provided to all communities.

Council President Hank Margeson, Redmond, noted that Redmond was very well represented on the SCA ad hoc committee, as Councilmember Allen serves as co-chair. Margeson stated that the RTTF created guiding principles of productivity, geographic balance, and social equity. But the cuts all seem to be focused on the productivity measure and suburban cities are penalized when buses deadhead back across the lake. Margeson mentioned that a one-size fits all solution does not fit most of our cities.

Deputy Mayor Eggen agreed with Council President Margeson that the issue of geographic value is shortchanged. Eggen stated that Seattle has identified many centers that generate points for them under the Service Guidelines, which benefits Seattle. SCA should continue to push reexamining the Service Guidelines.

Dawson mentioned that this issue would be a good discussion for the new RTTF. She clarified for members that the Service Guidelines mention geographic "value," not geographic "equity." Some SCA members of the RTTF including Deputy Mayor Eggen have questioned whether the guidelines as enacted truly reflect the discussions of the RTTF on this point.

9. School Siting Guidance Policy

Chair Talmas reported that this item has been postponed at the Growth Management Planning Council (GMPC) and will come back to the PIC at a future date. Deanna Dawson, SCA Executive Director, reported that this item was continued from the PIC meeting and that the policy continues to be worked on and refined by the Interjurisdictional Team (IJT), the staff group to the GMPC.

Council President Hank Margeson, Redmond, moved, seconded by Councilmember Tom Odell, Sammamish, to continue the School Siting Guidance Policy to a future SCA Public Issues Committee (PIC) meeting.

The motion passed unanimously.

10. Sustainable Solid Waste Management Study

Doreen Booth, SCA Policy Analyst, gave an overview of the Sustainable Solid Waste Management Study. Booth noted that the Solid Waste Division was looking at getting feedback on the three 2015 strategies that have a 2015 funding request; anaerobic digestion, private industry solicitation to manage part of the county's mixed waste stream, and to explore rate redesign and undertake a feasibility assessment. Booth handed out a memo ([Attachment G](#)) from Pat McLaughlin dated September 5, 2014 asking Metropolitan Solid Waste Advisory Committee (MSWAC) members if they agreed with the direction of the division with regard to the three 2015 strategies that have a funding request.

Council President Hank Margeson, Redmond, hoped that restaurant waste could be addressed.

Booth noted this was an internal Solid Waste Division study. She also noted that MSWAC has a motion to accept the study on their meeting agenda; Redmond had presented an amended motion to the Solid Waste Division:

MSWAC supports King County Solid Waste Division's Sustainable Solid Waste Study as a list of potential options that could be employed toward achieving King County Comprehensive Plan waste reduction, recycling and solid waste targets. As a regional partner in the solid waste system, MSWAC recommends that the feasibility of any option be analyzed in greater depth, that analysis shall include potential impacts on rates and that the option consideration process provide opportunities for stakeholder input prior to any option being implemented.

Deputy Mayor Chris Eggen, Shoreline, asked for clarification on what Best Practice 16 – private industry solicitation to manage part of the county's mixed waste stream – entailed.

Council President Margeson noted that each of the three strategies comes with a \$150,000 price tag. He asked if it is a price tag or placeholder. Booth replied that it is a placeholder. With regards to rate redesign – Margeson noted rates always go up, not down. He noted that as tipping fee revenue decreased, to be revenue neutral, fees for things like recycling would have to increase. That was a concern.

Councilmember Barry Ladenburg, SeaTac, discussed improvements to recycling rates and services that occurred when SeaTac entered into a new contract for services with a waste hauler. Ladenburg was concerned that the private sector is already doing some of the things discussed and he would not want the county in the same business.

Mayor Bernie Talmas, Woodinville, stated he would like to see a full waste-to-energy proposal done. If there is money available, he would advocate studying waste-to-energy options.

Councilmember Tom Odell, Sammamish, toured Republic's facility and was impressed by the amount of materials diverted from the waste stream. He noted that Sammamish has high recycling rates but other areas, for example, industrial areas or multi-family buildings, may have different priorities. Odell noted he is interested in the waste-to-energy issue.

Mayor Dave Hill, Algona, echoed his interest in the waste-to-energy issue. He noted it could make us self-sustaining and lead to lower tipping fees. Hill also reiterated that if something is already being done in the private sector, than the county should not move into that business.

Booth noted the purpose of the solicitation was to ask the private sector to propose how they will use a portion of King County's waste stream.

Deputy Mayor Eggen said the Solid Waste Division, in response to a question, felt the investigation they did into waste-to-energy as part of the Sustainable Solid Waste Management Study fulfilled the PIC's request to consider waste-to-energy solutions. Dawson asked PIC members to give feedback on whether they agreed.

Councilmember Kate Kruller, Tukwila, felt that given the amount of time the division had to work on this, it is a good product. She noted she was not opposed to the top three strategies. She agreed that the placeholder numbers are not detailed enough. Kruller was encouraged but wanted more detail.

Council President Margeson wanted more detail around the funding proposed for the strategies. Margeson echoed earlier comments, that if the private sector is doing something, the county should not get in the same business.

11. Transfer Station 2 Review

Doreen Booth, SCA Policy Analyst, provided an overview of the process of the new Transfer Station Review Committee. She also reviewed the purposes of the Committee: to address King County Council Motion 14145; to address recommendations of the Transfer Plan Review Final Report; to address questions and concerns expressed by cities and other stakeholders; and lastly, to inform revisions of the 2006 Solid Waste Transfer and Waste Management Plan and the pending Comprehensive Solid Waste Management Plan.

Deputy Mayor Chris Eggen, Shoreline, co-chair of the Transfer Station Review Committee, noted that the committee will also be looking at demand management strategies to address options for additional traffic resulting from potential closure of the Houghton and Renton transfer stations.

Council President Hank Margeson, Redmond, noted that Redmond would like to see the Northeast Transfer Station removed from planning documents.

Mayor Bernie Talmas, Woodinville, concurred with Margeson.

Councilmember Barry Ladenburg, SeaTac, asked if the committee will look at traffic implications for remaining transfer stations. Booth replied that this would be reviewed.

12. Environmental Health Fees

Doreen Booth, SCA Policy Analyst, provided an overview of the work being done. A committee of the Board of Health (BOH), chaired by BOH member Largo Wales, Auburn Councilmember, has been working on developing a new rate structure for permit fees for the Environmental Health Services division. These fees apply to restaurants, pet stores, and similar facilities which require an annual fee and inspection. The BOH committee considered three options originally, one of which, a unified rate, was determined to be infeasible. The committee is leaning towards recommending a section rate, a rate where permits in the same section of the division use the same hourly rate in calculating permit fees.

Council President Hank Margeson, Redmond, asked if the committee looked at efficiencies for staffing; does the food program need 50 people to process permits?

Maria Wood, Board of Health Administrator, responded that the Environmental Health Services Division had undergone an efficiency study recently and continues to study employee productivity.

There was a brief discussion about the difference in revenues for the different rates and a discussion about rebuilding the reserve fund.

Councilmember Toby Nixon, Kirkland, raised an issue of concern in Kirkland. For homeowners' associations that have a regular pool and a baby pool, they are charged as if they have two pools, although the water circulates to both pools. Nixon noted the water is only tested once and they should be considered one pool. Booth will look into the issue.

Councilmember Barry Ladenburg, SeaTac, questioned if the division had the infrastructure to support the program rate. Booth noted there is a higher administrative cost for the program rate.

Councilmember Tom Odell, Sammamish, asked if the divisions' excess revenue could be applied to the public health clinic crisis. Maria Wood noted that the division is not permitted to do that.

There was a brief discussion about the rates themselves and a discussion of what a weighted average rate would be.

Councilmember Kate Kruller, Tukwila, speaking from her experience as a Metropolitan Parks District Commissioner, noted that she supported the proposal for a section rate. She suggested that facilities should be paying for their own inspectors.

13. Informational Items

Chair Talmas highlighted two informational items: 2014 work of the South Central Action Area Caucus Group (SCAACG) and Washington Transportation Plan 2035 public review draft. Any questions on the SCAACG item should be directed to Doreen Booth, SCA Policy Analyst, 206-433-7147 or doreen@soundcities.org. Feedback on the Washington Transportation Plan 2035 public review draft should be sent to the Washington State Transportation Commission, and questions should be directed to Lyset Cadena, SCA Senior Policy Analyst, 206-433-7169 or lyset@soundcities.org.

14. Upcoming Events

The next Public Issues Committee Meeting is scheduled for Wednesday, October 8, 2014 at 7:00 PM at Renton City Hall.

The next SCA Networking Dinner will be a joint event with Association of Washington Cities (AWC) on Wednesday, October 22, 2014 at 5:30 PM at the Renton Pavilion Event Center.

15. For the Good of the Order

Mayor Dave Hill, Algona, reflected on the anniversary of September 11, 2001. Hill also noted that Mayor Nancy Backus, Auburn; Mayor Leanne Guier, Pacific; and he are planning to go to New York to participate in the Tunnel to Towers event to support first responders and service members.

16. Adjourn

The meeting was adjourned at 8:55 PM.

**2014 Roll Call – Public Issues Committee Meeting
September 10, 2014**

City	Representative	Alternate	Other	Staff
Algona	Dave Hill	Dawn Dofelmire		
Auburn	Nancy Backus	Bill Peloza		Michael Hursh
Beaux Arts	Tom Stowe	Richard Leider		
Black Diamond	Janie Edelman	Tamie Deady		
Bothell	Andy Rheume	Tom Agnew		
Burien	Nancy Tosta	Stephen Armstrong		
Carnation	Jim Berger	Lee Grumman		
Clyde Hill	Barre Seibert	George Martin		
Covington	Marlla Mhoon	Margaret Harto/Jeff Wagner		
Des Moines	Melissa Musser	Jeanette Burrage		
Duvall	Amy Ockerlander	Scott Thomas		
Enumclaw	Mike Sando	Liz Reynolds		
Federal Way	Dini Duclos	Jeanne Burbidge		
Hunts Point	Joseph Sabey			
Issaquah	Tola Marts	Stacy Goodman		
Kenmore	David Baker			
Kent	Bill Boyce	Dennis Higgins		
Kirkland	Toby Nixon	Shelley Kloba		
Lake Forest Park	Catherine Stanford	Tom French	Mary Jane Goss	
Maple Valley	Erin Weaver	Layne Barnes		
Medina	Michael Luis			
Mercer Island	Dan Grausz	Benson Wong		
Milton	Jim Manley	Debra Perry		
Newcastle	Lisa Jensen	John Drescher		
Normandy Park	Shawn McEvoy	Susan West		
North Bend	Ross Loudenback	Ken Hearing		
Pacific	Leanne Guier	Vic Kave		
Redmond	Hank Margeson	John Stilin		
Renton	Ed Prince	Denis Law		
Sammamish	Tom Odell	Bob Keller		
SeaTac	Barry Ladenburg	Mia Gregerson		
Shoreline	Chris Roberts	Chris Eggen		
Skykomish	Henry Sladek			
Snoqualmie	Kingston Wall	Matt Larson		
Tukwila	Kate Kruller	Verna Seal		
Woodinville	Bernie Talmas	Susan Boundy-Sanders		
SCA				Deanna Dawson Kristy Burwell Lyset Cadena Doreen Booth

Electeds present are highlighted in gray. Cities represented are **bolded**.

King County wants to hear from you about our youth!



King County wants to ensure that all of its young people have the chance to thrive as children and succeed as adults. That's why the county is creating a Youth Action Plan.

The voices of children and youth, and adults who care about them, are vital to creating a plan that can make a difference in our community.

Now is your chance to help shape the future of youth in King County by joining any of the October Community Conversations being held in 4 different locations throughout the county.

Come learn about the Youth Action Planning process and share your thoughts!

October 1st, 6:00 pm - 8:30 pm

Kamiakin Middle School
14111 132nd Ave NE
Kirkland, WA 98034

October 4th, 10:30 am - 12:30 pm

Fall City Library
33415 SE 42nd Place
Fall City, WA 98024

October 4th, 3:00pm - 5:00 pm

Mill Creek Middle School
620 North Central Avenue
Kent, WA 98030

October 25th, 3:00 pm - 5:00 pm

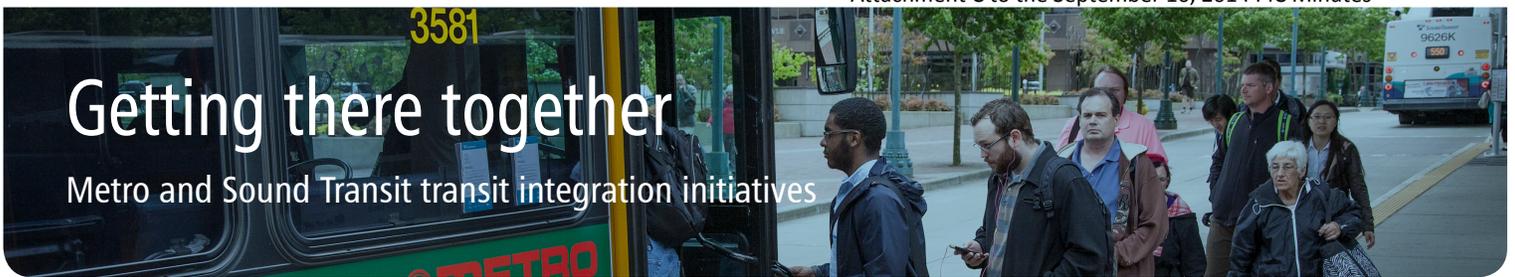
Smilow Rainier Vista Club
4520 Martin Luther King Jr Way S
Seattle, WA 98108



King County

Find out more:

www.kingcounty.gov/YAP (206) 477-1001



Getting there together

Metro and Sound Transit transit integration initiatives

To provide riders with a seamless transit experience through increased coordination of service, customer products and facilities, the agencies are launching a series of initiatives.

Taking early actions

- Manage impacts of Metro service reductions (*Examples: Restructure Metro services in Kent/East Hill to connect with Sounder trains; Coordinate service along SR 522 to shift riders from Metro services to more Sound Transit buses*)
- Integrate bus and rail with the opening of University Link (*Benefits: Expand transit system service hours and destinations; Increase mobility for riders between neighborhoods and across network*)

Mobilizing for future gains

- Combine long-range planning efforts underway at both agencies to ensure maximum integration (*Examples: joint Sound Transit/Metro planning teams, coordinated outreach, regional transit vision showing integrated networks, clearinghouse of transportation modeling data*)
- Continue service and facility integration planning and implementation for future planned Link light rail extensions
- Jointly study fully integrated bus/rail networks in system planning to prepare for likely future Sound Transit ballot measure

Improving customer experience

- Implement a new low-income fare (*King County introducing in spring 2015; Sound Transit Board in late 2014 will consider similar action*)
- Release a new joint trip planning app for smartphones
- Launch a new joint mobile ticketing pilot program enabling riders to pay fares using smartphones
- Provide cellular service in Downtown Seattle Transit Tunnel and University Link tunnels
- Provide combined open transit data to third-party software developers for app development
- Introduce a parking pilot program that provides parking availability information to transit riders
- Start pilot project to jointly test real-time information at select transit stations
- Coordinate new signage/way finding including simplified signage in Downtown Seattle Transit Tunnel
- Evaluate potential customer experience improvements such as optimizing coordination for rider alerts, centralized customer response, collaborative ADA initiatives, and joint development of other tech tools

Developing the right infrastructure

- Continue coordination at Tukwila Sounder station to integrate local, regional and intercity services
- Build Northgate light rail station to facilitate rider transfers between bus and rail services
- Develop coordinated plan to connect bus and rail at Mercer Island working with local jurisdictions and the public
- Jointly evaluate highest and best use of facilities such as Downtown Seattle Transit Tunnel and bus bases

Managing for maximum efficiency

- Explore opportunities for operational efficiencies in areas such as security and public safety

Alternative February 2015 Service Reductions Proposal

Reduction priority	Area impacted	Original Feb 2015	Alternative Feb 2015
1	Countywide	NA	NA
2	East King County	56,000	17,000
	Queen Anne, Capitol Hill, Central and Southeast Seattle	107,000	57,000
	I-5 South and Kent	29,000	25,000
	NE Seattle	0	22,000
	North-Central Seattle and Magnolia	0	30,000
	West Seattle	0	29,000
3 and 4	Countywide	0	0
Subtotal of hours with reserve		192,000	180,000
Reserve 6%		11,000	11,000
Subtotal (net cuts)		181,000	169,000
Cumulative total hours		353,000	341,000
Cumulative total (net cuts)		333,000	320,000



We'll Get You There

Community Mobility Contracts program cost model and assumptions

The Community Mobility Contracts program requires Metro to recover the full cost of providing transit service. Costs will vary depending on the time of day the service is provided, the type of vehicle needed to provide the service, and whether the purchase of additional buses is required to deliver the service. The assumptions in the Community Mobility Contracts cost model are below.

Service assumptions

- A city, group of cities, or other partners can request to purchase any new transit service that complies with federal, state, and local laws. Any form of charter service that isn't open and available to the public cannot be purchased through this program.
- Service purchasers and Metro will determine if the requested service falls within the definition of peak-period service. Metro defines peak-period service as service operating on weekdays between 5-9 a.m. and 3-7 p.m. Non-peak service is any service outside of those hours.
- Vehicle types needed for the service will be determined by Metro, using existing schedule information and standard business practices for determining and assigning vehicles.
- All service will continue to be planned, scheduled, described, operated, and branded as part of the King County Metro transit system.

Financial assumptions

- Hourly rates, bus costs, and fare revenue adjustments will be updated annually. Estimated rates will be available in October. Final rates for the following year will be available in December after the adoption of the King County biennial budget or mid-biennial budget update.
- If buses must be purchased, costs for buses will be based on an assumption that new/additional buses will require debt financing, with an assumed interest rate of 3 percent. The actual interest rate will be determined at the time of financing. Service purchasers will be responsible for an annualized cost of the bus for the time of their contract.
- The cost of buses is assumed to be spread over 12 years for diesel hybrids. The cost for trolley buses, RapidRide buses, and DART vehicles will be subject to additional discussion to determine pricing because these fleets are not interchangeable with other fleets and have additional purchases have unique limitations.
- Metro's baseline hourly rates for each bus type are set biennially based on Metro's adopted budget and the assumptions in the cost allocation model. These hourly rates are consistent with rates used for other service purchases.
- Hourly rates will be adjusted for fares collected on contracted service using a systemwide average fare recovery ratio. In 2015, Metro estimates that the fare adjustment will be 27 percent of operating cost.
- For the purposes of providing 2015 cost estimates, the inflation rate for operating cost is assumed to be 3 percent. Final rates will depend on Metro's final budgeted costs and, as noted above, will be provided each December.
- No cost is assumed or applied for non-bus capital program elements such as shelters, transit centers, and other facilities. Operating costs for these facilities will be accounted for within the fully allocated cost per hour. Metro will maintain responsibility for determining and funding needed passenger facilities.

Fleet assumptions

Metro's current fleet plans have been developed based on reduced service levels. Peak-period purchases may require additional fleet investments. The number of buses in Metro's fleet is set based on the number of buses required to operate peak service, when the maximum number of buses are in use.

- One bus is required for every 1,000 combined a.m. and p.m. peak-period service hours purchased. This assumption is consistent with the assumptions used in Metro's overall fleet planning.
- Non-peak service investments would *not* include costs for fleet purchases because Metro has sufficient fleet available to operate more service in non-peak periods.
- The time period for financing the buses is assumed to be 12 years for hybrids. This reflects the Federal Transit Administration minimum life span.
- Metro will continue to maintain exclusive ownership of its buses. Service purchasers would pay the annualized cost of the buses for each year of additional peak-period service.
- Bus costs are based on the most current information about total purchase and preparation costs. This includes the vendor price plus Metro's costs to bring the new fleet into service. These costs vary by bus type.

Fleet type distinctions

- Cost for trolley buses will be subject to additional discussion due to the unique aspects of the trolley fleet, including lack of ability to operate on non-trolley routes and limited procurement options.
- Cost for RapidRide buses will be subject to additional discussion because of features that limit interchangeability with other fleets, including branding and door configurations.
- Cost for DART vehicles will be subject to additional Metro discussion with the DART contractor. Purchases of peak-period DART service could require additional funds to procure DART vehicles.

King County Metro Transit
King Street Center, KSC-TR-0415
201 S Jackson St
Seattle, WA 98104
www.kingcounty.gov/metro



We'll Get You There

Community Mobility Contracts program

The Community Mobility Contracts program allows cities or a public or private organization to purchase transit service above what Metro is currently able to provide. This program is similar to Metro's existing Service Partnership program, requiring a more significant investment that covers the full cost of providing the service.

The Community Mobility Contracts program is based on three principles:

- Contracts must reflect the full cost of providing the service.
- Contracts cannot come at the expense of other cities or the regional allocation of service.
- The program is intended as a bridge to keep buses on the street until a sustainable funding tool for local transportation is secured.

Metro will offer technical assistance to interested parties to help identify service investments that meet the communities' transit and economic objectives. Once a contract is signed, service would begin at the time of Metro's next quarterly service change, when practical.

Community Mobility Contracts program cost model

The Community Mobility Contracts program requires Metro to recover the full cost of providing transit service. Costs will vary depending on the time of day the service is provided, the type of vehicle needed to provide the service, and whether the purchase of additional buses is required to deliver the service. A summary of the cost model assumptions is provided below. Further cost assumption details are included in the attached document.

- Any new transit service that meets federal, state and local laws can be purchased. The service must be available to the general public.
- If the service falls in the weekday peak period (5-9 a.m. and 3-7 p.m.), pricing will include necessary bus costs.
- Full cost will include an hourly rate and bus costs (if applicable). These costs will be adjusted by a systemwide fare revenue collection rate.
- Hourly costs will be estimated each year in October and will be specific to the size and type of bus used. The final rates will be provided in December after the adoption of the King County biennial budget or mid-biennial budget update.
 - For 2015, the estimated hourly rate ranges from \$140 to \$165.
 - The fare adjustment is estimated to be 27 percent.
- Bus costs will be included for purchases of services that fall into the peak periods.
- The costs for buses will be debt-financed over 12 years. Service purchasers will pay the annualized costs for the period of the contract.

For additional information, contact Michelle Allison, King County Department of Transportation, 206-477-3813 or Michelle.Allison@kingcounty.gov

King County Metro Transit
 King Street Center, KSC-TR-0415
 201 S Jackson St
 Seattle, WA 98104
www.kingcounty.gov/metro

Memo

Date: September 5, 2014
 To: Metropolitan Solid Waste Management Advisory Committee
 From: Pat D. McLaughlin, Division Director
 Re: Sustainable Solid Waste Management Study

The Metropolitan Solid Waste Management Advisory Committee was created in 2004 to serve as a sounding board for the King County Solid Waste Division and provide guidance on all matters relating to the prevention and management of solid waste in King County. Annual work plans identify key issues that are planned for discussion each year such as responding to studies or work products of the division, some of which will likely result in the committee taking action in the form of a motion.

The purpose of this memo is to summarize key facts related to a recent division work effort that has significant implications to the future strategy of solid waste services in King County. Given the importance of recent work by the division, the following is being provided to the committee for consideration.

The division has wrapped up the Sustainable Solid Waste Management Study and is ready to move on to scoping three follow up projects:

- 1) A feasibility assessment of anaerobic digestion at division facilities which would evaluate available technologies, appropriate facility size and location, feedstock potential, product markets, and cost
- 2) A process to solicit proposals that would explore the private industry's interest and ideas for managing a portion of the waste stream using alternative technologies
- 3) An assessment of a possible new fee structure which would consider what services would be funded by the new fee, how the fee would be structured, how the fee would be collected, and how tip fees would be affected

As we progressed through the Sustainable Solid Waste Management Study, we received valuable feedback and advice from you that informed how we proceeded and where we ended up. Before we move forward now, we would like to hear from you in your official advisory committee capacity – do you concur with proceeding with the three follow up projects? We will be asking for your input and advice again as we begin scoping these projects, so if you do not concur, it is important that we know that.

Thank you for your time and valuable attention.



October 8, 2014
SCA PIC Meeting

Item 6:

Recommendation from PIC Nominating Committee for Area Agency on Aging for Seattle and King County’s Advisory Council Appointment

Action Item

Staff Contact

Deanna Dawson, Executive Director, office 206-433-7170, deanna@soundcities.org

Current SCA PIC Nominating Committee Representatives

Chair Hank Margeson, Redmond Council President; Ed Prince, Renton Councilmember; Leanne Guier, Mayor of Pacific; Ross Loudanback, North Bend Councilmember.

Potential Action:

To recommend to the SCA Board of Directors the appointment to the Area Agency on Aging for Seattle and King County – Aging and Disability Advisory Council taking into consideration the PIC Nominating Committee’s recommendation. The PIC Nominating Committee will meet on October 6, 2014 to address this open seat.

Background

The Area Agency on Aging for Seattle and King County, AAA, has requested that SCA nominate an elected official to serve on the Agency’s Advisory Council. The nominee will be forwarded by the County Executive to the King County Council for confirmation. The elected official position on the Advisory Council was previously held by Ava Frisinger, former mayor of Issaquah.

The Advisory Council comprises 27 members who are appointed by the three sponsors: King County, Seattle Human Services Department, and United Way. Members serve for up to three two-year terms. This appointee’s term will be through December 31, 2015.

Meeting Details:

The Advisory Council meets on the 2nd Friday of every month from Noon to 2:00 p.m. in the Seattle Municipal Tower, Room 4060.

The role of the Advisory Council is to

- Advise and guide Aging and Disability Services of Seattle/King County in providing services;
- Advocate on behalf of older adults and individuals with disabilities;
- Monitor, evaluate, and comment upon all policies, programs, hearings, levies, and community actions which will affect older adults and individuals with disabilities;
- Form coalitions and work in cooperation with other agencies, organizations, and individuals to achieve our mutual goals.

About the Area Agency on Aging

The mission of the Area Agency on Aging (AAA) is to develop a community that promotes quality of life, independence and choice for older people and adults with disabilities in King County. The budget for AAA is ~\$40 million, the majority of which is federal funding, and the majority of that is for Medicaid long term care clients, and considered non-discretionary. The primary source of funding for AAA programs and services (non-Medicaid) are federal Older Americans Act funds and Washington state Senior Citizens Services Act (SCSA) funds.

The types of services provided by the AAA include:

Adult Day Services	Information and Assistance
Legal Services	Alzheimer Program
Caregiver Support	Case Management
Health Maintenance	Nutrition Services
Senior Centers	Technology Support
Transportation	

More details can be found at <http://agingkingcounty.org/funding.htm>. An overview of the budget is available at <http://agingkingcounty.org/docs/AreaPlanBudgetPresentation2013.pdf>.



October 8, 2014
SCA PIC Meeting

Item 7:

Military Bases and Regional Center Designation
Growth Management Planning Board (GMPB)
POTENTIAL FUTURE ACTION ITEM

SCA Staff Contact

Doreen Booth, Policy Analyst, doreen@soundcities.org, 206-433-7147

Growth Management Policy Board (GMPB) SCA Members:

Council President Hank Margeson, Redmond (caucus chair); Mayor Bernie Talmas, Woodinville; Councilmember Terri Briere, Renton; Councilmember John Holman, Auburn (alternate); Councilmember Jason Walker, Duvall (alternate); Councilmember Chris Roberts, Shoreline (alternate).

Recommended Action:

The Growth Management Policy Board is being briefed on the proposal to include military facilities in regional planning at their October 2, 2014 meeting. The discussion at the GMPB caucus and meeting will inform the October 8 PIC discussion. The GMPB caucus will likely make a recommendation in support of one of the three options for regional planning and military facilities: (1) No Action; (2) Defer action until 2018 when Vision 2040 is updated; or (3) Recognize military facilities as Regional or Countywide Growth Centers in 2015.

Background – Information taken from PSRC staff report to the GMPB dated September 2014

Puget Sound Regional Council (PSRC) President Pat McCarthy (Pierce County Executive) requested that the Growth Management Policy Board (GMPB) consider whether military facilities should be regionally recognized as employment centers in the VISION 2040 and Transportation 2040 frameworks. The Growth Management Policy Board directed staff to move forward with assessing the issue and developing potential options for Board consideration. Detailed analysis of the proposal can be found in [Attachment A](#), Recognizing Military Facilities in PSRC's Regional Planning, September 2014 draft.

PSRC staff reviewed information on military facilities in the region, assessed how they are currently included in the major programs at PSRC, interviewed stakeholders, and developed options and recommendations for an initial discussion by the Growth Management Policy Board at their October meeting.

Military facilities are addressed in multiple ways in the economic development work of the PSRC; however, they are not included to any significant extent in the land use and transportation components. However, given their economic impacts and impacts on transportation facilities and land use in nearby areas, there are benefits from recognizing

military facilities in PSRC's planning. While military facilities operate under different laws and statutes than local governments, significant coordination is occurring in these communities under the requirements of the Growth Management Act.

Potential options range from no change in current status, recognizing military facilities similar to regional manufacturing-industrial centers or similar to countywide centers, or deferring this issue until the full update of VISION 2040, which is scheduled in the 2018-2020 timeframe. The initial proposal from PSRC staff is that the PSRC Boards establish a policy position that larger military facilities would be treated as equivalent to regional manufacturing-industrial centers, and smaller facilities would be treated as equivalent to countywide centers for the purposes of regional planning.

Potential Transportation Funding

The 2014 Policy Framework for PSRC's Federal Funds maintains support for the "development of centers and the corridors that serve them," originally adopted as the policy focus in 2002. This policy focus was further strengthened with the adoption of VISION 2040 in April 2008. The definition of centers for each of the competitive project selection processes is as follows:

- In the regional funding competitive process, centers are defined as regional growth centers and regional manufacturing/industrial centers as identified in VISION 2040.
- In the countywide funding competitive process and for all the transit funding processes, eligible centers include regional centers, centers as designated through countywide processes, town centers, and other locally identified centers.

The Policy Framework guides a number of different types of funding that have specific eligibility requirements. Military facilities are not mentioned in the Policy Framework, and there are significant federal restrictions related to funding that affect military facilities. The federal transportation funds programmed by PSRC cannot be spent on projects that are physically located on military facilities, and military facilities cannot be the sole sponsor of project applications.

Given these restrictions, there are no records of military-sponsored projects in PSRC's Transportation Improvement Program since the agency's inception in 1992. A 2014 analysis of funded projects identified only one project that overlaid military lands: Pierce County's State Route 704 / Cross Base Highway – which received \$2,500,000 from PSRC in 2002.

That said, the military can partner with any eligible jurisdiction and submit any eligible project that provides access to the military facilities. Eligibility standards relate to project types, federal functional roadway classifications, funding source eligibilities, and project competition standards. For example, while few eligible roads cross through one or more of the bases, some state routes and other local facilities do and those would be eligible. Another example could be a transit project – if a transit agency wanted to provide service to a base and had an eligible project, the project could receive FTA funding.

Importantly, every local government that could potentially benefit from this change – Everett,

Seattle, Pierce County, Lakewood, Kitsap County, and Bremerton – already have designated regional centers. This means that no additional stakeholders would be added to the list of eligible jurisdictions. Instead, these jurisdictions could have additional choices among which projects to submit for regional project selection as projects are added to comprehensive plans.

Next Steps

Additional information arising from the GMPB caucus and meeting will be provided to PIC members prior to the October 8 PIC meeting. It is anticipated that a recommendation for potential action will be proposed by SCA's GMPB caucus.

Attachments:

- A. [Recognizing Military Facilities in PSRC's Regional Planning, September 2014 draft](#)



Recognizing Military Facilities in PSRC's Regional Planning

IN BRIEF

PSRC President Pat McCarthy (Pierce County Executive) requested that the Growth Management Policy Board consider whether military facilities should be regionally recognized as employment centers in the VISION 2040 and Transportation 2040 frameworks. The Growth Management Policy Board directed staff to move forward with assessing the issue and developing potential options for Board consideration.

This paper addresses the request by: (A) providing background information on military facilities in the region, (B) describing how these facilities are currently included in each of the three major regional planning programs at PSRC – economic, land use, and transportation, (C) identifying some broad options and summarizing results of stakeholder interviews related to these three options, and (D) providing recommendations for Growth Management Policy Board discussion.

SUMMARY

Military facilities are addressed in multiple ways in the economic development work of the PSRC; however, they are not included to any significant extent in the land use and transportation components. Given their economic impacts, and impacts on transportation facilities and land use in nearby areas, there are benefits from recognizing military facilities in PSRC's planning. And, while military facilities operate under different laws and statutes than local governments, significant coordination is occurring in these communities under the requirements of the Growth Management Act.

Potential options range from no change from current status, recognizing military facilities similar to regional manufacturing-industrial centers or similar to countywide centers, or deferring this issue until the full update of VISION 2040, which is scheduled in the

2018-2020 timeframe. Interviews with planning and economic development stakeholders in communities with military facilities favored recognizing them regionally as centers.

The initial proposal is that the PSRC Boards establish a policy position that larger military facilities would be treated as equivalent to regional manufacturing-industrial centers, and smaller facilities would be treated as equivalent to countywide centers for the purposes of regional planning.

A. MILITARY FACILITIES IN THE CENTRAL PUGET SOUND REGION

Military facilities play a major role in the central Puget Sound region's economy. As noted in the Prosperity Partnership's *2012*

Regional Economic Strategy: Military Cluster Strategy,¹ Washington State has one of the highest concentrations of military personnel claiming residence, with the majority of personnel located at installations in the central Puget Sound region. Of the eleven military bases in the state, eight are located in the central Puget Sound region.²

The military "industry cluster," which includes direct employees and related industries, provides more than \$3.1 billion annually in total payroll to 91,000 people in the four-county area. Secondary impacts are significant, with local sales associated with military employment estimated at nearly \$24 billion.³

As shown in Figure 2, the military industry cluster, or sector, includes three primary components: (a) Infrastructure (missions, installations), (b) Industry (contractors, suppliers and service providers), and (c) Partnerships (public, private and social).

Figures 3 and 4 illustrate the facilities key statistics and functions.

Figure 1: Recent Military Sector Reports

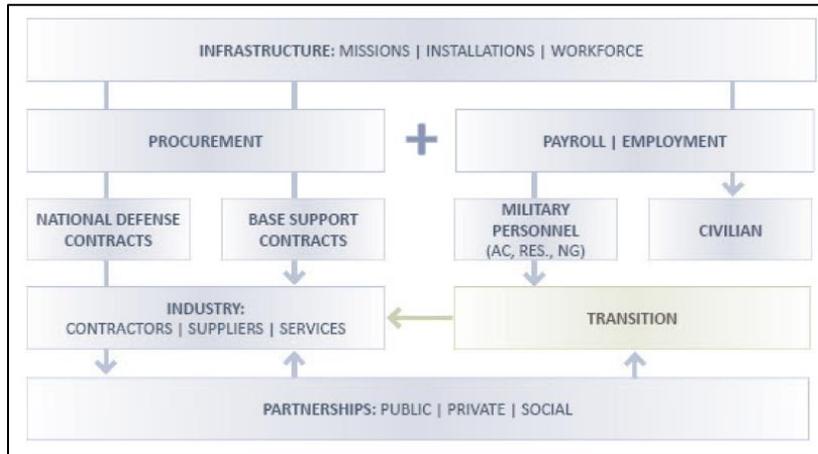
- ***Prosperity Partnership, Regional Economic Strategy: Military Cluster.*** Puget Sound Regional Council. Feb. 2010.
- ***Washington State's Defense Economy: Measuring and Growing its Impact.*** Washington Economic Development Commission, Berk & Associates. Sept. 2010.
- ***Defense Trade: Keeping America Secure and Competitive.*** U.S. Chamber of Commerce. 2007.
- ***Retaining and Expanding Military Missions, Increasing Defense Spending and Investment: Washington State's Importance and Opportunities for the Department of Defense in Achieving its Strategic Initiatives.*** (Washington Military Alliance, Denny Miller Associates. Hyjek & Fix, Inc. November. 2012.
- ***Strategic Plan for Washington State: Military & Defense Sector Development.*** Washington State Department of Commerce. 2014.

¹ Link: <http://www.psrc.org/assets/5613/MilitaryStrategy.pdf>

² *Ibid*

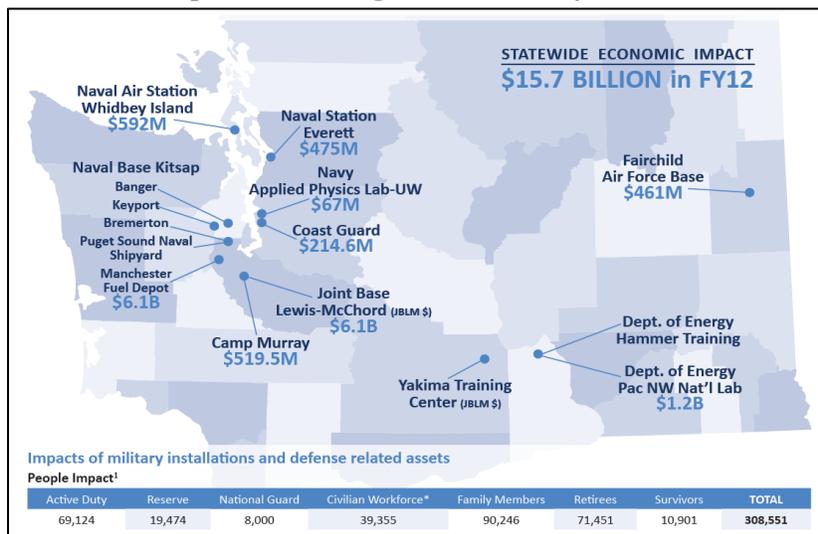
³ *Ibid*

Figure 2: Military "Cluster" Structure and Framework



*Strategic Plan for Washington State: Military & Defense Sector Development.
Washington State Department of Commerce, 2014*

Figure 3: Economic Impacts of Washington State Military Bases and Federal Facilities



*Strategic Plan for Washington State: Military & Defense Sector Development.
Washington State Department of Commerce, 2014*

Figure 4: Military Bases and Federal Facility – General Statistics

	Puget Sound					Remainder of State				
	Joint Base Lewis McChord	Naval Base Kitsap	Naval Station Everett	National Guard Camp Murray	Coast Guard	Fairchild Air Force Base	Pacific Northwest National Laboratory	Volpentest Hammer Training Center	Applied Physics Laboratory	Naval Air Station Whidbey Island
Total	118,300	36,700	5,800 Direct jobs 11,000 Countywide	8,770	1,681	5,800	4,800	105	300	9,470
Military Population	46,800	13,500		8,400	1,240 active 441 reserve	4,700				7,050
Civilian Workforce	16,300	13,700		330		1,100				2,420
Family Members	55,200	9,500								not listed
Acreage	414,000	11,200	5,111	295	n/l	4,300	n/l	160	n/l	Main base: 4,253 Other: 55,605
Functions:	<ul style="list-style-type: none"> • Army Corp Headquarters • Infantry / Special Operations • W. Medical Command • Air Force 	<ul style="list-style-type: none"> • Navy fleet and operations 	<ul style="list-style-type: none"> • Carrier strike groups, Destroyer squadrons 	<ul style="list-style-type: none"> • Army and Air National Guard • Air Refueling Wing • W. Air Defense Sector 	<ul style="list-style-type: none"> • Four state region for Guard 	<ul style="list-style-type: none"> • Air National Guard, Refueling wing 	<ul style="list-style-type: none"> • Research 	<ul style="list-style-type: none"> • Hazardous Materials Management and Response training 	<ul style="list-style-type: none"> • Navy Research Center 	<ul style="list-style-type: none"> • Aircraft • Patrol and reconnonn- aissance
Economic Impact (2010 data)	\$6.18 Billion	\$6.1 Billion	\$475 Million	\$510 Million	\$214 Million	\$461 Million	\$1.2 Billion		\$67 Million	\$592 Million

Source: Retaining and Expanding Military Missions: Washington State's Importance and Opportunities for the Department of Defense in Achieving Its Strategic Initiatives. Washington Military Alliance, 2013

According to the *2012 Demographics Report* prepared by the Office of the Deputy Under-Secretary of Defense, approximately 69,125 active duty military personnel call Washington home, representing 5.7 percent of the total United States active duty population. This makes Washington sixth in the nation for total active duty military personnel. The report also noted that over 71,451 military retirees and 10,901 military survivors (spouses and dependents) reside in Washington.

Beyond the employees that work on-base, a wide range of Department of Defense contracts support many private sector contractors and subcontractors in the region. In 2006, defense contracting activity in the region (both base- and non-base-related) totaled \$3.7 billion.⁴ The following figure illustrates this by listing some of the key contractors in the state.

Figure 5: Top Military Defense Contractors

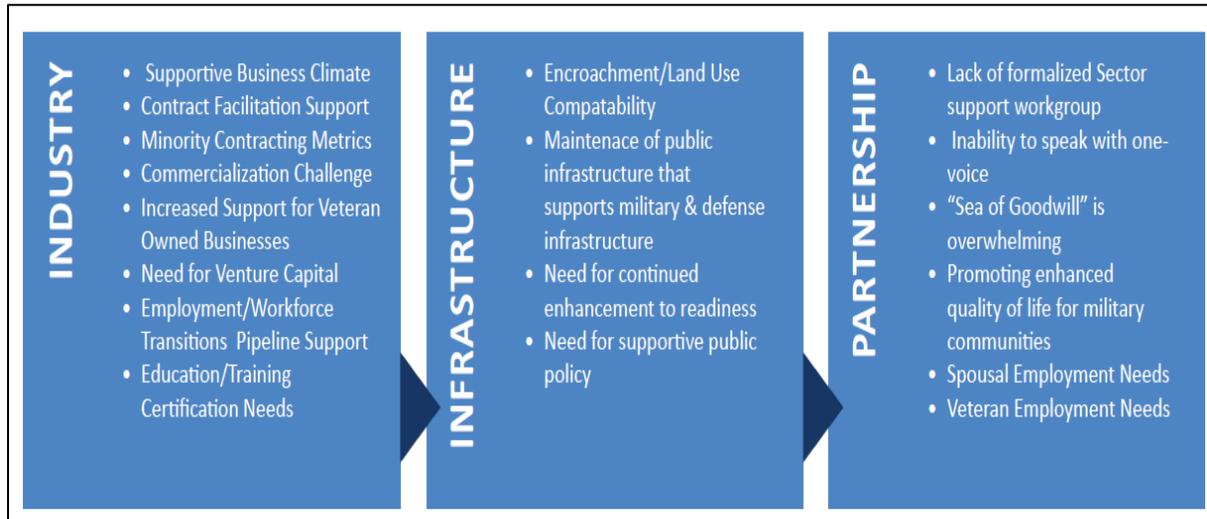
Top Ten Defense Contractors Located in WA in FY12			Top Ten Defense Companies Doing Business in FY12		
The Boeing Company	\$9.9 B	Seattle	The Boeing Company	\$7.5 B	Seattle, WA
The Boeing Company - Insitu	\$280 M	Bingen	BP PLC	\$766 M	CALIFORNIA
Manson Construction	\$231 M	Seattle	Pacific Medical Center Clinic	\$698 M	Seattle, WA
Pacific Medical Center Clinic	\$210 M	Seattle	EHW Constructors a Joint Venture	\$256 M	VIRGINIA
U.S. Oil Trading LLC	\$206 M	Tacoma	Pacific Medical Center Clinic	\$210 M	Seattle, WA
Vigor Industries	\$155 M	Seattle	U.S. Oil Trading LLC	\$206 M	Tacoma, WA
Dakota Creek Industries Inc	\$151 M	Anacortes	Dakota Creek Industries	\$151 M	Anacortes, WA
Microsoft Corporation	\$203 M	Redmond	The Geo Group	\$120 M	FLORIDA
Skookum Educational Programs Inc	\$129 M	Port Townsend	EJB Facilities Services	\$101 M	VIRGINIA
Cubic Corporation	\$104 M	Lacey	Vigor Industries	\$77 M	Seattle, WA

*Strategic Plan for Washington State: Military & Defense Sector Development.
Washington State Department of Commerce, 2014*

In addition to describing the economic impact and contribution, the reports cited in Figure 1 address a number of issues, challenges and opportunities important to supporting this sector. Some key issues include coalescing and communicating about the sector, information sharing, creating subarea plans (some are underway), and addressing site-specific concerns through enhanced community engagement.

As noted in Figure 6 below, the issues of "encroachment / land use compatibility" and "maintenance of *public infrastructure* that supports military and defense infrastructure" are among the highlighted challenges for this sector.

⁴ *Prosperity Partnership 2012 Regional Economic Strategy – Military Cluster Strategy. 09/2011*

Figure 6: Military Cluster Strategic Development and Community Engagement Strategies

*Strategic Plan for Washington State: Military & Defense Sector Development.
Washington State Department of Commerce, 2014*

B. HOW MILITARY FACILITIES ARE INCLUDED IN PSRC REGIONAL PLANS

PSRC is responsible for three major regional planning functions: economic development planning through the Regional Economic Strategy, land use planning through VISION 2040, and transportation planning through Transportation 2040. The following section provides a brief description of these functions and how military facilities are currently addressed in them.

I. ECONOMIC DEVELOPMENT AND MILITARY FACILITIES

The regional Economic Development District (EDD), a federally designated district for the central Puget Sound region, is staffed by PSRC. Its members include representatives from private business, local governments, tribes and trade organizations. The EDD develops a Regional Economic Strategy every five to seven years under federal statutes, and the past two have focused on industry clusters and economic foundations.⁵

In the Regional Economic Strategy military facilities are listed as an industry cluster⁶ in recognition of the economic impacts noted previously. The strategy recognizes the role of military facilities in all counties in the region: Pierce and Kitsap Counties host some of the most important military bases in the world, and Snohomish County is a strategic Navy home port for thousands of military families and the businesses that support them. There are important military

⁵ <http://www.psrc.org/assets/8558/RegionalEconomicStrategy.pdf>

⁶ *Clusters are concentrations of industries that export goods and services that drive job creation and import wealth into the region. Clusters enhance the competitiveness of a region in particular industries by improving economic efficiencies of member firms (e.g., supply chains and technology transfer). They also tend to concentrate workers with specialized skills and experience within a region and some skills are transferable to multiple industries within and across clusters.*

facilities such as the Coast Guard, as well as a strong defense contracting sector, in King County as well.

PSRC has designed activities to implement the Regional Economic Strategy, which have included military partners. Some of the accomplishments under the 2005 iteration of the strategy included helping Boeing win the contract to build the U.S. Air Force's military refueling tanker in Everett. PSRC also helped form the Washington Defense Partnership so that representatives from the military could more effectively partner and collaborate with regional businesses and non-profit organizations.

The Regional Economic Strategy is organized around "foundational activities" and "industry cluster activities," both of which include military facilities. The relevant goals and sub-strategies are summarized in Figure 7 below.

Figure 7: Military-Related Strategies and Action in 2012 Regional Economic Strategy

Foundation #1: Education & Workforce Development

Goal: Ensure residents have access to family wage jobs, and employers have access to world class talent.

Strategy 1.5: Improve the ability to retain existing talent studying in the region's educational institutions, serving at military installations, or visiting the region. This strategy addresses retention of talent already in the region, such as retired military personnel, foreign students studying and graduating from universities, and foreign nationals working in businesses. In terms of the military, the Prosperity Partnership will continue its efforts to improve the transferability of skills learned in military into jobs in the region.

➤ Action: Investigate improving transferability of training and skills in the military to Washington higher education institutions and civilian employer needs.

➤ Action: Work on ways to address the high unemployment of veterans, including better connecting military bases and regional companies, creating a database of existing programs targeting employment for veterans, and seeking to connect civilian employers to resources regarding veterans in the workplace.

Note: Gov. Inslee's first Executive Order was the creation of the WA Military Transition Council to address both of these actions.

Foundation #2: Business Climate

Goal: Foster a regional business climate that supports new high quality investment and job creation

Strategy 2.2: Continue to support and strengthen the mission of military bases in the region. The military cluster in the region represents a significant asset that can be harnessed for mutual benefit of active duty military, civilians employed at the bases, and military contractors in the region. Actions that involve establishing a state level military office to serve as a liaison between the state and the military, increasing the number of local companies obtaining federal contracts, and ensuring encroachment and Base Realignment and Closure are addressed are part of this strategy.

Figure 7: Military-Related Strategies and Action in 2012 Regional Economic Strategy

- Action: Advocate for establishing a state level military office to serve as a liaison between the state and the military.
 - Action: Improve coordination of technical assistance to companies vying for and obtaining federal contracts.
 - Action: Work with regional partners to ensure Washington is prepared for any upcoming Base Realignment and Closure (BRAC) rounds.
-

Foundation #4: Infrastructure

Goal: Advance the region's infrastructure to meet the demands of a globally connected modern economy

Strategy 4.6 **Preserve and protect industrial and military lands from encroachment and incompatible uses in order to support the economy's industrial base.** A challenge to the region's manufacturing and logistics base is encroachment on the region's industrial and military lands. Updating PSRC's Industrial Lands Inventory and developing a region-wide strategy to preserve those lands will help ensure that future industrial land needs can be met.

- Action: Update PSRC's Industrial Lands Inventory. (Year 2)
- Action: Develop a regionwide strategy for industrial lands. (Year 3)

Additionally, within this foundation area, the Strategy refers to transportation investments that were regularly identified as having potential for economic development, particularly related to freight mobility.

Work has continued on military activities since the adoption of the Strategy in 2005 and its update in 2012. Some current programs underway include:

- WA Aerospace Partnership: In 2009, the EDD helped launch the Washington Aerospace Partnership—a coalition of business, labor and local government leaders, including partners from the aerospace sector – that is working to sustain and grow aerospace industry jobs in Washington. Since then, the EDD has continued to support this coalition. Recently, the EDD worked with the Governor's Office of Aerospace to develop a statewide aerospace strategy to ensure that Washington remains the worldwide center of aerospace innovation and excellence. This strategy offers a unified vision for collaboration to ensure that Washington remains the leading location in the world for aerospace.
- WA Defense Partnership: This is a working group with a focus on supporting the military presence and mission in Washington state as well as armed forces members, their families, retirees, and veterans, and the defense contracting community. The Prosperity Partnership's Military Industry Cluster Development Strategy called for the formation of a "permanent military working group" to coordinate efforts to support the military presence and mission in Washington state as well as armed forces members, their families, retirees, and veterans, and the defense contracting community. Since 2009, the Washington Defense Partnership has filled this role, meeting twice a year to share information and identify opportunities for coordinated activity.

Note: In 2014, the Washington Defense Partnership advocated successfully for a statewide military and defense sector lead to serve as a liaison between installation communities, industry and state government. Partnering with PSRC staff and the Washington Defense Partnership, the military and defense sector lead successfully won a \$4.3 million Department of Defense grant to map the state's defense contractors and restart the Washington Military Alliance, a permanent statewide successor to the Washington Defense Partnership. A formal Memorandum of Agreement was signed in early September 2014 by Governor Inslee, PSRC and other key stakeholders to formally participate in the Washington Military Alliance.

II. LAND USE PLANNING AND VISION 2040

VISION 2040 is the regional growth management, environmental, economic, and transportation plan for the central Puget Sound region. Adopted under state Growth Management Act,⁷ VISION 2040 addresses the key question of how the region can accommodate forecasted growth while enhancing the environment and overall quality of life. VISION 2040 contains a numeric regional growth strategy and multicounty planning policies that guide and inform how growth is accommodated by jurisdictions in the central Puget Sound region.

The military does not plan for its facilities under the same statutes (i.e., the Washington State Growth Management Act) as local jurisdictions; however, in 2004, the Growth Management Act was amended to create a new consultation requirement between local jurisdictions and the military to ensure that new development in the vicinity of a military installation would not be incompatible with the installation's ability to carry out its mission requirements.⁸ Since that time, multiple jurisdictions have engaged with military facilities to conduct Joint Land Use Studies to address encroachment, compatible land uses, infrastructure and other issues.

Similar to Growth Management Act requirements, incompatible development is the primary topic addressed in VISION 2040 in relation to military facilities. Two sections in VISION 2040 discuss issues related to the military, as noted below.

Multicounty Planning Policies – Development Patterns Chapter

At the end of Development Patterns chapter of multicounty planning policies, there is discussion of the issues of encroachment:

Incompatible land uses are those that may results in negative impacts on one property or another, such as noise glare, increased traffic or potential safety or health hazards, including exposer to harmful air emissions. The principal [sic] of separating incompatible land uses has application in urban and rural settings, as well as in resource areas. Encroachment of incompatible land uses around airports, particularly in the critical approach and departure paths, is a significant problem.

⁷ Revised Code of Washington, 36.70A.210 (7)

⁸ RCW 36.70A.530

Washington law calls for the protection of both general aviation airports and military installations from incompatible land uses.

VISION 2040 contains a multicounty planning policy to address this issue:

Multicounty Planning Policy – Development Patterns – 52: Protect military lands from encroachment by incompatible uses and development on adjacent land.⁹

Multicounty Planning Policies – Economy Chapter

The Economy chapter is built around the concepts of Business, People and Place. The section includes military employment data for 2008, although forecasts of future employment growth do not include the Military sector. VISION 2040 notes that the Military Cluster is one of the pilot industry clusters in the Regional Economic Strategy.¹⁰

Another key component of VISION 2040 is how growth is to be accommodated in centers. There are multiple centers types, as noted below.

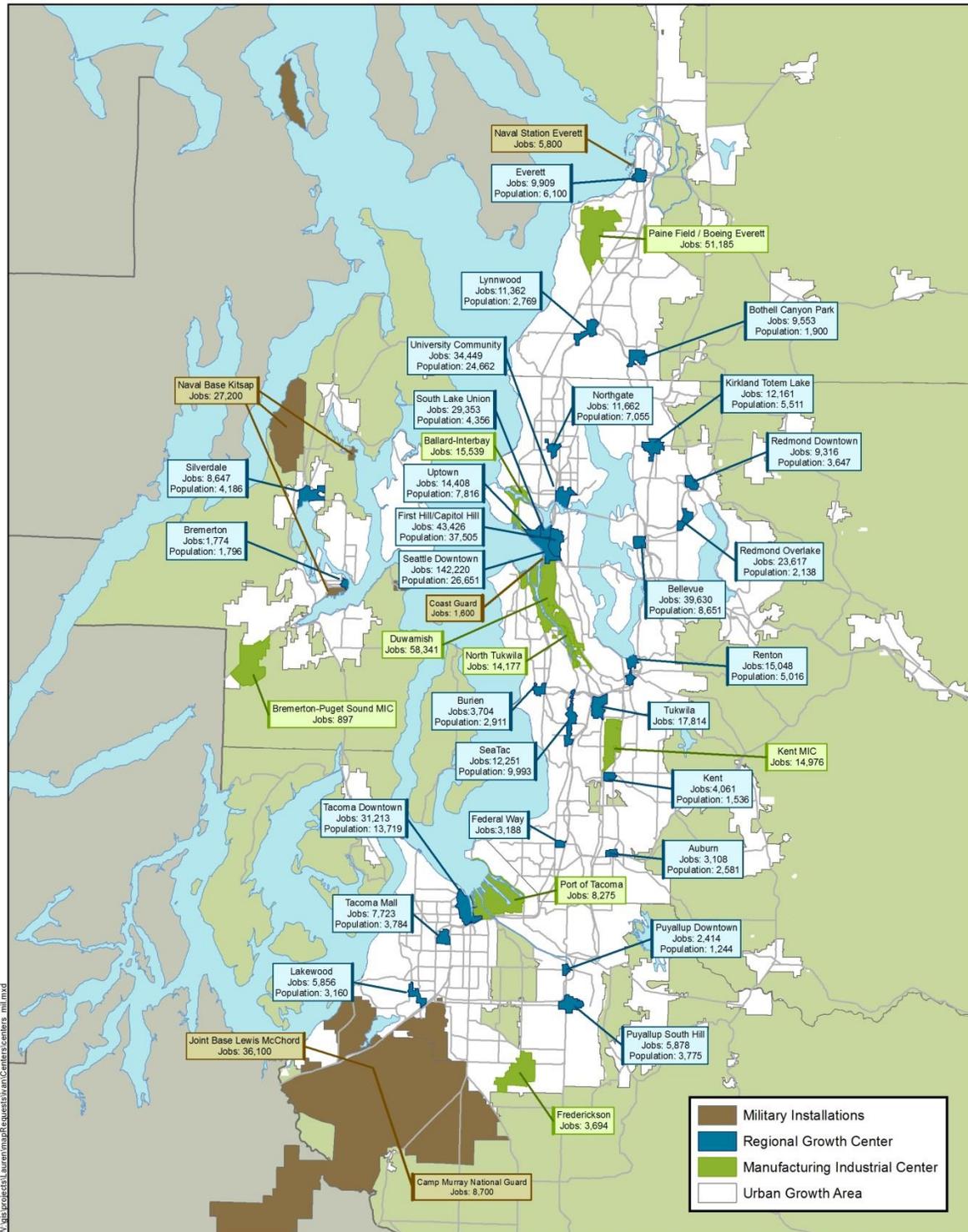
Regional Centers: Military facilities are not mentioned in the discussion of designated centers. Under VISION 2040, there are 27 designated regional growth centers that are identified for accommodating a *significant share* of housing and employment growth, and eight designated regional manufacturing-industrial centers for employment growth. Together, these two types of regional centers represent about one percent of the region's land, but contain about forty percent of the region's employment and, in growth centers, about five percent of the region's population.

Centers range in size from 160,000 combined population and employment to 3,000; Figure 8 illustrates the comparative concentrations of jobs and housing. Under VISION 2040's regional growth strategy, regional centers are found in Metropolitan and Core Cities as well as unincorporated urban areas. Interestingly, every local government that hosts a military facility – including Everett, Seattle, Pierce County, Lakewood, Kitsap County, and Bremerton – already have designated regional centers; this is discussed further below in terms of its impact on transportation project selection and funding.

⁹ VISION 2040, page 60-61

¹⁰ VISION 2040, page 71-72

Figure 8: Military Facility and Regional Centers Job and Housing Estimates



Source: 2012 OFM Population, 2012 ESD Employment, Department of Commerce, 2014 data

New regional manufacturing-industrial centers are designated by PSRC based upon a set of Designation Procedures;¹¹ there must be a concentration of at least 10,000 existing jobs, with at least 80% of property having a planned future land use and current zoning designations for industrial and manufacturing uses. Military facilities share similar characteristics to manufacturing industrial centers, which typically contain intensive industrial activities and discourage non-supportive land uses such as retail, non-related offices, or housing.

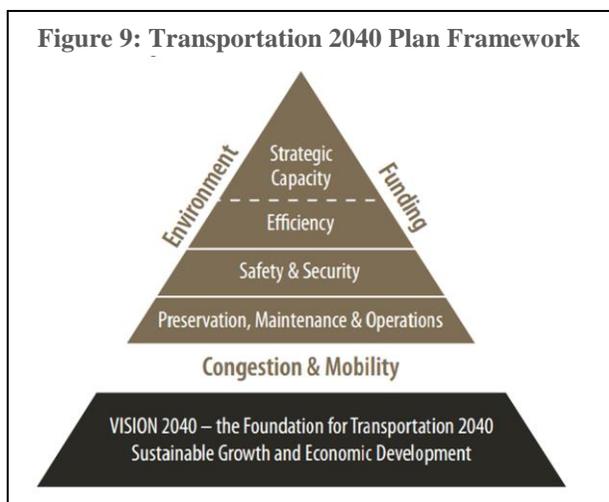
Countywide Centers: In addition to designated regional centers, VISION 2040 expects jurisdictions in the region to take steps to further evolve one or more central places as mixed use areas of residences, employment, shops, cultural facilities, and entertainment. Each local center — no matter how large or small — should serve as a focal point of community, be walkable, and have easy access to transit. These smaller centers are often the downtowns or city centers under VISION 2040's "larger cities" regional geography. Town centers in VISION 2040's "small cities" regional geography can also provide a mix of housing and services and serve as focal point where people come together for a variety of activities, including shopping and recreation, and can include station areas among major transit routes.

III. TRANSPORTATION PLANNING: TRANSPORTATION 2040 AND TRANSPORTATION FUNDING

TRANSPORTATION 2040

The federal transportation law, Moving Ahead for Progress in the 21st Century (MAP-21), requires metropolitan planning organizations such as PSRC to develop a long-range transportation plan. In 2014, PSRC updated Transportation 2040, the region's 30-year action plan for transportation. It serves as the functional transportation element of VISION 2040, and is the official regional and metropolitan transportation plan. As such, it meets federal requirements related to the Clean Air Act, the federal highway act, the state Commute Trip Reduction law, and state Regional Transportation Planning Organization requirements.

Transportation 2040 is organized around a framework of Environment, Funding, and Congestion & Mobility strategies. These strategies guide transportation investment decisions to meet growing travel needs for people and freight — more transit, more biking and walking facilities, more ferries, and more complete roadways. Within these strategies the plan identifies four major categories of



¹¹ <http://www.psrc.org/growth/centers/centers-procedures/>

investment: preservation, maintenance and operations; safety and security; efficiency; and strategic capacity.

Military facilities are only addressed in *Transportation 2040* in descriptions or maps of existing infrastructure. Specifically, military facilities are shown as a background geography on the Transportation 2040 Investments Map (Figure 28, page 53) and the two military airports are mentioned in the section of the Regional Aviation System (pages 84 and 88). Employment levels on military facilities are included, however, in PSRC's transportation models as well.

TRANSPORTATION FUNDING AND PROJECT SELECTION

PSRC is also responsible for programming and maintaining a four-year Regional Transportation Improvement Program (TIP), and for selecting projects to receive some federal funds.¹² The following section provides a high-level summary of the guiding documents, policy focus, and major funding categories of regional funding process.

Policy Focus: The *2014 Policy Framework for PSRC's Federal Funds*¹³ provides policy direction for prioritizing and programming federal funds. The Policy Framework focuses on designated regional centers (and the corridors that support them) to support implementation of VISION 2040, and its functional plans – Transportation 2040 and the Regional Economic Strategy. This link between project funding and the goals and multicounty planning policies in VISION 2040 is a hallmark of planning at PSRC.

The Policy Framework maintains support for the "development of centers and the corridors that serve them," originally adopted as the policy focus in 2002. This policy focus was further strengthened with the adoption of VISION 2040 in April 2008. The definition of centers for each of the competitive project selection processes is as follows:

- In the regional funding competitive process, centers are defined as regional growth centers and regional manufacturing/industrial centers as identified in VISION 2040.
- In the countywide funding competitive process and for all the *transit* funding processes, eligible centers include regional centers, centers as designated through countywide processes, town centers, and other locally identified centers.

The Policy Framework guides a number of different types of funding that each have specific eligibility requirements. Military facilities are not mentioned in the Policy Framework, and there are significant federal restrictions related to funding that affect military facilities. The federal

¹² *The request to develop this White Paper explicitly acknowledged that it would not apply to the 2014 project selection process given that the 2014 Policy Framework had already been adopted and project selection would be underway before this issue could be discussed and resolved.*

¹³ *Link: <http://www.psrc.org/assets/11211/2014-FullPolicyFramework.pdf>*

transportation funds programmed by the Puget Sound Regional Council cannot be spent on projects that are physically located on military facilities, and military facilities cannot be the sole sponsor of project applications.

Given these restrictions, there are no records of military-sponsored projects in PSRC's Transportation Improvement Program since the agency's inception in 1992. A 2014 analysis of funded projects identified only one project that overlaid military lands: Pierce County's State Route 704 / Cross Base Highway – which received \$2,500,000 from PSRC in 2002.

That said, the military can partner with any eligible jurisdiction and submit any eligible project that provides *access to* the military facilities. Eligibility standards relate to project types, federal functional roadway classifications, funding source eligibilities, and project competition standards. For example, while few eligible roads cross through one or more of the bases, some state routes and other local facilities do and those would be eligible. Another example could be a transit project – if a transit agency wanted to provide *service to a base* and had an eligible project, the project could receive FTA funding.

Importantly, every local government that could potentially benefit from this change – Everett, Seattle, Pierce County, Lakewood, Kitsap County, and Bremerton – already have designated regional centers. This means that no additional stakeholders would be added to the list of eligible jurisdictions. Instead, these jurisdictions could have additional choices among which projects to submit for regional project selection as projects are added to comprehensive plans.

TRANSPORTATION FUNDING AND PROJECT PRIORITIZATION

One element of PSRC's transportation planning is the transportation project prioritization process (Prioritization). Conducted for the first time in 2012-2014, Prioritization ensures that regionally significant transportation investments implement VISION 2040. PSRC developed the Prioritization process because the region faced recurring gaps between competing project funding needs and available revenues. In recent years, the gap between investment needs and available funding widened, driving the need for a dynamic tool to assist decision-makers in making strategic investments.

The Prioritization framework includes nine project evaluation measures to evaluate how well System Improvement projects implement VISION 2040.¹⁴ The measures are as follows:

- Air Quality
- Freight
- Jobs
- Safety and System Security
- Social Equity & Access to Opportunity
- Support for Centers

¹⁴ <http://www.psrc.org/assets/8478/Prioritization-measures.pdf>

- Multimodal
- Travel
- Puget Sound Land & Water

Based on information supplied by project sponsors, projects were ranked in a Scorecard Report showing the relative ranking of projects by total score within their infrastructure type (i.e., arterial, transit, nonmotorized, etc.). Among other uses, Prioritization affected which projects were in the financially constrained portion of Transportation 2040 and the unconstrained / programmatic portion of the plan.

Military facilities are not recognized in the Prioritization measures, although transportation providing access to the base could potentially score well. One measure, Jobs, focused on access to areas of high job concentration and capacity for growth, as well as support for the regional economic strategy. Projects providing access to military bases, if there were a dense concentration of jobs, could have scored well.

C. BROAD OPTIONS AND INTERVIEWS WITH HOST JURISDICTIONS AND ECONOMIC DEVELOPMENT ORGANIZATIONS

Based on the review of existing regional approaches and the needs identified in military sector reports, PSRC staff developed three broad options for how to potentially address military installations in PSRC's policies and programs, and then interviewed local planning and economic development stakeholders in communities that host military facilities. The options and a summary of the interview responses are shown below.

Figure 10: Broad Options for Incorporating Military Facilities into PSRC Regional Plans

Options	Discussion
No Change	<p>The rationale for this option is that while military facilities are major economic drivers regionally, and have impacts on the communities that host or are adjacent to them, they do not fully plan under the same statutes as local jurisdictions.</p> <p>The central issue in VISION 2040 relates to how the region can best accommodate future population and employment growth. Similarly, the purpose of Transportation 2040 and the Regional Economic Strategy are to implement VISION 2040. Given that growth and change on military facilities is different from growth management planning in Washington State, this option would retain the separation.</p> <p>That said, local jurisdictions can still develop projects that provide access to bases; these projects can score well in countywide transportation funding programs and potentially regional programs as well.</p>
Defer until 2018 VISION 2040 Update	<p>In the 2018 to 2020 timeframe, PSRC will update VISION 2040. This will include a comprehensive review of the regional growth strategy, regional geographies and other land use and policy changes that have occurred since adoption in 2008. The rationale for this option would be to allow the region to consider the questions around military facilities within a larger planning context. It also recognizes that comprehensive plan updates and Joint Land Use Studies will have been completed, providing more data and information to inform the review.</p>

Options	Discussion
Recognize Military Facilities as Centers in PSRC Regional Plans	<p>The rationale for this option is that despite the different statutes guiding military facilities, their regional and local impacts are significant enough to warrant inclusion. One issue to be addressed is the different scales of these facilities – ranging from JBLM to the Coast Guard Facility in Seattle. Within this broad category, a couple of potential options exist:</p> <p>A. Recognize similar to regional manufacturing-industrial (M/I) centers: This would make local governments that apply for regional transportation funding for projects that provide access to military facilities more competitive. All the jurisdictions that host military facilities already have designated regional centers, so this option would likely not significantly increase the number of jurisdictions competing for funding.</p> <p>Projects in these jurisdictions would score higher in project prioritization as well. The reason for treating these facilities similar to a manufacturing-industrial center is because these are locations for employment growth and employment activities that may not be well suited for co-location with residential activities.</p> <p>B. Recognize similar to countywide centers: This would make projects more competitive in the countywide funding competitions. Projects would score higher in project prioritization as well. Given the local nature of the impacts, these facilities will be treated equally to "countywide and local centers" in VISION 2040 and Transportation 2040. These funding processes are more localized; meaning discussions around projects that benefit military facilities would occur among stakeholders with greater knowledge of the specific local needs and impacts.</p> <p>Regardless of which of these two sub-options were selected, if military facilities were to be recognized as centers, PSRC would include additional sidebar and map information in future updates to regional plans to highlight these facilities and their role in the region. They would also be recognized in the next Transportation Prioritization Process and Project Selection Process.</p>

PSRC interviewed staff from jurisdictions that host or are adjacent to military facilities, as well as the local economic development organizations, to better understand local needs and perspectives. The following stakeholders were interviewed:

- Tacoma/Pierce County Chamber
- City of Seattle
- South Sound Military Partnership
- City of Lakewood
- City of Everett
- Economic Alliance of Snohomish County
- Kitsap Economic Development Alliance
- Washington Department of Commerce
- City of Bremerton
- Kitsap County

These organizations and jurisdictions have a variety of planning relationships with the military bases and most are involved in joint planning and/or economic development activities. The interviews highlighted areas of strong agreement as well as a few areas where there were slight variations in approach.

- No Action Option: Nearly all interviewees felt that recognizing military facilities is an important action for PSRC to take and could have significant positive impacts if a BRAC (Base Realignment and Closure) process were to occur in the near term. Given this, nearly all interviewees disagreed with the "No Action" option, noting the economic significance of

these facilities in their respective counties as well as in the region as a whole. Interviewees understood this affects transportation project selection and prioritization; regardless, they felt it would be beneficial to the region as a whole. While stakeholders noted the importance of the issue regionally, there was a mix of opinions on whether projects serving or accessing bases would actually be a top priority in their jurisdictions.

- Defer Until 2018 Option: There was a mix of opinions on timing given perceived local needs and schedules of the current Joint Land Use Studies and comprehensive plans. Few of the interviewees thought this action needed to be taken immediately and all understood the complexity of the issue, but a number said 2018 might be too long. A few were comfortable with 2018 because the Joint Land Use Studies and comprehensive plans are still underway; they noted that until these processes are done, needs and data would not be fully identified and projects not included in local jurisdiction's plans.¹⁵
- Regional or Countywide Centers Option: Most stakeholders stated that there should be recognition of military facilities; however, there were not strong opinions on which type of center made the most sense (although some did speak to the regional nature of some of these facilities). Stakeholders recognized differing employment levels and that there might need to be some distinctions made among the facilities. The conversations did not delve into the respective amounts of funding, or criteria scoring, in project selection and prioritization, since these are subject to change and most were not intimately familiar with these regional processes.

The benefits of *regional center* status mentioned by stakeholders included the smaller set of stakeholders to compete against, and the fact that every local government that hosts a military facility – Everett, Seattle, Pierce County, Lakewood, Kitsap County, and Bremerton – already hosts designated regional centers. The benefits of *countywide center* status included the fact that projects related to the facilities would be considered and discussed by stakeholders more familiar with the local needs and issues.

D. CONCLUSIONS AND RECOMMENDATIONS

Based on the review of existing regional approaches and interviews with stakeholders, the following conclusions and recommendations are proposed:

1. PSRC should recognize military facilities. The larger military facilities in the region contain significant concentrations of employment and therefore have positive economic impacts on the

¹⁵ As part of PSRC's transportation project selection process, projects are evaluated and scored on a number of factors, including "Plan Consistency." Project sponsors are asked if their project is specifically identified in a local comprehensive plan and provided guidance that all projects must be consistent with a comprehensive plan that has been certified by PSRC. If the project is not in the plan, sponsors are asked to describe how it is consistent with the applicable local comprehensive plan including specific local policies and provisions the project supports. The effect of this is that local jurisdictions may need to update their comprehensive plans, and capital or transportation improvement plans, to include projects serving or accessing military facilities.

region. Recognizing them in regional planning can strengthen efforts to support this economic sector. At the same time, they have land use and transportation impacts on adjoining jurisdictions – and these jurisdictions have impacts on the facilities as well – thereby creating a logical nexus for better integration that would come with regional recognition.

Recognizing them in regional planning provides potential tools for local jurisdictions to address impacts and, by including them as employment centers, benefit jurisdictions that host facilities without unduly impacting the overall project selection and prioritization processes.

2. Recognize these facilities in 2015. No major impediments for recognizing military facilities in the near-term horizon were identified in the analysis or interviews. After PSRC action, local jurisdictions updating their comprehensive plans may include policies and/or projects; creating the possibility that this could occur during this upcoming comprehensive plan periodic update cycle would be more efficient than delaying until 2018. Jurisdictions might also be able to include their priority projects in the next project selection process, which will occur in 2016.

3. Regionally recognize facilities as employment centers. As noted earlier, PSRC has established a threshold of 10,000 employees as the minimum for regional manufacturing industrial center designation. Given the similar nature of the employment, military facilities that exceed this threshold in one contiguous location will be treated equivalent to a regional manufacturing-industrial center for the purposes of regional planning. Military facilities below the threshold will be treated as equivalent to countywide centers.

This regional recognition is intended to create a new, flexible tool at the local level to implement and facilitate collaboration between local governments and military facilities.

FOR MORE INFORMATION

For questions, contact Charlie Howard at (206) 464-7122 or choward@psrc.org, or Ivan Miller at (206) 464-7549 or imiller@psrc.org.



October 8, 2014
SCA PIC Meeting

Item 8:

Arlington / Marysville Manufacturing Industrial Center Designation
Growth Management Planning Board (GMPB)
POTENTIAL FUTURE ACTION ITEM

SCA Staff Contact

Doreen Booth, Policy Analyst, doreen@soundcities.org, 206-433-7147

Growth Management Policy Board (GMPB) SCA Members:

Council President Hank Margeson, Redmond (caucus chair); Mayor Bernie Talmas, Woodinville; Councilmember Terri Briere, Renton; Councilmember John Holman, Auburn (alternate); Councilmember Jason Walker, Duvall (alternate); Councilmember Chris Roberts, Shoreline (alternate).

Recommended Action:

The Growth Management Policy Board is being briefed on Arlington / Marysville's proposal related to a potential Manufacturing Industrial Center (MIC) designation at their October 2, 2014 meeting. The discussion at the GMPB caucus and meeting will inform the October 8 PIC discussion. The GMPB caucus will likely make a recommendation supporting or opposing the Arlington / Marysville proposal at the October 8 meeting.

Background

The cities of Arlington and Marysville are jointly pursuing designation of a new regional manufacturing industrial center (MIC). The area has been designated as a manufacturing industrial center in local comprehensive plans, and in countywide planning policies through actions of the Snohomish County Council and Snohomish County Tomorrow countywide planning organization. PSRC's staff report to the GMPB, including Arlington and Marysville's letter of intent, is included as [Attachment A](#).

The Letter of Intent addresses three key requests:

1. Request that PSRC accept the application when it is submitted.
2. Request that PSRC quickly engage in a policy discussion to create a multiple tier centers framework.
3. Request that the cities be included in the regional discussion.

The Letter of Intent expresses the need for timely action to ensure that the infrastructure is in place to capture current economic development opportunities. The current opportunities relate to suppliers for the 777x and 787 aerospace projects.

Existing Centers

There are eight designated Manufacturing Industrial Centers (MIC) in the Puget Sound Region: Paine Field/Boeing Everett, Ballard Interbay, Duwamish, North Tukwila, South Kitsap, Kent, Port of Tacoma and Fredrickson. Two of the MICs, Kent and North Tukwila, are in SCA member cities. There are twenty-seven Regional Growth Centers (RGC) in the region including eleven centers in SCA member cities: Bothell-Canyon Park; Kirkland -Totem Lake; Redmond-Downtown; Redmond-Overlake; Renton; Burien; Tukwila; SeaTac; Kent; Federal Way and Auburn. A Regional Growth Center designation is pending for the city of University Place. A Centers Map is located in [Attachment B](#).

Regional center designation is important as the *2014 Policy Framework for PSRC's Federal Funds* provides policy direction for prioritizing and programming federal funds. The Policy Framework focuses on designated regional centers (and the corridors that support them) to support implementation of VISION 2040, and its functional plans – Transportation 2040 and the Regional Economic Strategy. This link between project funding and the goals and multicounty planning policies in VISION 2040 is a hallmark of planning at PSRC.

The Policy Framework maintains support for the "development of centers and the corridors that serve them," originally adopted as the policy focus in 2002. This policy focus was further strengthened with the adoption of VISION 2040 in April 2008. For the regional funding competitive process, centers are defined as regional growth centers and regional manufacturing industrial centers as identified in VISION 2040. In the 2014 competitive process, \$66 million of Federal Highway Administration Funds (FHA) were awarded; two of the awards totaling a little over \$10 million were for MICs.

Designation Procedures for Regional Centers

In September 2011, PSRC adopted [Designation Procedures for New Regional Centers](#). The 2011 Designation Procedures state that minimum thresholds must be met before an application will be accepted and regional designation pursued. In the case of manufacturing industrial centers, the minimum is 10,000 existing jobs and 20,000 targeted jobs, plus capacity for this number of jobs.

The request in the Letter of Intent is that PSRC accept the application when it is submitted and give the application a "Pending" status as the request for consideration of creating multiple tier designations is being considered and/or developed. The request also states that PSRC should provide the same status to two other manufacturing/industrial centers that have been designated at the countywide level in the past few years, the Sumner-Pacific MIC and the Nalley Valley MIC in South Tacoma.

The planning for regional centers is something PSRC staff is considering over the next two years. The PSRC [Regional Centers Monitoring Report](#) provides a comprehensive look at centers in the Puget Sound region and includes recommendations for potentially expanding center designations. The Arlington/Marysville request asks PSRC to expedite the work of PSRC creating a multiple tier center framework.

Next Steps

SCA staff is coordinating review of the Arlington / Marysville request with staff at the SCA cities that have MIC designations, Kent and Tukwila, as well as with the city of Pacific and with Regional Staff Committee representatives (Kirkland, Redmond, Renton, Kent staff). Staff is also coordinating with cities that have Regional Growth Centers.

Typically, PSRC staff makes a recommendation on proposals to the Growth Management Policy Board. Due to the political nature of this request, PSRC staff is not making a recommendation, but asking the GMPB for direction on the Arlington / Marysville Letter of Intent. PSRC will likely ask for such direction in November; SCA members will request that the matter be taken up in December to allow time for SCA's process to occur. The GMPB's direction will be considered by the Executive Board when the Board makes the final decision on how to move forward with the Letter of Intent.

The proposal from Arlington / Marysville may well make sense from an economic perspective; having additional opportunities for aerospace suppliers to locate in Washington State is good for the entire region, not just the cities it directly benefits. On the other hand, creating more regional centers, especially if those centers don't meet the minimum criteria already established by PSRC, would potentially take away Federal Highway Administration funds from other centers.

Some of the questions that arise:

- What are the benefits for the region in considering an MIC designation for Arlington / Marysville?
- What are the potential ramifications of such a designation?
- And if the Sumner / Pacific and South Tacoma MIC were also designated, what are the benefits / ramifications of such designations?

Additional information arising from the GMPB caucus and meeting will be provided to PIC members prior to the October 8 PIC meeting. It is anticipated that a recommendation for potential action supporting one of the following options for the Arlington / Marysville request will be proposed by SCA's GMPB caucus:

The options set out by PSRC staff for the GMPB are as follows:

1. Maintaining the current designation policy, which would require Arlington/Marysville to wait until the thresholds are met.
2. Recommending an exception to the designation policy for one or more of the manufacturing/industrial centers awaiting regional designation. The exception could include a wholesale exception to the thresholds, or, as requested by the cities, some type of tiered regional recognition.
3. Accelerating work on changes to the centers designation policy that were part of the Regional Centers Monitoring Report adopted by PSRC's Executive Board in February

2014. This could include re-evaluating centers thresholds and consideration of a regional framework for designating countywide centers. (Note: A consideration in this request is timing. PSRC's work program calls for the centers re-evaluation work to occur following comprehensive plan updates and following related PSRC work, including a Centers Market Study. An accelerated approach may not be achievable under the current PSRC work program and budget, nor within a timeframe that would meet the purposes of the cities.)

Attachments:

- A. [PSRC Staff Report, Arlington/Marysville Manufacturing Industrial Center](#)
- B. [Regional Centers Map](#)



DISCUSSION ITEM

September 25, 2014

To: Growth Management Policy Board

From: Charlie Howard, Director of Integrated Planning

Subject: **Arlington-Marysville Letter of Intent to Apply for Regional Manufacturing-Industrial Center Designation**

IN BRIEF

The Puget Sound Regional Council received a Letter of Intent from the cities of Arlington and Marysville, co-signed by the Economic Alliance of Snohomish County, stating their intent to apply for regional manufacturing/industrial center designation. PSRC staff will share this letter with the Growth Management Policy Board in October.

DISCUSSION

The cities of Arlington and Marysville are jointly pursuing designation of a new regional manufacturing/industrial center (MIC). The area has been designated in local comprehensive plans, and in countywide planning policies through actions of the Snohomish County Council and Snohomish County Tomorrow countywide planning organization.

As noted in the attached Letter of Intent, the area encompasses approximately 2,900 acres with 5,500 jobs that are predominantly in industrial, aerospace and high-technology engineering. It has zoned capacity for additional employment growth. The area is fully supported with municipal services and designated as light and general industrial. The area is served by Interstate 5, the Arlington Municipal Airport, other state routes, and a railroad spur. The Letter of Intent expresses the need for timely action to ensure that the infrastructure is in place to capture current economic development opportunities.

The Letter of Intent addresses three key requests:

1. Request that PSRC accept the application when it is submitted.

This request relates to PSRC's [Designation Procedures for New Regional Centers](#), adopted in September 2011. The 2011 Designation Procedures state that minimum thresholds must be met before an application will be accepted and regional designation pursued. In the case of manufacturing/industrial centers, the minimum is 10,000 existing jobs and 20,000 targeted jobs, plus capacity for this number of jobs.

The request in the Letter of Intent is that PSRC accept the application when it is submitted and give the application a "Pending" status as the other issues noted below are addressed. The request also states that PSRC should provide the same status to two other manufacturing/industrial centers that have been designated at the countywide level in the past

few years. These include Sumner-Pacific and South Tacoma (Nalley Valley). PSRC staff has engaged with these two communities over the past few years; however, neither jurisdiction has submitted an application to PSRC for regional designation.

2. Request that PSRC quickly engage in a policy discussion to create a multiple tier centers framework.

PSRC boards, through VISION 2040, have established regional policy guiding the designation of regional centers. Currently, VISION recognizes 27 regional growth centers and 8 regional manufacturing/industrial centers – all are recognized equally as regional centers. The Growth Management Policy Board will have to consider the Arlington/Marysville request, and provide staff with direction. Options include:

1. Maintaining the current designation policy, which would require Arlington/Marysville to wait until the thresholds are met.
2. Recommending an exception to the designation policy for one or more of the manufacturing/industrial centers awaiting regional designation. The exception could include a wholesale exception to the thresholds, or, as requested by the cities, some type of tiered regional recognition.
3. Accelerating work on changes to the centers designation policy that were part of the Regional Centers Monitoring Report adopted by PSRC's Executive Board in February 2014. This could include re-evaluating centers thresholds and consideration of a regional framework for designating countywide centers. (Note: A consideration in this request is timing. PSRC's work program calls for the centers re-evaluation work to occur following comprehensive plan updates and following related PSRC work, including a Centers Market Study. An accelerated approach may not be achievable under the current PSRC work program and budget, nor within a timeframe that would meet the purposes of the cities.)

3. Request that the cities be included in the regional discussion.

Currently, Marysville Councilmember Donna Wright is a member of the Growth Management Policy Board and can directly participate in the board discussions. The board can also consider special outreach with staff and elected representatives of both cities in the development of a policy position on this request.

NEXT STEPS

After initial discussion of the request, the Growth Management Policy Board is asked to provide staff with direction on how to proceed on the Arlington/Marysville request.

For more information, contact Ivan Miller at 206-464-7549 or imiller@psrc.org.

Attachments:
Arlington-Marysville Letter



September 2, 2014

Mr. Josh Brown, Executive Director
Puget Sound Regional Council
1010 Western Ave, Suite 500
Seattle, WA 98104-1035



RE: Letter of Intent to Apply for Regional Designation of Arlington-Marysville
Manufacturing / Industrial Center

Dear Mr. Brown:

Manufacturing Industrial Centers are an important tool in achieving Vision 2040 and the Prosperity Partnership. In Snohomish County the public and private sectors are of a united view that the North Puget Sound Manufacturing Corridor is a part of the Vision. The Cities of Arlington and Marysville ask that this letter represent our intention to make application with supporting materials for regional designation of the Arlington-Marysville Manufacturing / Industrial Center (MIC).

At full build out, the Arlington-Marysville MIC will contain 4,091 acres of industrial and general/highway commercial properties with the capacity to support 77,800 jobs. There are currently 5,500 jobs on 2,900 acres occupied with buildings and facilities, with capacity for an additional 1,940 jobs.

Approximately 70% of jobs created in the existing MIC area are categorized as industrial, family wage aerospace or high-tech engineering positions. An additional 20% of jobs are service-related, with the remaining 10% of jobs in the retail trade, supporting the manufacturing employment.

The proposed MIC is located within the Arlington and Marysville urban growth areas (UGA) and city limits. The majority of the land is designated as light and general industrial on the cities' land use maps. The area is bordered on the west by Interstate 5. The Arlington Municipal Airport is in the MIC and is a general aviation facility that provides an additional transportation and economic resource to the area. The area is fully supported with municipal services including electricity, water, sewer, and stormwater utilities; as well as fire protection, emergency medical services, police protection, and solid waste.

Attachment: Arlington-Marysville Letter (1146 : Arlington-Marysville)

Transportation access and services through or adjacent to the area include Interstate 5, State Route 531, State Route 9, a four lane arterial Smokey Point Boulevard (old Highway 99), Community Transit, and a Burlington Northern Santa Fe rail spur, this in addition to the Airport.

The area is truly a Center for manufacturing and industry.

There are currently eight MIC's in the state and three waiting to receive designation. As we discussed in our meeting on July 22nd the proposed Manufacturing Industrial Centers that are waiting for designation with PSRC are in a "Waiting Room". The Arlington Marysville Manufacturing Industrial Center request is to also be placed in the Waiting Room while the concept of a multiple tier policy can be developed. We want to be a part of the conversation.

Other states with MIC programs have multiple tiers allowing areas of intensive manufacturing to be designated as a sub-area. Washington only has one level of MIC. The PSRC's work plan includes discussion of a policy to allow areas of intensive manufacturing to receive some type of designation while developing the area to meet the full MIC requirements. The revised policies will be a great opportunity to our state and allow us to take advantage of the growing market while ultimately meeting the goals for MICs.

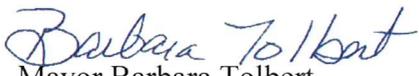
As we discussed at our meeting, timing for discussion of a multiple tier designation is critical. Manufacturing businesses, particularly in aerospace, are actively searching the market. They are looking for manufacturing space *now*. Washington is in a highly competitive position but is also at risk of losing the opportunity to other states if supplier needs cannot be met. It is not a matter of the suppliers looking for space somewhere else in Washington; it is a matter of the state losing them completely.

The cities of Arlington and Marysville respectfully request that the joint application for MIC designation when received be marked as pending with the other three candidates to allow us to assist in the development of the adjustments to the PSRC policies this fall. This work needs to be completed rapidly and our cities are ready to help in this endeavor. This designation is particularly important to Snohomish County as suppliers for the Boeing 777X and 787 lines are seeking areas to establish and expand manufacturing facilities. If we do not have the infrastructure in place we will lose the opportunity, with the potential of grave consequences to the regional and state economy.

This is a unique opportunity to further expand our state's manufacturing opportunities. Arlington and Marysville have worked hard jointly to ensure we are as ready as possible to meet the needs of future Washington manufacturers and to expand the employment opportunities in our economy. The proposed Manufacturing Industrial Center is in both city's Comprehensive Plans along with the County Wide Planning Policies.

We appreciate the opportunity to present the memorandum of understanding to make application with supporting materials to the Puget Sound Regional Council and look forward to its acceptance while we assist in the development of revised policies covering MICs in the Puget Sound region.

Sincerely,


Mayor Barbara Tolbert
City of Arlington

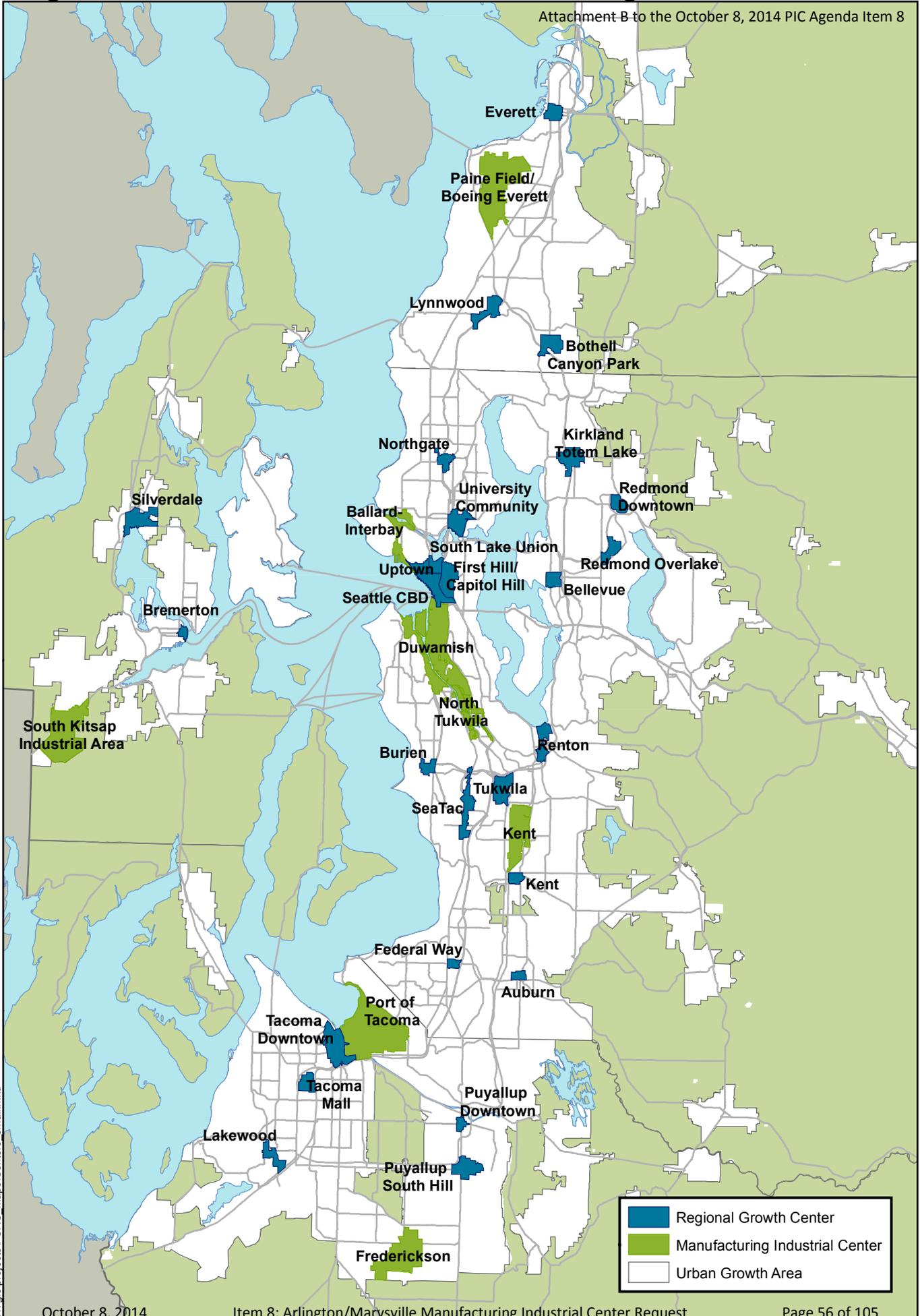

Mayor Jon Nehring
City of Marysville


Troy McClelland, CEO
EASC

Attachment: Arlington-Marysville Letter (1146 : Arlington-Marysville)

Regional Growth Centers and Manufacturing/Industrial Centers

Attachment B to the October 8, 2014 PIC Agenda Item 8



	Regional Growth Center
	Manufacturing Industrial Center
	Urban Growth Area

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October 8, 2014
SCA PIC Meeting

Item 9:

Youth and Community Athletic Fields

Letter of Support

Potential Future Action Item

SCA Staff Contact

Lyset Cadena, Senior Policy Analyst, lyset@soundcities.org, 206-433-7169

Recommended action:

Discussion of the request from the Washington Recreation & Park Association (WRPA) to submit a letter of support to the Governor supporting re-establishing competitive grant funding for the “Youth Athletic Facilities” program administered by the Recreation and Conservation Office (RCO).

Background

The Recreation and Conservation Office (RCO) is a small state agency that manages grant programs to create outdoor recreation opportunities, protect the best of the state’s wildlife habitat and farmland, and help return salmon from near extinction. The agency has awarded more than \$1.7 billion in grants to nearly 7,500 projects since 1964. Since 1990, the agency averaged 230 grant awards for \$60 million every fiscal year.

The RCO supports the following organizations:

- Recreation and Conservation Funding Board;
- Salmon Recovery Funding Board;
- Invasive Species Council;
- Governor’s Salmon Recovery Office; and
- Habitat and Recreation Lands Coordinating Group.

The collection of boards and offices provide leadership, funding, and technical assistance.

Recreation Conservation Funding Board

The Recreation Conservation Funding Board (Board) was established by Initiative 215 in 1964 and helps finance recreation and conservation projects throughout the state. The eight-member board consists of five citizens appointed by the Governor, and three state agency directors.

The Board administers the following grant programs:

- Aquatic Lands Enhancement Account;
- Boating Facilities Program;
- Boating Infrastructure Grant Program;

- Firearms and Archery Range Recreation Program;
- Land and Water Conservation Fund;
- Nonhighway and Off-Road Vehicle Activities Program;
- Recreational Trails Program;
- Washington Wildlife Recreation Program; and
- Youth Athletic Facilities.

Youth Athletic Facilities

The Youth Athletic Facilities program provides funding to acquire, develop, equip, maintain, and improve community athletic facilities. The grant program was approved by Washington voters as part of Referendum 48, which helped fund the Seattle Seahawks stadium. An initial \$10 million was contributed by the Seattle Seahawks "team affiliate" in December 1998.

The primary focus of the program is the athletic facility needs of people through the age of 18 who participate in sports and athletics. An athletic facility is a facility dedicated to the purposes of sports and athletics. Athletic facility excludes playgrounds, tot lots, vacant lots, open or undeveloped fields, and level open space used for non-athletic play.

The \$10 million initial donation and subsequent appropriations (including \$2.5 million in the 2006 Capital Budget; and \$3.63 million for four earmarked projects in the 2013-15 Capital Budget) have allowed for \$17 million to be allocated toward Youth Athletic Facilities. The initial donation has been spent and no new funds have been made available.

During the Recreation and Conservation Office (RCO) budget process, the RCO asked communities to submit letters of interest for youth athletic facilities. The RCO received interest from 193 agencies and organizations asking for nearly \$40 million in state grants to fix local athletic fields and other outdoor sporting facilities. Unfortunately, the state has no other grant program that can meet these needs. The state's two other grant programs that fund sports field renovations amongst a broad mix of local parks projects have far more demand than money available. There is a growing demand for new sports such as ultimate Frisbee, lacrosse, disc golf, and more. Local parks departments are seeing more demand than ever for fields, stacking multiple teams on one practice field, and often go decades without the resources to upgrade them.

The Recreation Conservation Funding Board is requesting a capital budget appropriation of \$12 million to fund the Youth Athletic Facilities grant program with general obligation funds. This grant program will be used to renovate ball fields and other outdoor athletic facilities for local sports. Information on the RCO budget request can be found in [Attachment A](#).

Next Steps

The Washington Recreation and Park Association (WRPA), a non-profit organization of professional and public interest organizations that contract with parks and recreation agencies, is asking SCA to submit a letter of support ([Attachment B](#)) to the Governor supporting the Recreation Conservation Funding Board budget request of \$12 million to fund Youth Athletic Facilities.

Attachments

- A. [Youth Athletic Facilities Budget Request](#)
- B. [Youth Athletic Facilities letter of support template](#)

Grants for Sports Fields



ISSUE: STRONG NEED TO IMPROVE ATHLETIC FIELDS

In 2014, communities across Washington asked for nearly \$40 million in state grants to fix local athletic fields and other outdoor sporting facilities. Unfortunately, the state has no grant program that can meet these needs.

The Washington State Recreation and Conservation Funding Board is requesting a capital appropriation of \$12 million to fund the Youth Athletic Facilities grant program with general obligation bond funds. This grant program will be used to renovate ball fields and other outdoor athletic facilities for local, competitive sports.



WHY NOW?

Washington Residents Use their Ball Fields

Participating in sports is popular in Washington with 83 percent of residents engaging in some level of activity.¹ However, funding for maintaining fields and building new ones is not keeping pace. The state's two other grant programs that fund sports field renovations amongst a broad mix of local parks projects have far more demand than money available.

More Fields Means Healthier Families

About one-third of children and one-quarter of adults in the United States are overweight or obese, reducing overall health and increasing health care costs. Increasing participation in sports is one way to get more Washingtonians to improve their health.

Recreation Means Dollars to the State

Having modern, all-weather fields not only helps keep people active and healthy, it's good business. Regional and national tournaments draw thousands of people to Washington – people who stay in hotels, spend in stores, and eat at restaurants.

Emerging Sports Are Left Out

There is a growing demand for new sports such as ultimate Frisbee, lacrosse, disc golf, and more. Local parks departments are seeing more demand than ever for fields, stacking multiple teams on one practice field, and often going decades without the resources to upgrade them. Emerging sports have difficulty getting field time when competing with more traditional baseball and soccer.

BUDGET REQUEST

\$12 million capital appropriation to fund the Youth Athletic Facilities grant program with general obligation bond funds.

WHO WOULD BE ELIGIBLE FOR FUNDING?

- Cities
- Counties
- Park districts
- Native American tribes
- Non-profit sports organizations.

MATCHING RESOURCES

Local communities are required to match state funding. To date, \$17 million in state funding has brought in more than \$34 million local matching funds.

CONTACT

Wendy Brown
(360) 902-3021
TDD (360) 902-1996
Wendy.Brown@rco.wa.gov

¹ Statewide Comprehensive Outdoor Recreation Plan, 2013

Grants for Sports Fields

DEMAND FOR THE PROGRAM

The Youth Athletic Facilities grant program, administered by the Recreation and Conservation Funding Board, has received periodic funding since 1997. In 2014, the board gauged interest in the program by asking communities to submit grant requests and was overwhelmed with the requests (see list of applicants below). Requests ranged from archery ranges to skateboarding areas to softball fields.

Aberdeen	Island County	Port Angeles
Asotin County Little League	Issaquah	Puyallup
Auburn	Issaquah Soccer Club	Quillayute Valley School District
Baseball Beyond Borders	Kelso School District Kenmore	Rainier Valley Football Association
Beacon Hill Youth Soccer	Kent	Redmond
Bellevue	Key Peninsula Metropolitan Park	Renton
Bellingham	District	Richland
Blackhills Community Soccer Complex	Kirkland	Rochester Youth Soccer Association
Bothell	Lacey	Sammamish Rowing Association
Boys & Girls Clubs of King County	Lake Washington Youth	San Juan Island Park and
Boys & Girls Clubs of	Soccer Association	Recreation District
Snohomish County	Lakewood	Seattle
Bremerton	Liberty Lake	Shoreline
Budd Bay Rugby	Long Beach	Skagit County
Burien	Longview	Skamania County
Camas	Longview School District	Skokomish Indian Tribe
Camas Little League	Lower Elwha Klallam Tribe	Skookum Archers Club & Range
Camas-Washougal Bath Ruth	Lynden	Sky River Soccer Club
Baseball	Lynnwood	Snohomish County
Camp Fire Central Puget Sound	Mason County	Snoqualmie
Castle Rock	Mercer Island	Spokane
Centralia	Metropolitan Park District of Tacoma	Spokane County
Central Whidbey Soccer Club	Monroe	South Whidbey Parks and
Chehalis	Miracle League of Vancouver	Recreation District
Clark County	Montesano School District	Stanwood
Colfax	Moses Lake	Stevens County 4-H
Colfax Community Track and Field	Mount Vernon	Terra Sol Sports Alliance
Confederated Tribes of the	Mountlake Terrace	Toutle Lake School District
Colville Reservation	Muckleshoot Tribe	Tukwila
Covington	Normandy Park	Twin City Youth Football
Des Moines	North Bend	Organization
Duvall	Olympic Peninsula Rowing	Twisp
Eastmont Metropolitan Park	Association	Union Gap
District	Oak Harbor	University Place
Edmonds	Olympia	Vancouver
Enumclaw	Orcas Island Park and Recreation	Vancouver Lake Crew
Everett	District	Washington State Archery
Federal Way	Orting	Association
Fife	Pasco	Washington Timbers Football Club
Friends of Lake Sammamish	Pasco Little League	West Richland
State Park	Pateros	Westport
Hercules Running Rebels	Peninsula Metropolitan Park	Wilkeson
Hoquiam Girls Fastpitch Association	District	Woodland Community Swimming
Ilwaco	People Organized to Operate	Pool Committee
Ingraham High School Track Team	Leisure Activities	Woodland High School
October 8, 2014	Pierce County Youth & Community Athletic Fields	

The Honorable Governor Jay Inslee
Office of the Governor
PO Box 40002
Olympia, WA 98504

RE: Youth and Community Athletic Facilities Grant Program Funding for the 2015-17
Capital Budget

Dear Governor Inslee,

We are joining together to convey our strong support for a recommendation that you include \$12 million in your 2015-17 Capital Budget for the Youth and Community Athletic Facilities (YAF) competitive grant program. It is our understanding that funding for YAF also received a strong endorsement from the Governor's Blue Ribbon Task Force on Outdoor Recreation, which made this one of their key near-term recommendations.

We think this \$12 million allocation would be an outstanding way to support healthy citizens and communities, contribute to economic development, give our youth access to the outdoors, and help local parks and recreation agencies develop and maintain all-weather athletic fields and facilities in a state that has its share of unpredictable weather.

Clearly, there is a tremendous need for this competitive grant program. YAF has not received competitive grant funding since 2006, meaning local parks and recreation agencies get very little support for all-weather fields that can cost several million dollars to build and maintain. We do have the very successful Washington Wildlife and Recreation Program (WWRP), but its "local parks" category is badly over-subscribed, is limited in how much development funding it can grant, and is designed to cover a broad mix of projects beyond just athletic fields.

Governor, at the same time we have seen a sharp downturn in state funding for community athletic fields, we are challenged by a sharp uptick in demand for these fields. That is due to increasing populations, more interest than ever in traditional sports, and the growing popularity of non-traditional sports such as ultimate Frisbee and lacrosse. The need for this competitive grant was demonstrated when the Recreation and Conservation Office asked for letters of interest and received hundreds of letters totaling tens of millions of dollars in projects.

When we invest in community athletic fields, we invest in several things that serve the state's interest. These fields provide an outlet to outdoor recreation for youth, especially kids from diverse and lower-income communities. Community athletic fields help people of all ages stay active and healthy, combating obesity, preventing disease, and helping us conserve our health care dollars. All-weather fields also make good business sense for the state, better enabling our local communities draw major tournaments and visitors who spend money in our stores, eat at our restaurants, stay at our hotels, and get a sampling of the unparalleled beauty of this great state.

Governor, we see the \$12 million proposal for the Youth and Community Athletic Fields program as a very good investment, healthy communities, economic development, and outdoor recreation decision for the State of Washington. Please include it in your 2015-17 Capital Budget.

Sincerely,

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Cc: David Schumacher, Budget Director
Nona Snell, Capital Budget Coordinator
Matt Steuerwalt, OFM Policy Director
JT Austin, OFM Policy Advisor
Jim Cahill, OFM
Miguel Perez-Gibson, Legislative Director



October 8, 2014
SCA PIC Meeting

Item 10:

King County Executive Proposed 2015/2016 Biennial Budget

Discussion Item

SCA Staff Contact

SCA Executive Director Deanna Dawson, deanna@soundcities.org, (206) 310-0599

SCA Finance Committee:

Sammamish Councilmember Don Gerend (Chair); Woodinville Mayor Bernie Talmas; Shoreline Deputy Mayor Chris Eggen; Algona Mayor Dave Hill; Kirkland Finance Director Tracey Dunlap

Recommended action:

Provide feedback to the SCA Finance Committee and Board on the Executive's proposed 2015/2016 biennial budget, which can then be shared with the County Council prior to their adoption of the final budget in November.

Background:

The King County Executive released his proposed 2015/2016 biennial budget on September 22, 2014. The proposed budget and executive summary can be found here: <http://www.kingcounty.gov/exec/PSB/Budget/2015-2016.aspx>
They are not attached due to the size of the documents.

The SCA Board has asked the SCA Finance Committee to review the budget, and to make recommendations to the PIC and Board on areas of interest and/or concern to member cities. The Finance Committee will be meeting with King County Budget Director Dwight Dively on Monday, October 6, 2014. If your city has questions you would like the Finance Committee to pose in that meeting, please forward those questions to SCA Executive Director Deanna Dawson by Thursday, October 2, 2014.

The Finance Committee's review of the proposed budget will include a review of areas of particular concern to SCA member cities, including Metro Transit, Public Health, and Public Safety. Cities have also raised questions about the amount of charge back to county departments for overhead, which may mask excessive levels of county bureaucracy. Cities have also raised concerns about various areas in the budget where the County is asking cities to take on the burden of funding what have heretofore been County responsibilities, or face cuts.

The October 8, 2014 PIC meeting is an opportunity for PIC members to share feedback on the proposed budget with the Finance Committee and Board. SCA Board can then communicate with the King County Council about cities' priorities in advance of final budget adoption in November.

The County Council will be holding a series of budget meetings throughout the county over the next several weeks:

- Wednesday, October 8 – Fall City – 6:30 pm at Chief Kanim Middle School, (the Commons Area), 32627 SE Redmond-Fall City Road
- Tuesday, October 14 – Bellevue – 6:30 pm at City Hall, Council Chambers, 450 - 110th Avenue NE
- Thursday, October 23 – Kent – 6:30 pm at Norm Maleng Regional Justice Center, Courtroom 3F, 401 Fourth Avenue North
- Wednesday, October 29 – Seattle – 6:30 pm, King County Courthouse, Council Chambers, 10th Floor. 516 Third Avenue

Citizens can also give feedback to the Council online:

http://www.kingcounty.gov/council/budget/Testify_Online.aspx

Links:

- A. [2015/2016 Biennial Budget Executive Summary](#)
- B. [2015/2016 Biennial Budget Executive Proposal](#)



October 8, 2014
SCA PIC Meeting

Item 11:

Metro Transit Service and SCA Ad Hoc Committee Update

Discussion Item

SCA Staff Contact

Lyset Cadena, Senior Policy Analyst, lyset@soundcities.org, 206-433-7169

Regional Transit Committee (RTC) SCA Members:

Redmond Councilmember Kimberly Allen (caucus co-chair); Kent Councilmember Dennis Higgins (caucus vice-chair); Mercer Island Mayor Bruce Bassett; Algona Mayor Dave Hill; Auburn Councilmember Wayne Osborne; Renton Councilmember Marcie Palmer; Sammamish Mayor Tom Vance; Lake Forest Park Councilmember John Wright; Maple Valley Mayor Bill Allison (alternate); Kirkland Councilmember Dave Asher (alternate); Tukwila Councilmember Kathy Hougardy (alternate); Snoqualmie Mayor Matt Larson (alternate)

Recommended action:

As PIC members are well aware, the King County Council voted to postpone the February 2015 service reductions. The SCA ad hoc committee on transit service reductions (comprised of members of the Regional Transit Committee (RTC) and SCA Board) met over the month of August to address member cities' concerns, and is in the process of deciding how to proceed in response to new developments. At the October PIC meeting, PIC members will be briefed on the current status of service reductions, and will have an opportunity to give feedback to help guide the work of the SCA ad hoc committee on transit service.

Background

On September 2nd, the County Executive transmitted the February 2015 service reduction ordinance ([Attachment A](#)). The service reduction ordinance recommended reducing Metro service by 169,000 hours with 11,000 hours of additional cuts held in reserve for reinvestment. The ordinance allowed for the deferral of the February 2015 service cuts until June if the Seattle Transit initiative passes in November. Additionally, any local jurisdictions or entities could enter into a contract with Metro to pay for the cost of maintaining service on routes to be eliminated or reduced in February 2015 or June 2015.

Combined with the already adopted September 2014 cuts, these cuts would have brought the total service cuts to about 10 percent of Metro's service, or a net reduction of 320,000 service hours identified in September 2014 and February 2015. This is in contrast to the 550,000 annual hours initially proposed in April by the Executive.

King County Council Action

The King County Council was scheduled to take action on the February 2015 service reduction ordinance on September 22nd, but action was postponed at the request of Councilmember

Dembowski until September 29th. On September 29th, the King County Council re-referred the [February 2015 service reduction ordinance](#) to the Transportation, Economy and Environment (TrEE) committee. This action postponed the service reduction ordinance until the Council works through the budget. Councilmembers mentioned the Executive's proposed budget, an increase in sales tax and property tax as the reason for postponement. The Council will be reviewing the Executive's proposed 2015/2016 budget and reserve fund policies before deciding how to proceed with service reductions. Comments made during the discussion indicated councilmembers hope not to implement the February 2015 service reduction ordinance or other service reductions.

King County Executive Proposed 2015/2016 budget

The King County Executive released the proposed 2015/2016 budget on September 22nd and it reflects a reduction of 169,000 hours of service in February 2015 and 80,000 hours in March 2016, for a total of 400,000 hours between September 2014 and March 2016. At the same time, the Executive's budget proposes to not just fully fund reserves, but to create a new policy as to the Transit Revenue Stabilization Fund and to add \$322 million to the fund by 2019 in order to avoid future cuts in the event of a recession. While adopting a policy to stabilize reserves in the event of a recession may make sense, this new policy has not been adopted by the County Council, and is not consistent with the existing policy on this reserve fund. Existing adopted County policies prioritize maintaining operations of the current transit system level. Deanna Dawson, SCA Executive Director, prepared a summary on the Executive's proposed 2015/2016 budget and reserve funds and ([Attachment B](#)).

SCA Ad-Hoc Committee on Transit Policy

The SCA Board formed an Ad-Hoc Committee on transit in response to Metro's transit cuts and the need for SCA members to come together and further develop cohesive policies on transit. This committee consists of RTC members, and SCA board members. Based on the adoption of the transit principles, the Board tasked the committee with reviewing and defining policy positions on the following issues, as well as identifying desired outcomes:

- Metro's Productivity Model;
- Minimum level of service; and
- Fare policy (increase target recovery, zones and transfers).

The ad-hoc committee met twice during the month of August to provide input and define and further develop policy statements/positions on key transit issues. The committee initially intended to bring a specific policy on the February 2015 service cuts to PIC for potential emergency action. But in light of the revised proposal that came out on September 2nd, the committee reevaluated the position. The ad-hoc committee is now in the process of deciding how to proceed in light of new developments – the Peer Review Report ([Attachments C and D](#)) and action from the King County Council to defer the February 2015 service reductions.

Next Steps

The King County Council will hold four public hearing throughout the county in October before preparing a final budget.

Attachments

- A. [February 2015 Service Reduction Ordinance](#)
- B. [SCA Memo on the Executive Proposed 2015/2016 Budget](#)
- C. [Peer Review Report](#)
- D. [Peer Review Report Summary](#)



Legislation Details (With Text)

File #: 2014-0382 **Version:** 2

Type: Ordinance **Status:** In Committee

File created: 9/8/2014 **In control:** Transportation, Economy and Environment Committee

On agenda: **Final action:**

Enactment date: **Enactment #:**

Title: AN ORDINANCE adopting public transportation service changes for February 2015.

Sponsors: Rod Dembowski

Indexes: Transportation

Code sections:

Attachments: 1. 2014-0382 legislative review form.pdf, 2. A. February 2015 Public Transportation Service Change for King County, 3. 2014-0382 Fiscal Note.xlsx, 4. 2014-0382 Route reference summary of changes.xlsx, 5. 2014-0382 Service Reduction Outreach.docx, 6. 2014-0382 transmittal letter.docx, 7. 2014-0382 Title VI Service Equity Analysis.docx, 8. Staff Report Proposed Ordinance 2014-0382.docx, 9. Attachment 1 Proposed Ordinance 2014-0382.doc, 10. Attachment 3 Ad Hoc Recommendation.pdf, 11. Attachment 4 Bellevue College Ltr.pdf, 12. Attachment 5 DART Report.pdf, 13. Attachment 6 East King County Restructure Map.pdf, 14. Attachment 7 Central SE Restructure Map.pdf, 15. Attachment 8 I-5 South&Kent Restructure Map.pdf, 16. Attachment 9 Northeast Seattle Restructure Map.pdf, 17. Attachment 10 North Central Seattle & Magnolia Restructure Map.pdf, 18. Attachment 11 West Seattle Restructure Map.pdf, 19. Attachment 12 February 15 Reductions Map.pdf, 20. Attachment 13 September & February Reductions.pdf, 21. Attachment 14 Financial Plan adjusted 082114.pdf, 22. Attachment 15 Title VI Service Equity Analysis Revised.docx, 23. Attachment 16 Service Change Impact on Minority Communities.pdf, 24. Attachment 17 Service Change Impact on Low-income Communities.pdf, 25. Attachment 18 Draft Track Changes Striking Amendment.doc, 26. Attachment 19 Striking Amendment Draft.docx, 27. Attachment 20 Title Amendment Draft.docx, 28. 2014-0382 Draft Striking Amendment S1 9-10-14mm.docx, 29. 2014-0382 Track Changes Draft Striking Amendment_mm.doc, 30. Attachment A February 2015 Public Transportation Service Change.doc, 31. Handout for Meeting Striking Amendment Draft_mm.docx, 32. Revised Attachment 18 Draft Track Changes Striking Amendment.doc, 33. Attachment 7 revised.pdf, 34. 2014-0382 Staff Report - Feb15 service change(09-16-2014).docx, 35. 2014-0382 Striking Amendment S2a.docx, 36. 2014-0382 Attachment 2 - Title Amendment.docx, 37. 2014-0382 Attachment 1 - Striking Amendment S2.docx, 38. 2014-0382 REVISED Staff Report - Feb 15 service change(09-16-2014).docx

Date	Ver.	Action By	Action	Result
9/29/2014	2	Metropolitan King County Council		
9/29/2014	2	Metropolitan King County Council		
9/22/2014	2	Metropolitan King County Council	Hearing Held	
9/22/2014	2	Metropolitan King County Council	Deferred	
9/16/2014	1	Transportation, Economy and Environment Committee	Recommended Do Pass Substitute	Pass
9/10/2014	1	Transportation, Economy and Environment Committee	Deferred	
9/8/2014	1	Metropolitan King County Council	Introduced and Referred	

AN ORDINANCE adopting public transportation service changes for February 2015.

STATEMENT OF FACTS:

1. The Metro transit system is funded mainly by sales tax, and due to the inherently unstable and variable nature of that funding source, the amount of operating funds available from that source varies with the health of the economy. The devastating economic downturn that started in 2008 and the resulting drastic decline in sales tax revenues caused a projected shortfall in the transit division's operating funds of approximately \$1.2 billion for the years 2009 through 2015 compared to long-range expected revenues in the financial plan.
2. Following recommendations from the King County auditor and commencing in 2009, the transit division has undertaken a series of significant actions to address the revenue shortfall, including increasing system-wide operating efficiencies, using one-time reserve funds, eliminating staff positions, reducing capital programs, raising fares, negotiating labor savings with employees, eliminating many lower-performing bus routes and reinvesting service hours in higher-performing routes and generating new revenue, resulting in \$798 million in combined cost savings and revenue enhancements, with a net annual, ongoing positive impact to the division's budget of approximately \$148 million. Although the worst of the Great Recession has passed and sales tax revenue is currently increasing, being \$31 million above projections for 2014 and \$31 million above projections in 2015, the economy has not recovered enough to generate the sustained sales tax revenues needed to operate the system as it is currently sized and structured.
3. In 2010, the regional transit task force unanimously recommended a comprehensive policy framework for an efficient and effective transit system, balancing productivity with geographic and social equity, resulting in the adoption of the Strategic Plan for Public Transportation 2011-

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2021 and the King County Metro Service Guidelines. The guidelines were updated in 2013.

4. In 2011, a temporary funding source, the congestion reduction charge, was authorized by the state Legislature and approved by the council in Ordinance 17169. The intent of the congestion reduction charge was to help address transit revenue shortfalls during the severe economic downturn and allow the Metro transit system to continue reducing congestion on some of the state's most crowded highways. The county implemented the congestion reduction charge with the expectation that the state would adopt a comprehensive, long-term package that would address Metro transit shortfalls and other regional and statewide transportation needs. No statewide package was adopted.

5. With the expiration of the congestion reduction charge in June 2014 and the prior drawdown of certain of its reserve funds, the transit division continues to face significant budget challenges.

6. In July, 2014, with the enactment of Ordinance 17848, public transportation service changes for September 2014 were set, which eliminated 151,000 annual transit service hours from the Metro transit system. Ordinance 17848 also directed that an additional 188,000 annual transit service hours be eliminated in February 2015. Ordinance 17848 also created an ad hoc committee on transit reductions to make recommendations to the executive and the council regarding transit service hour reductions for February 2015 after considering revenue forecast information and considering current transit division finances.

7. The ad hoc committee has met and has recommended that February public transportation service changes be considered as stand-alone decisions and not dependent on future service changes to achieve productivity, social equity or geographic value policy goals. Further, the committee recommended that the February proposal take into consideration the results of additional community workshops and engagement conducted by the transit division in July and August 2014. The committee also recommended a February 2015 transit service reduction level

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of 169,000 annual service hours, with 11,000 hours reserved for critical reinvestment to address unforeseen challenges or to support potential partnership reinvestments.

8. The proposed public transportation service changes implemented by this ordinance will result in a reduction of approximately 169,000 service hours from the Metro transit system, but with 11,000 transit service hours reserved to to address unforeseen challenges.

9. The proposed public transportation service changes are consistent with the policy direction and priorities adopted on August 30, 2013, in the Updates to the Strategic Plan for Public Transportation 2011-2021 and associated King County Metro Service Guidelines under Ordinance 17641.

10. In accordance with applicable federal regulations and King County code and policy, the transit division conducted required public outreach and Title VI service equity analysis related to the proposed public transportation service changes.

11. Strategies 3.1.1 and 6.3.1 of the Strategic Plan for Public Transportation 2011-2021 identify partnerships with local jurisdictions and businesses as a potential source of the revenue necessary to provide transit service in support of a strong, sustainable economy.

12. On July 17, 2014, the Seattle Transportation Benefit District adopted Resolution 12 placing a measure on the November 4, 2014, general election ballot that would raise revenue to preserve designated King County Metro Transit service related to the city of Seattle.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. The February 2015 public transportation service changes for King County, substantially as described in Attachment A to this ordinance, are hereby approved and, except as provided in sections 2, 3 and 4 of this ordinance, shall be implemented beginning February 14, 2015.

SECTION 2. In accordance with Strategies 3.1.1 and 6.3.1 of the Strategic Plan for Public Transportation 2011-2021, should any public or private entities desire to contract with King County to pay for

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the cost of transit service on routes to be revised or eliminated as part of the public transportation service changes to take effect on February 14, 2015, the executive shall transmit to the council by December 1, 2014 either a letter of intent to contract or a proposed ordinance authorizing an interlocal agreement or a contract, as applicable, for each such public or private entity and attaching the respective interlocal agreement or contract, as applicable. Each letter of intent or proposed ordinance shall identify what, if any, service modifications to the Metro transit system will be necessary to effectuate the terms of its accompanying interlocal agreement or contract. The implementation of the February 14, 2015 service changes identified in each letter of intent or contract for service transmitted per this section shall be deferred until June 6, 2015. The executive may establish early dates for notification of intent and development of service contract details.

SECTION 3. Should the Seattle Transportation Benefit District Proposition No. 1 be approved by voters on November 4, 2014, the February 2015 public transportation service changes for King County, substantially as described in Attachment A to this ordinance, shall be effective and implemented beginning June 6, 2015.

SECTION 4. For any interlocal agreement or contract authorized by the council by March 2, 2015, the transit service to be funded pursuant to the terms of the particular interlocal agreement or contract will not be revised or eliminated as part of the June 6, 2015, public transportation service change.

TO: SCA Board
FROM: SCA Executive Director Deanna Dawson
RE: King County Metro Transit proposed cuts, Executive Proposed 2015/2016 Budget, and Reserve Funds
DATE: September 26, 2014

SUMMARY:

Metro Transit's revenues are on the rise. Instead of maintaining existing service (or indeed adding additional service), the Executive's proposed budget would cut service by up to 400,000 hours. At the same time, the Executive's budget proposes to not just fully fund reserves, but to create a new policy as to the Transit Revenue Stabilization Fund and to add \$322 million to the fund by 2019 in order to avoid future cuts in the event of a recession. While adopting a policy to stabilize reserves in the event of a recession may make sense, this new policy has not been adopted by the County Council, and is not consistent with the existing policy on this reserve fund. Existing, adopted County policies prioritize maintaining operation of the current transit system level.

Simply put, adding hundreds of millions of dollars to this reserve fund in order to avoid the possibility of making future service cuts in the event of a recession *while at the same time making cuts to the current level of service* flies in the face of common sense. At a minimum, questions should be raised about the amount of this reserve fund, and the timing.

The SCA Finance Committee should raise these issues when they meet with county staff on October 6, 2014. Additionally, given that the County Council has yet to act on the second round of service cuts, SCA Board members may wish to urge the County Council to delay action on these cuts until this new reserve policy is fully vetted through the budget process.

Introduction:

As the SCA Board is aware, the King County Executive has proposed to cut up to 400,000 hours of transit service at King County Metro. The County Council has approved the first round of 151,000 hours of service reductions, which will take effect this weekend, on September 27, 2014. The County Council was expected to act on another 169,000 hours of cuts on Monday September 22, 2014. Instead, as noted in the draft minutes of the meeting, "At the request of Councilmember Dembowski, the Chair deferred Proposed Substitute Ordinance 2014-0382 to the September 29, 2014 Council meeting."

Earlier in that same meeting, Executive Constantine presented his proposed 2015/2016 budget. That budget notes that "it is estimated that Metro Transit will have to cut **up to 400,000** annual hours of bus service, about 11 percent of the current system."¹ (Emphasis added.) At the same

¹ 2015/2016 Executive's Proposed Budget, p. 771.

time, the Executive's proposed budget would maintain and in some cases increase fund balance in various reserve funds.

The purpose of this memo is to analyze whether, in light of the fund balances set forth in the Executive's proposed budget (including but not limited to the reserve fund balances) the proposed Metro Transit cuts are justified under existing County financial policies. This analysis suggests that at a minimum, SCA members may wish to urge Councilmembers to wait to make any remaining cuts until the new reserve policies outlined in the Executive's proposed budget are fully vetted, and unless the policies are ultimately adopted. Adding to reserves at the expense of current service levels would appear to be at odds with existing County financial policies.

Background:

Proposed Transit Service Cuts:

The SCA Board is well aware of the recent history on threatened transit cuts:

- The County initially claimed that cuts of up to 600,000 hours of service, or 17%, would be needed without additional revenue tools in 2014;
- That number was reduced to 550,000 by the time of the April 2014 vote on Proposition 1;
- In late April 2014, following the failure of Proposition 1, the Executive transmitted to Council an ordinance that would enact the 550,000 hours of cuts over 4 phases in September 2014, February 2015, June 2015, and September 2015;
- In June the Executive vetoed a proposal that would have made the initial round of 151,000 hours of cuts but deferred the remainder of cuts until the budget process;
- In July, the Council enacted a compromise ordinance that made the first round of 151,000 hours of cuts (with an additional 10,000 hours of cuts held in reserve) and developed a process for reviewing finances and potential efficiencies, with a deadline of early September to bring back additional cuts for consideration;
- In September of 2014, the Executive introduced the current, revised plan which would cut an additional 169,000 hours of service, with 11,000 hours of additional cuts held in reserve. These cuts are all proposed to take place in February 2015, rather than over 3 phases in 2015. Additionally, if the Seattle ballot measure passes, the cuts will all be deferred until June 2015;
- These cuts as proposed total 320,000 hours of service;
- The Executive has not ruled out making up to an additional 80,000 hours of cuts in 2015, for a current total of up to 400,000 hours of cuts.²

² According to Metro Transit's website, the "remaining 80,000 hours of unfunded service would be pushed back to March 2016, when budget analysts will have new economic numbers and a better understanding of how Metro service can integrate with the launch of Sound Transit's U-Link line." The Seattle Times has suggested that those 80,000 hours of cuts could be avoided if King County prevails in its upcoming arbitration with the Amalgamated

Dollar figure associated with current and proposed cuts to transit service:

It is somewhat difficult to put a true dollar figure on the “savings” in the 2015/2016 budget due to proposed and previously made service cuts. Per the Community Mobility Contracts program recently introduced, for 2015, Metro’s estimated hourly rate ranges from \$140 to \$165. Metro has estimated the cost of the 400,000 hours of service proposed to be cut at approximately \$40 million. As noted above, only 151,000 hours have been cut at this time, with an additional 169,000 proposed to be cut in February. Both these rounds of cuts have a buffer of an additional 10,000 and 11,000 hours. If the Seattle ballot measure passes, all cuts would be deferred until June of 2015. Presumably there would be some cost associated with this. Additionally, another 80,000 hours of cuts are being held back with possible action in 2016. Given all these moving pieces, a hard dollar figure is difficult to come by.

Metro’s Financial Picture: Operating Budget

According to the Executive’s proposed budget, Metro’s operating budget is projected to be healthier than previously anticipated:

Revenue:

- The 2013/2014 adopted budget anticipated operating revenues of \$1,369,452,485. The current estimated operating revenues for 2013/2014 are \$1,406,764,394, for a difference of **\$37,311,909**;
- The vast majority of this comes from higher than anticipated sales tax revenues. The adopted sales tax figures for 2013/2014 were \$707,674,943. The budget to date sales tax revenues for 2013/2014 are \$750,378,332, for a difference of **\$42,703,389**;
 - Sales tax revenues are anticipated to continue to rise:
 - The Executive’s proposed 2015/2016 budget includes sales tax revenue of \$840,570,900;
 - The projected 2017/2018 sales tax is \$923,944,043;
 - The projected 2019/2020 sales tax is \$1,011,305,298;
- Other operating revenue sources are also projected to rise:
 - Property taxes are approximately \$2 million higher than anticipated in 2013/2014: \$46,589,460 budget vs. \$48,922,962 BTD actual;
 - Fares are approximately \$8 million higher than anticipated in 2013/2014: \$272,443,587 budget vs. \$280,403,909 BTD actual;

Transit Union Local 587. See, e.g., “King County Metro Transit heeds the votes’ call on efficiencies.” Editorial. *The Seattle Times*, September 21, 2014. See also, Lindblom, Mike. “Metro bus service cuts not quite as bad as predicted.” *The Seattle Times*, September 17, 2014. (“Desmond has said that if Local 587 had accepted the offer, another 80,000 service hours could be preserved. His net 400,000-hour figure presumes that an arbitrator awards ATU workers yearly raises similar to what other Metro employees are scheduled to receive, of roughly 2 percent a year.”)

² 2015/2016 Executive’s Proposed Budget, p. 771.

- The Congestion Reduction Charge (while slated to expire after 2014) has come in higher than anticipated to the tune of nearly \$4 million: \$39,523,588 budget vs. \$43,339,853 BTD actual;
- “Miscellaneous” revenue is up nearly \$7 million over budget: \$14,493,060 budget vs. \$21,371,273; and
- “Other operations” revenue higher is by approximately \$2 million: \$34,626,096 budget vs. \$36,093,802 BTD actual.

Conversely, some operating revenues have not come in as anticipated in the current biennium, or are anticipated to decrease in the next biennium:

- Payments from Sound Transit are nearly \$5 million less than budgeted: \$153,035,078 budget vs. \$148,555,339 BTD actual;
- Operating grants have come in significantly under budget, to the tune of **\$23.5 million** in the biennium: \$73,350,715 budget vs. \$49,796,783 BTD actual;
- As noted above, the Congestion Reduction Charge (which will account for over \$43 million in revenue in this 2013/2014 biennium) expires this year;
- Bus fares are projected to decrease by \$5 million in the 2015/2016 biennium versus the 2013/2014 BTD actuals (\$275 million vs. \$280 million), perhaps due to the newly adopted low income fare policy. Nonetheless, the 2015/2016 budget represents an increase in fare revenue as compared to the 2013/2014 budget (\$275 million vs. \$272 million).

Overall, operating revenue in the 2013/2014 biennium will come in at an estimated \$37,311,909 over budget. This will leave the transit division with a projected beginning fund balance for the 2015/2016 biennium of \$236,333,824. (The reserves are discussed further below.) In addition, operating revenues for the 2015/2016 are budgeted at \$89,679,553 higher than the estimated 2013/2014 revenues (\$1,496,443,947 vs. \$1,406,764,394.)

The Executive’s budget book notes that the budget includes the following “major changes”:³

- Anticipated increased property taxes of \$6 million;
- Increase in sales tax of \$100 million;
- Decrease in congestion relief charge revenue of \$26 million;
- Increase in grant funding of \$45 million; and
- Increase in fare revenue of \$15 million.

Expenditures:

The adopted 2013/2014 operating budget included \$1,363,954,867 in expenditures. The actual expenditures for 2013/2014 will be nearly \$24 million less than budgeted: \$1,340,166,802.

³ Executive’s proposed budget at p. 790

The 2015/2016 budget includes \$1,369,297,851 in operating expenditures. This figure accounts for the 400,000 hours of cuts discussed above. Budgetary changes for the biennium are detailed on pp. 781- 792. Some significant changes in expenditures include:

- \$6 million in the biennium for additional alternative transportation services;
- \$1.1 million to develop a long range plan;
- \$6 million to implement the low income fare program;
- \$500,000 for non-operator employee COLAs;
- \$3.8 million for non-operator employee step increases.

Additionally, the proposed budget starts a new practice in 2015/2016 of budgeting an underexpenditure of .5% of operating expenses. For 2015/2016, this budgeted underexpenditure equals \$6,854,864. This line item is in addition to Metro's reserve funds.

Reserves:

The 2015/2016 proposed budget fully funds existing reserve accounts. These include:

- Operating Reserve: \$56,391,180;
 - Per adopted policy, this must be a minimum of 30 days of operating expenses;
 - The county policy was reduced to allow an operating reserve of only 15 days from 2011-2014. The reserve is now fully funded again at 30 days;
- Capital Projects Reserve: \$76,000,000;
 - Per adopted policy, this fund must be sufficient to provide the resources necessary to fund capital projects and project commitments contained in the six-year capital improvement program;
- RFRF reserve, or fleet reserve: \$27,945,273;
 - Per adopted policy, this must equal a minimum of 30% of the replacement cost of the fleet;
 - The recently released peer review report has suggested that this is excessive, noting that federal grants generally bring in 80% of the cost of fleet replacement;
- Bond Reserve: \$15,255,069; and
- Sinking Fund Reserve: \$1,724,051.

The most significant change in the budget relating to reserves is in the funding of the "Revenue Stabilization Reserve." This fund was established in 2011, but has not previously been funded. The 2013/2014 budget contained no line item for this fund. Nonetheless, at the end of the 2013/2014 biennium there is projected to be a \$178,437,699 balance in this fund. The 2015/2016 biennium contains a line item of \$169,879,700 for the fund. Per the narrative in the Executive's proposed budget, this fund is proposed to grow "until such time as available revenue stabilization reserves equal 50 percent of the following year's forecasted total sales tax revenues."⁴ The fund is proposed to grow to \$322 million by 2019.

⁴ 2015/2016 Executive's Proposed Budget, p. 793.

This would appear to be a new policy, and not consistent with the stated purpose of the fund when it was established in 2011. Adding to this fund while at the same time cutting existing service would appear to be contrary to the County council's adopted reserve policies.

To fully understand the County's adopted Metro reserve policies, it is helpful to view them in the context under which they were adopted.

Ordinance 17225 establishes fund reserve policies for Metro:

<http://your.kingcounty.gov/mkcc/clerk/OldOrdsMotions/Ordinance%2017225.pdf>

The staff report and related documents from the time of adoption can be found here:

<http://kingcounty.legistar.com/LegislationDetail.aspx?ID=984220&GUID=E1E25327-DF8A-41EA-8D5E-FBB2E228F6ED&Options=&Search>

The Revenue Stabilization Reserve, along with the other current reserve policies, were adopted by the County Council on November 9, 2011. This was also the date the County Council adopted the 2012 annual budget. The fund was established shortly after the County Council adopted the 2011 temporary \$20 Congestion Relief Fee to avoid cutting more than 600,000 hours of bus service.⁵ The County Council also cut the amount of its operating reserve in half during this time period, also to avoid cutting service.

This is consistent with the County Council's adopted policies, which place a high priority on maintaining operation of the current system level. Policy 1(A) provides:

General Financial Practices - The fund management policies for the Public Transportation Fund serve to ensure that the Transit Division uses prudent planning to meet its commitments *in this priority order*: (1) debt service; (2) operation of the current transit system level; (3) capital needs of the current system level with first priority to revenue fleet replacements; and (4) operating and capital requirements of transit system expansion that is sustainable for at least ten years and is consistent with the policies and priorities of the adopted Strategic Plan for Public Transportation and the Metro Transit Service Guidelines. The fund management policies also guide the Transit Division's response when projected expenses significantly exceed forecasts or projected revenues are significantly lower than forecasts.

(Emphasis added.) In other words, the policies provide that the Transit Division shall prioritize "operation of the current transit system level" over all other commitments, except for debt service.

The adopted policies also guide expenditures on both operations and capital. As to the former, the policies provide:

⁵ That fee was adopted on August 15, 2011 through Ordinance 17168.

Operating Expenditures - Projected funding of the Operating Sub-Fund from all sources will equal or exceed operating budget expenditures each year throughout the six-year financial plan. If the actual operating balance falls below the balance target, the balance will be replenished by funds from the Transit Revenue Stabilization Reserve.

In other words, the operating fund must be sufficient to pay for expenses. The Transit Revenue Stabilization Reserve is intended to backfill the operating budget if revenues are not sufficient to meet expenditures. But here, we essentially have the Executive proposing to do the reverse. The Transit Revenue Stabilization Reserve is proposed to be built up to \$322 million over the next few years while transit service is being cut.

The Executive's proposed budget indicates that "Starting in 2015, the resources in the Revenue Stabilization Reserve will accumulate until such time as available revenue stabilization reserves equal 50 percent of the following year's forecasted total sales tax revenues. This reserve is established to sustain transit service through a moderate recession or allow policy makers to adjust service or other policies in a more severe recession."⁶

The narrative of the Executive's proposed budget also provides:

Part of the financial analysis to determine the size of the service reductions that would result in a sustainable system included planning through a revenue stabilization reserve. Transit's primary revenue source is sales tax, which is highly volatile and subject to changes in the economy. The county's financial forecasts have not included a recession scenario, despite the fact that a recession is inevitable, it is extremely difficult to predict when or how severe a recession will be. The county's chief economist worked closely with executive and Metro staff to model several recession scenarios and develop a financial policy for sizing a revenue stabilization reserve. The Executive's proposed budget contains a revenue stabilization reserve large enough so that Metro would not need to make service reductions if a moderate recession were to occur after 2018.⁷

Adopting a policy on weathering the recession may make sense. With that said, this new policy has not been adopted by the County Council, and is not consistent with the existing policy on this reserve. Additionally, adding to a reserve fund in order to avoid service cuts in a recession *while at the same time making service cuts* flies in the face of common sense.

The adopted language of the current policy provides:

Transit Revenue Stabilization Reserve - A Transit Revenue Stabilization Reserve will be maintained within the Operating Sub-Fund and shall consist of all undesignated fund balances. Funds in the-Transit Revenue Stabilization Reserve shall be used to moderate future fare increases and to mitigate the impact of cost increases and revenue declines.

⁶ 2015/2016 Executive's Proposed Budget, p. 793.

⁷ Executive's proposed budget, p. 771.

Any funds remaining in the reserve after the Operating Sub-Fund Balance is restored are subject to appropriation.

Per the November 1, 2011 council staff report, “New language is added to to (sic.) the Executive-proposed language, making this Reserve the repository of undesignated fund balances.” However, as noted above, the Executive’s proposed budget contains an undesignated fund balance of nearly a million dollars in addition to this fund. Here too the Executive’s proposal regarding this fund appears to be in conflict with the adopted County Council policies with regards to this fund.

The Transit Revenue Stabilization Fund as adopted does not contain a floor or a ceiling, or indeed any target as to its funding level. As initially proposed, the fund would “not to exceed 10% of operating revenue.” That language was ultimately not included in the final version of the ordinance, which went through several iterations before final adoption. Nonetheless, the fact that the Fund initially contained this ceiling may give some clues as to the intention of the policy makers when this fund was adopted in 2011. Similarly, it is worth noting that the fund was created to be the repository of undesignated fund balances at the same time that the County was reducing the level of other reserves in order to continue to avoid cutting transit service.

The APTA Peer Review report similarly raised questions about this fund:

Transit Revenue Stabilization Reserve: There is no qualified target amount for this reserve. Typically, uses of operating reserve funds requires notification to /or approval of the governing body.⁸

While the Executive’s proposed budget seeks to set a target amount for the reserve, this target has not been approved by Council. Given the other reserve funds already maintained by Metro (some of which have also been questioned as being too high by the Peer Review), more explanation as to the need for a fund balance of 50% of sales tax receipts should be provided. The need to fully fund this reserve by 2019 should also be better explained, particularly in light of the concurrent recommendation to cut existing transit service.

CONCLUSION:

SCA members have long been pushing for additional transparency as to Metro’s finances. Between April and September, the information provided about what cuts to service are necessary, when, and why, has changed several times. The Executive’s proposed budget raises additional questions that must be answered, and contains policy proposals that should be fully vetted. The SCA Board should ask the hard questions, and urge their representatives on the County Council to do the same.

⁸ FINAL REPORT OF THE AMERICAN PUBLIC TRANSPORTATION ASSOCIATION PEER REVIEW PANEL ON THE EFFICIENCY & EFFECTIVENESS OF TRANSIT PRODUCTS PROVIDED BY KING COUNTY METRO TRANSIT, p. 7.

Note: Other revenue/expenditures:

Operating revenue is by far the largest part of the Public Transportation Enterprise Fund, and this memo focuses on operating revenues and expenditures. It should be noted, however, that overall the Public Transportation Enterprise Fund's estimated actual revenues for the 2013/2014 biennium will come in approximately \$10 million under budget. (\$1,674,494,716 estimated actual vs. \$1,684,921,412 budget.) All revenue sources have come in above budgeted amounts with the exception of grant revenue. As noted above, operating grants have come in significantly under budget, to the tune of \$23.5 million in the biennium (\$73,350,715 budget vs. \$49,796,783 BTDA actual). Other grants have also come in under budget. The Transit Division budgeted \$211,973,155 for all grant revenue in 2013/2014. The actual estimated revenue for the biennium will come in at \$124,761,520. This is a difference of \$87,211,635.

Overall expenditures have come in even further under budget. The overall Public Transportation Enterprise Fund expenditure budget for 2013/2014 was \$1,850,641,883. The estimated actual expenditures for the Public Transportation Enterprise Fund will be \$1,602,844,767. That's a difference of \$247,797,116. This is largely because the capital program under spent by \$237,137,238. (Actual estimated expenditures of \$231,828,582 vs. budgeted \$468,965,820.) It would appear that many capital projects initially slated for the 2013/2014 biennium have been deferred to the 2015/2016 biennium. The capital budget jumps up to \$691,383,831 in the 2015/2016 biennium, and is projected to drop back down to \$210,924,227 in the 2017/2018 biennium. Much of this appears to be due trolley replacement, which is now scheduled for delivery in 2015.

The discrepancy between budgeted and actual grant revenues for capital replacement is likely due to deferral of fleet replacement. Grant revenue for the 2015/2016 biennium is budgeted to jump up to \$290,585,594, over \$124,761,520 estimated actual for the 2013/2014 biennium. This is a topic that can be explored further in discussions with the County by the SCA Finance Committee.

Similarly, it should also be noted that the 2013/2014 biennial budget had anticipated a transfer of \$182,339,513 to other funds (\$110,590,319 to the capital program, and \$71,749,194 to fleet replacement). Instead, \$37,913,069 was transferred from other funds to the operating fund (\$1,228,067 from capital, \$32,366,974 from fleet replacement, and \$4,318,028 from "Misc Fund Balance Adj." This too may be something for the Finance Committee to discuss in its upcoming meeting with County staff.

FINAL REPORT
OF THE
AMERICAN PUBLIC TRANSPORTATION ASSOCIATION
PEER REVIEW PANEL
FOR
KING COUNTY METRO TRANSIT
Seattle, Washington

July 2014



**A Service of the Safety Management of the
American Public Transportation Association**

FINAL REPORT
OF THE
AMERICAN PUBLIC TRANSPORTATION ASSOCIATION
PEER REVIEW PANEL
ON THE
EFFICIENCY & EFFECTIVENESS OF TRANSIT
PRODUCTS PROVIDED BY
KING COUNTY METRO TRANSIT

PANEL MEMBERS:

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Michael P. Melaniphy, President

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I. INTRODUCTION

In May 2014, Mr. Kevin Desmond, General Manager – Metro Transit Division, King County Department of Transportation (Metro) contacted the American Public Transportation Association (APTA) to request a peer review of the agency’s service delivery and financial management practices and strategies.

Through discussions between APTA and King County staff, it was determined the review would be conducted July 29 – August 1, 2014.

A panel of industry peers was assembled that provided expertise in executive leadership, financial management and service planning in the operation of a large transit agency. The peer review panel consisted of the following individuals:

MS. CAROLYN FLOWERS
Chief Executive Officer
Charlotte Area Transit Systems

MR. PAUL JABLONSKI
Chief Executive Officer
San Diego Metropolitan Transit System

MR. BRIAN LAMB
General Manager
Metro Transit - Minneapolis, St. Paul

MR. TERRY MATSUMOTO
Chief Financial Services Officer (retired)
Los Angeles County MTA

MR. JACK REQUA
Assistant General Manager – Bus Service
Washington Metropolitan Area Transit Authority

MS. MARY CHILDRESS
Chief Financial Officer
American Public Transportation Association

MR. GREG HULL
Asst. VP – Public Safety, Operations, Technical Services
American Public Transportation Association

The panel convened in Seattle on July 29, 2014. Panel coordination and logistical support was provided by APTA Staff Advisor Greg Hull. Mr. Hull also coordinated panel member input in the drafting of this peer review report. Ms. Chris O’Claire provided agency liaison support on behalf of King County Metro Transit.

Methodology

The APTA Peer Review process is well established as a valuable resource to the public transport industry. Highly experienced and respected transit professionals, selected on the basis of their subject matter expertise, voluntarily provide their time and support to address the scope required. The panel conducted this peer review through documentation review and a series of briefings and interviews with staff and key stakeholders of King County Metro Transit.

Scope of Report

The scope of this review focused on evaluating the efficiency and effectiveness of Metro's transit products with particular emphasis on whether service costs are appropriate given the characteristics of the service provided and the population served. The findings and recommendations provided through this peer review are offered as an industry resource to assist Metro in optimizing its strategies for effective service delivery and finance management.

The review will focus on the following areas:

- Appropriateness of services, programs and products
- Cost effectiveness of programs
- Policy environment impact on cost effectiveness
- Metro vis-a-vis industry practices:
 - Policy Directives
 - Governance Structure
 - Service Quality
 - Transparency & Accountability
 - Performance Management
 - Customer Services & Market Development
 - Fare Collection
 - Labor & Management Environment

I. OBSERVATIONS AND RECOMMENDATIONS

OPENING COMMENTS

It is clear to the panel that Metro provides a well-managed service to the citizens of King County. All Metro staff encountered were highly professional and provided the review panel with excellent data and briefings to assist in the review process.

It is evident to the panel that the costs related to providing Metro services are significantly impacted by policies and labor conditions that are beyond the control of Metro management. The panel also notes that the underlying factors that influence the cost of service delivery are not fully understood by all interested parties.

While the Metro organization is doing many things extremely well, there are opportunities for strengthening its effectiveness and efficiencies.

1. APPROPRIATENESS OF SERVICE, PROGRAMS AND PRODUCTS

King County Metro Transit serves the entire county which covers more than 2,000 square miles and has a population of 2 million residents. Metro operates 1400 buses as well as providing Access paratransit services, a dial-a-ride (DART) service in low ridership areas, and the largest van pool program in the U.S.

The panel found that in relation to the broader transit industry, Metro offers a broad and very good range of transit services for the population it serves. The panel also found that Metro provides a very high quality of service and that the organization provides a high level of support services for its customers. High priority is placed on the safety and security for both customers and employees. The panel noted that Metro's service planning functions are well developed and that a large amount of data is generated to ensure that the organization is in compliance with policy directives. There is an effective regional fare policy and program with the Orca system. It was also evident that Metro has developed a very strong and impressive partnership with local businesses.

The panel notes however, that the fare policy decision to decrease fares for low income persons while considering cuts to transit services, creates an inconsistent and conflicting service strategy that can actually lead to even deeper service cuts. It also appeared to the panel that the current structure for ADA fares does not create an incentive for using the more cost effective and accessible fixed transit routes.

RECOMMENDATIONS:

- While the panel recognizes that Metro has a strong service planning function, the organization would benefit from an external comprehensive operations analysis (COA) or comparable analysis to ensure that service levels and route configurations are optimized for their respective markets.

- The panel recognizes that Metro staff is developing recommendations for alternative services delivery especially in lower productivity areas. The panel strongly recommends that Metro staff continue to place a high priority on exploring new performance measures for alternative services.
- The panel recommends that Metro and Sound Transit continue to explore opportunities for planning and management synergies/integration between the two organizations
- Consideration should be given to a paratransit fare structure that is consistent with ADA and which would thereby encourage greater use of fixed transit route services.
- Consideration should be given to appropriately sizing or pricing services that exceed ADA requirements. The panel notes that there are now many transit agencies across the country that are currently offering free fixed route services to qualified ADA individuals and their companions.
- The panel encourages Metro to regularly review the amount and types of data it generates to ensure that the data is consistent with the changing needs and performance metrics of the organization.

2. COST EFFECTIVENESS OF PROGRAMS

At first glance, and when reviewing only the Federal Transit Administration's National Transit Data (NTD), it would appear that the cost of Metro services is higher than many other transit agencies of comparable size. The panel notes however, that Metro's cost to deliver service is significantly impacted by higher labor rates, more restrictive work rules, and conditions that prohibit contracting opportunities. Costs for providing Metro services are also impacted by significant overhead costs and service charges that Metro pays to King County and these costs are beyond the control of Metro.

The panel recognizes Metro's improvements and initiatives currently underway to reduce vehicle maintenance and parts inventory costs. During the panel's cursory overview of inventory, it appeared that the dollar value of inventory per bus appeared high.

In the view of the panel, the current size of the Metro Design and Construction function may not be appropriately aligned with the current capital program activities.

RECOMMENDATIONS:

- The panel recommends that Metro continue its efforts to develop labor contract proposals that address current inefficient work rules and eliminate inefficient position classifications as well as to align wages with comparable national transit agencies.
- Consideration should be given to regularly explore contracting-out opportunities as a general cost-efficiency measure as well as an alternative to future service elimination.
- While the panel acknowledges Metro's efforts to review maintenance costs, this effort could be further supported through an independent review by experienced transit maintenance professionals focusing on the overall Metro vehicle maintenance functions. Within this review of maintenance practices, also evaluate potential opportunities to contract for basic services and in support of highly technical systems.

- Continue to evaluate opportunities to revise Metro service guidelines to compare service productivity by service type as this enables a more appropriate analysis of services.
- Review staffing levels and functions of the Metro Design and Construction group for appropriate alignment to current and projected capital program requirements. Staff levels appear to be high in relation to the current level of capital projects.

3. POLICY ENVIRONMENT IMPACT ON COST EFFECTIVENESS

The panel recognizes the positive changes that have been made from the prior service guidelines, however, it was evident to the panel that regional tensions still exist with regards to sub-regional service levels.

Current service delivery and fare structure policies that direct the actions of Metro actually inhibit Metro's ability to reduce costs or generate revenue. As an example, discounted fares, express fares and ADA service pricing policies are set at lower rates than is common in the transit industry. As well, policies pertaining to shelters and advertising, further restrict Metro's opportunities for reducing costs and gaining revenue.

Metro's environmental policies, while commendable, directly impact operating and capital costs as environmental goals do indeed necessitate additional funding to sustain. The panel also noted that retention of the historic trolley bus system would be a relatively costly service if the current federal operating and capital funds were not available to offset the service costs.

RECOMMENDATIONS:

- The panel recommends that Metro and King County re-visit current policies pertaining to discounted fares and fare rates, including differential rates for premium services and DART services.
- The panel recommends that Metro and King County re-visit its policies that prohibit advertising on transit shelters which thereby prohibit the contracting-out of shelters and consider the merits of introducing an "adopt a bus shelter" program. Also evaluate whether building transit shelters in-house is more cost effective than buying pre-built from a supplier.

4. METRO VIS-A-VIS TRANSIT INDUSTRY PRACTICES

i) Policy Directives

It is clearly evident to the panel that Metro has been given more policy directives than most other transit agencies in the country. In the view of the peer review panel, Metro is leading the transit industry in areas such as equity and social justice policies, environmental programs, wellness plans, and customer amenities. However, Metro is lagging with respect to policies that allow the agency to align budget and strategic initiatives that support cost effectiveness and cost controls.

The panel also considered Metro to have fewer resources available to support positive messaging and effective strategic communications. Evaluate the merits of hiring additional public relations staff to assist with strengthening external strategic communications.

RECOMMENDATIONS:

- There needs to be a re-evaluation and prioritization of the current myriad of mandated policy initiatives. This would enable Metro staff to have more opportunity to focus on delivering safe, reliable, effective and efficient transit services. Within this review, also consider the merit of policies that would support and provide greater flexibility for management decision-making and thereby enhance capabilities for management responsiveness and effectiveness.
- Allocate resources to enhance the effectiveness of strategic communications to reach a variety of constituency groups.

ii) Governance Structure

In the view of the panel, the governance and oversight structure for Metro is complex and potentially creates a confusing set of priorities.

iii) Transparency and Accountability

In the view of the panel, Metro takes great effort to be both transparent and accountable to all stakeholders. As indicated previously, it will be beneficial to review the effectiveness of current methodologies and mediums for strategically communicating information to interest groups.

iv) Performance Management

Metro appears to be consistent with effective industry practices with respect to performance management principles and metrics. Metro's performance management practices would be further strengthened by prioritizing its performance measures and ensuring compliance throughout all divisions. The panel encourages Metro to review its current structure and strategies for staffing the operations control center functions to functionally change from a "radio control center" to a "service management center".

With respect to fund management policies, it is evident that Metro has a formal *Fund Management Policy* that articulates Metro's financial policies and which is consistent with the financial policies of peer transit agencies. The panel, however, offer several areas for further consideration by Metro;

- Transit Revenue Stabilization Reserve: There is no qualified target amount for this reserve. Typically, uses of operating reserve funds requires notification to /or approval of the governing body
- Revenue Fleet Replacement Sub-Fund Target: While the panel acknowledges it did not explore Metro's fleet replacement in depth, the target minimum of 30% of the projected fleet replacement costs for the entire revenue vehicle fleet appears to be high. Most transit agencies utilize federal capital grants to pay for 80% or more of revenue vehicle costs. 80% grant funding implies the need for a 20% local reserve/match. The panel encourages Metro to review its current revenue fleet replacement strategy and sub-fund target to ensure that it is appropriately aligned to Metro's needs and effective industry practices.
- Farebox Recovery Ratio: The 25% farebox recovery ratio minimum for bus service is lower than Metro's peers.

v) *Customer Services and Market Development*

The Metro call center is currently receiving a very high level of requests for help on the Orca card. The panel encourages Metro to review strategies for reducing the current wait times for customers accessing the Metro call center.

With respect to market development, there may be some potential for Metro to strengthen its "brand recognition" through a variety of areas to consider including consistency of logo and color scheme, and greater presence and association with community events.

vi) *Service Quality*

In the view of the panel, Metro provides a high quality of service to its customers that is consistent with effective industry practices. The panel acknowledges that Metro has set a target for achieving a minimum metric for 80% on-time performance.

vii) *Fare Collection*

Metro is amongst industry leaders in its efforts to become a "cashless" system.

viii) *Labor and Management Environment*

The panel notes that there is a overall positive labor- management environment. However, the current labor agreement restricts Metro management from instituting further cost controls. Additionally, the panel encourages Metro to continue its efforts to work with labor to explore opportunities to further reduce and control health care costs as such costs could negatively impact the budget and service levels.

IV. CONCLUDING REMARKS

The panel sincerely appreciates the professional support, assistance, and courtesy extended throughout the peer review process by the staff and stakeholders of Metro. The panel will stand available to clarify and follow up on any aspects of this review.

APPENDIX

Appendix A



King County

Department of Transportation

Metro Transit Division
General Manager's Office
201 S. Jackson Street
KSC-TR-0415
Seattle, WA 98104-3856

May 22, 2014

Mr. Michael Melaniphy
President and Chief Executive Officer
American Public Transportation Association
1666 K Street NW, Suite 1100
Washington, DC 20006

Dear Mr. Melaniphy:

King County Metro Transit provides public transit services in King County, Washington, including the Seattle metropolitan region. King County Metro, one of the 10 largest bus systems in the nation, operates 240 bus routes including six BRT lines, as well as paratransit service and the largest vanpool program in the country. We also operate light rail and streetcar services under contract. Metro serves a population of two million in a 2,000 square-mile service area, and provided 118.6 million passenger trips on its fixed-route services in 2013.

Demand for transit service is very strong and ridership is at record levels. However, six years after the beginning of the Great Recession during which we generated nearly \$800 million in actions to close a \$1.2 billion budget gap, we continue to face a significant shortfall in our upcoming biennial budget that will require bus service reductions of up to 16 percent. Our County Council (Metro is a division of King County government) is expected to pass legislation on June 9 regarding these service reductions, which would be implemented over the next 16 months.

On April 22 of this year, we asked King County voters to approve a 10 year funding measure to make up for the revenue lost during the Great Recession and preserve service. Despite substantial support from the business community, advocacy groups and King County municipalities, the funding measure was defeated at the polls. This is the first time Metro Transit lost a funding election. During the campaign, the opposition raised questions about the cost and of scope transit services provided.

With this backdrop, I believe an American Public Transportation Association (APTA) Peer Review would assist Metro senior management and our policymakers in evaluating the efficiency and effectiveness of our various transit products. In particular, we would like to learn if Metro's costs are appropriate for the services that we provide given the characteristics of our service area and population, and the policy framework established in legislation. We also want to learn whether our service features set us apart from our peer agencies and how we fit with industry best practices.

Appendix A

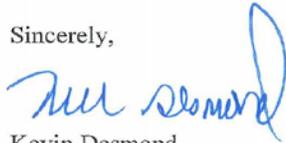
Michael Melaniphy
May 22, 2014
Page 2

We are requesting APTA's assistance in bringing together a peer panel of transit industry leaders that has well-established experience with the executive leadership, financial management and service planning aspects of operating a large transit agency. In order to get a broad array of perspectives, we are asking that the panel has up to five APTA members with leadership positions in their organization.

We would like to conduct the peer review in late July this year, preferably July 28 – August 1, with the final report to be completed by late August. We expect the review to take four days. Christine Anderson, Assistant General Manager, is our contact for the peer review and she can be reached by email at christine.anderson@kingcounty.gov or by phone at (206) 477-5912. Ms. Anderson has spoken with Mr. Greg Hull and has received the APTA Peer Review Guidelines.

We hope to receive your approval and look forward to a review that will enable us to learn from our transit industry peers. Thank you for your assistance.

Sincerely,



Kevin Desmond
General Manager
Metro Transit Division

Agenda

Appendix B

6:00	Welcome Dinner / Metro Overview	Sazerac	1101 4 th Ave
Tuesday, July 29			
8:00	Arrival	King Street Center, 3A/B	201 S Jackson
	<ul style="list-style-type: none"> Settle In / Opening Remarks 		
8:30	Metro Overview	King Street Center, 3A/B	
	<ul style="list-style-type: none"> Service Area and Customers Products and Services Service Quality 		
9:45	Break	King Street Center, 3A/B	
10:00	Service Planning, Service Delivery, and Management	King Street Center, 3A/B	
	<ul style="list-style-type: none"> Planning and Development of Service Management of Fleet and Capital Facilities to Support Service Delivery of Service 		
12:00	Working Lunch	King Street Center, 3A/B	
1:00	Financial Management	King Street Center, 3A/B	
	<ul style="list-style-type: none"> Fund Management Policies Fare Policies 		
3:00	Performance Management	King Street Center, 3A/B	
	<ul style="list-style-type: none"> Comparison of Metro to Peers Metro's Use of Comparative Tools 		
4:00	Policy Adherence	King Street Center, 3A/B	
	<ul style="list-style-type: none"> Metro's Policy Environment 		
Wednesday, July 30			
8:00	Follow-up Q&A	Chinook	401 5 th Ave
9:00	Council Discussions (45 minutes)	Chinook	
10:00	SCA Meeting (45 minutes)	Chinook	
11:00	Executive Office Conversation	Chinook	
12:00	Working Lunch / Finance, Budget, Ad Hoc Discussion / Q&A	King Street Center, 3A/B	
2:00	Panel Working Session	King Street Center, 3A/B	
4:30	Metro / Panel Check-in	King Street Center, 3A/B	
Thursday, July 31			
8:00	Panel Report Out	King Street Center, 2A/B	
10:30	Wrap-up	King Street Center, 2A/B	

Appendix C

DOCUMENT LIST

1. King County Strategic Plan
2. King County Strategic Plan 2013 Progress Report
3. King County Metro Resource Packet to Review Panel (varied background materials)
4. Regional Governance Organization Charts
5. King County Metro Packet of Recent Relevant Press Clippings
6. King County Metro Packet of Varied White Papers and Reports
7. Final Summary report of the Transit Performance Audit, 2009
8. Metro Operations monthly Performance Reports (May, 2014)
9. 2013 Service guidelines Report (November, 2013)
10. King County Metro Trolleybus Evaluation (may, 2011)
11. King County Metro Active Fleet Summary (July 29, 2014)
12. Vehicle Maintenance-2014 (June 25, 2014)
13. Cost per Boarding Analysis- Spring, 2013 (Draft)
14. Fleet & Capital Facilities Summary Data/ Reporting Examples
15. Security: Part I & II Crimes Statistics- 2nd Quarter 2014
16. Design & Construction Section- Funding Uses 2012-2013
17. Maintenance Employee & Position Counts (July 7, 2014)
18. Operator Data- Part Time and Full Time (July 30, 2014)
19. Code of Conduct- "*Ride Right*" Pamphlet/ "*Electronic Thefts*" Pamphlet
20. King County Metro Transit- Contract security Organization Chart
21. 2013 Fixed Route Bus (Costs Graph)
22. 2013 Fixed Route Bus Costs/ Cost per Hour
23. Fund Management Policies for the Public Transportation Fund (November 8, 2011)
24. Regional Transit task Force Report (2010)
25. Varied King County Metro Safety Data Reports (Operations & Workplace)
26. 2012 National Transit Data Base (NTD) Reporting Statistics

American Public Transportation Association (APTA) Peer Review Report Summary

Background

In May King County Metro General Manager, Kevin Desmond, asked APTA for a peer review to assist Metro and policymakers in evaluating the efficiency and effectiveness of Metro's transit products. In particular, Metro wanted to learn whether their costs are appropriate for the services they provide given the characteristics of the service area and population, and the policy framework established in legislation.

APTA selected seven peers that provided expertise in executive leadership, financial management and service planning in the operation of a large transit agency. The scope of the peer review focused on evaluating the efficiency and effectiveness of Metro's transit products with particular emphasis on whether service costs are appropriate given the characteristics of the service provided and the population served.

The peer review focused on the following areas: Appropriateness of services, program and products; Cost effectiveness of programs; Policy environment impact on cost effectiveness; and Metro vis-à-vis industry practices.

Peer Review Recommendations

The recommendations in the peer report are categorized in the areas reviewed by the peer panel. The peer review panel noted in their opening comments that Metro provides a well-managed service to the citizens and that the costs related to providing Metro services are significantly impacted by policies and labor conditions that are beyond the control of Metro management.

Appropriateness of Service, Program and Products

The peer review panel noted that the fare policy decision to decrease fares for low income individuals while considering cuts to transit service, creates an inconsistent and conflicting service strategy that can actually lead to even deeper service cuts.

- Metro would benefit from an external comprehensive operations analysis (COA) or comparable analysis to ensure that service levels and route configurations are optimized for their respective markets.
- Metro staff should continue to place a high priority on exploring new performance measures for alternative services.
- Metro and Sound Transit should continue to explore opportunities for planning and management synergies/integration between two organizations.
- The paratransit fare structure should be consistent with ADA and encourage greater use of fixed transit route services.
- Consideration should be given to appropriately sizing or pricing services that exceed ADA requirements.

- Metro should regularly review the amount and types of data it generates to ensure that the data is consistent with the changing needs and performance metrics of the organization.

An independent comprehensive operation analysis would provide in-depth understanding on how Metro configures service levels and routes. It might allow cities to request for service adjustments based on the needs of the communities that might result in higher ridership. Of course any analysis might result in unfavorable service adjustments. SCA supports Metro exploring new performance measures for alternative service. Alternative service should not be subjected to the same performance measures as fixed route service. Performance measures should reflect the service alternative transit service provides. Alternative service options should be explored where they are more cost effective than fixed route transit. One of the benefits of Alternative Transit Service is that it provides a path for communities to create the ridership leading to more productive fixed route service, and another is that it may help balance geographic value.

Cost Effectiveness of Programs

Metro's cost to deliver service is significantly impacted by higher labor rates, more restrictive work rules, and conditions that prohibit contracting opportunities.

- Metro should continue its efforts to develop labor contract proposals that address current inefficient work rules and eliminate inefficient position classifications as well as to align wages with comparable national transit agencies.
- Consideration should be given to regularly explore contracting-out opportunities as a general cost-efficiency measure as well as an alternative to future service elimination.
- Metro should consider an independent review by experienced transit maintenance professionals focusing on the overall Metro vehicle maintenance functions.
- Continue to evaluate opportunities to revise Metro service guidelines to compare service productivity by service type as this enables a more appropriate analysis of services.
- Review staffing levels and functions of the Metro Design and Construction group for appropriate alignment to current and projected capital program requirements.

SCA supports opportunities to revise Metro service guidelines to compare service productivity by service type – urban, suburban and rural. Alternative service options should be explored where they are more cost effective than fixed route transit. One of the benefits of Alternative Transit Service is that it provides a path for communities to create the ridership leading to more productive fixed route service, and another is that it may help balance geographic value.

Policy Environment Impact on Cost Effectiveness

The peer review panel noted it was evident that regional tensions still exist with regards to sub-regional service levels.

- Metro and King County should re-visit current policies pertaining to discounted fares and fare rates, including differential rates for premium services and DART services.

- Metro and King County should re-visit its policies that prohibit advertising on transit shelters which thereby prohibit the contracting-out of shelters and consider the merits of introducing an “adopt a bus shelter” program. Also evaluate whether building transit shelters in-house is more cost effective than buying pre-built from a supplier.

The concept of premium fares could be applied based on distance, time of day, and/or express service. Premium fares might lead to higher fare box recovery and could be applied to peak service. According to Metro, a switch to premium fares would require a restructure of the current system which is not short-term feasible. Metro could institute a premium fare for peak service and begin the process of restructuring service to meet the premium fare model. A system restructure might result in added or decreased service in cities depending on how the restructure is completed. Premium fares, discounted fares and fare rates are being considered as part of the 2015/2016 King County biennial budget.

Metro Vis-à-vis Transit Industry Practices

Metro is lagging with respect to policies that allow the agency to align budget and strategic initiatives that support cost effectiveness and cost controls. Metro also has fewer resources available to support positive messaging and effective strategic communications.

- There needs to be a re-evaluation and prioritization of the current myriad of mandated policy initiatives.
- Allocate resources to enhance the effectiveness of strategic communications to reach a variety of constituency groups.
- The governance and oversight structure for Metro is complex and potentially creates a confusing set of priorities.
- Metro’s performance management practices would be further strengthened by prioritizing its performance measures and ensuring compliance throughout all divisions.
- Metro should review its current structure and strategies for staffing the operations control center functions to functionally change from a “radio control center” to a “service management center”.
- Transit Revenue Stabilization Reserve: There is no qualified target amount for this reserve. Typically, uses of operating reserve funds requires notification to /or approval of the governing body.
- Revenue Fleet Replacement Sub-Fund Target: While the panel acknowledges it did not explore Metro’s fleet replacement in depth, the target minimum of 30% of the projected fleet replacement costs for the entire revenue vehicle fleet appears to be high. Most transit agencies utilize federal capital grants to pay for 80% or more of revenue vehicle costs. 80% grant funding implies the need for a 20% local reserve/match. The panel encourages Metro to review its current revenue fleet replacement strategy and sub-fund target to ensure that it is appropriately aligned to Metro’s needs and effective industry practices.
- Farebox Recovery Ratio: The 25% farebox recovery ratio minimum for bus service is lower than Metro’s peers.

- Metro should review strategies for reducing the current wait times for customers accessing the Metro call center.
- Metro should strengthen its “brand recognition” through a variety of areas to consider including consistency of logo and color scheme, and greater presence and association with community events.
- Metro should continue to work labor to explore opportunities to further reduce and control health care costs as such costs could negatively impact the budget and service levels.

SCA and other stakeholders want to see that Metro is allocating funding for service in a way that is in line with the revenues that are received. SCA supports a qualified target amount to the Transit Revenue Stabilization Reserve and a lower target minimum for the Revenue Fleet Replacement Sub-Fund Target. Metro achieved a 29 percent farebox recovery rate in 2012 and 2013. During the September 2014 service reduction ordinance discussions, the King County Council considered a 30 percent farebox recovery rate but did not advance any further. A higher farebox recover rate will be considered as part of the 2015/2016 King County biennial budget.



October 8, 2014
SCA PIC Meeting

Item 12:
AWC Draft Legislative Agenda
Discussion Item

SCA Staff Contact

SCA Executive Director Deanna Dawson, deanna@soundcities.org, (206) 310-0599

SCA Executive Committee:

Redmond Mayor John Marchione (President); Snoqualmie Mayor Matt Larson (Vice-President); Sammamish Councilmember Don Gerend (Treasurer); Algona Mayor Dave Hill (Director At-Large); SCA Executive Director Deanna Dawson (Secretary)

Recommended action:

Review and discussion of the Association of Washington Cities (AWC) draft legislative agenda.

Background

The legislative committee of the Association of Washington Cities (AWC) met on September 16, 2014 to make recommendations on its proposed legislative agenda for 2015. The draft summary and recommendations from the committee are attached.

The SCA Executive Committee reviewed the draft legislative agenda of the Association of Washington Cities (AWC) at its last meeting. At the request of SCA Board Member and AWC past-President Don Gerend, this draft legislative agenda is being presented to the PIC for feedback and comment.

In addition to giving feedback to AWC, cities may wish to incorporate some or all of these items into their individual city legislative agendas. If there are any items that the PIC believes SCA should adopt a collective position on, those individual items could be brought back to a future meeting for consideration. SCA and AWC are having a joint dinner on October 22, which will provide another opportunity for feedback and discussion of these items.

Attachments

- A. [\(DRAFT\) Summary and Recommendations of the AWC Legislative Committee](#)



AWC Legislative Committee Meeting September 16, 2014 (DRAFT) Summary and Recommendations

Below are some brief observations of the discussion, followed by proposed Committee recommended priorities to the AWC Board.

- The Committee agreed with most staff recommendations that these items should comprise our priorities and no NEW ones were suggested.
- Based on the discussions there was a general understanding that several of the issues can be “grouped” together
- The Committee wants to be engaged in putting meat on the bones on several items (examples include making sure we have the right mix of local option transportation items and what the list of cost-driver solutions looks and feels like).
- The Committee understands the challenges of maintaining and restoring shared revenue and infrastructure resources, but urges AWC to not keep advocating for these absent some new ideas – including to be actively engaged in consideration of new revenues for the state.
 - The Committee asked to be a part of figuring out how best to do this over the coming months and staff agreed.
- AWC and city officials at home need to better articulate the consequences of funding cuts and the benefits of continued or restored funding.
- AWC needs to figure out how best to engage the Committee both during the November meeting and after the 10/3 Board meeting. They have useful strategy input and suggestions.

Based on the Committee’s discussions, staff has prepared the following recommendations (still in no particular order) to forward to the Board of Directors for consideration for adoption as AWC’s 2015 Legislative Agenda priorities.

Maintain Existing State-shared Revenue

Work to maintain existing state shared revenue and oppose any further cuts. Cities are willing to work with the State to explore ways to ensure that this funding remains available to the jurisdictions that rely upon it. In addition, continue to seek restoration of diverted liquor taxes and removal on the cap on liquor profits.

Exploring new revenue options and greater flexibility:

Cities will explore the possibility of new revenue opportunities to fund needed local services and look at options for creating greater flexibility within existing funding sources. Options may include:

Lift the 1% Property Tax Cap

Cities support revisiting the local government 1% property tax revenue limit to determine if there is a better local option approach that will balance the public’s desire for property tax limitations with the reality of keeping pace with funding service needs.

Greater Authority and Flexibility for REET

Explore potential REET changes as an option for enhancing needed infrastructure funding and maintenance

Maintain and Restore Funding for Infrastructure

Stop divestment in programs that support basic local infrastructure, and have the State commit to a pathway to restore historic levels of investment and partnership in these key programs. Cities and the State must continue to partner on emerging infrastructure challenges to build strong communities and economic opportunities that generate jobs and revenue. Cities are willing to work with the State to explore ways to fund this important priority.

Transportation Funding

AWC supports a multimodal statewide transportation revenue package with a direct distribution of gas tax at historical percentages; an array of local transportation revenue options; and increased funding for important state grant programs (TIB, FMSIB, Safe Routes to School, Bike/Ped, Complete Streets).

In the event, however, that a statewide transportation package does not pass, AWC will advocate for new and enhanced local transportation revenue options and for the state and will seek to refrain it from transferring funds out of programs that benefit locals, such as TIB, to state transportation programs.

In addition, AWC will advocate for and support improved freight rail safety including additional funding at both the State and Federal levels.

Marijuana

Preserve existing local regulatory authority over marijuana related businesses and share marijuana excise tax revenue with cities to address criminal justice needs and other local impacts.

- Cities oppose any preemption of local authority over traditional land use, licensing, local taxes and fees, and other regulatory functions in regards to marijuana production or distribution.
- To support the success of I-502 and diminish the impact of the illegal market, cities need a share of anticipated I-502 revenues to cover efforts on education and criminal justice.
- Cities support reconciling the recreational and medical marijuana markets to ensure legitimate patient access, enforceability and compliance with federal expectations.

State Imposed Cost Drivers

- Cities oppose creation of NEW cost drivers without accompanying revenue.
- Cities will seek opportunities to address existing cost drivers and promote changes that would eliminate or lower the impact of such cost drivers.

The following issues were discussed, but based on Committee discussion and staff recommendations, they were deemed not yet ready to be advanced as priorities at this time.

- Clarify city utility tax authority on water & sewer districts serving city customers
- Public Defense Funding