



SCA Public Issues Committee DRAFT MINUTES

**July 9, 2014 – 7:00 PM
Kirkland City Hall
Peter Kirk Room
123 Fifth Ave, Kirkland 98033**

1. Welcome and Roll Call

PIC Chair Mayor Bernie Talmas, Woodinville, called the meeting to order at 7:02 PM. 25 cities had representation ([Attachment A](#)). Guests present included Matt Kuharic, King County; Melissa Lang, King Conservation District; John Taylor, King County; Paula Waters, Woodinville City Council; Mary Jane Goss, Mayor of Lake Forest Park; Shelley Kloba, Kirkland City Council; Tamie Deady, Black Diamond City Council; Bob Keller, Sammamish City Council; Bill Pelosa, Auburn City Council; Amy Walen, Mayor of Kirkland; Jay Arnold, Kirkland City Council; Diane Carlson, King County; Sara Hemphill, King Conservation District; Michael Huddleston, King County; Stacy Goodman, Issaquah City Council; Edie Gilliss, City of Seattle; Kathleen Austad, SCA.

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 June 11, 2014 Minutes

Councilmember Amy Ockerlander, Duvall, moved, seconded by Councilmember Layne Barnes, Maple Valley, to approve the June 11, 2014 meeting minutes.

Councilmember Tola Marts, Issaquah, requested a correction to attachment A of the minutes noting that Issaquah Councilmember Stacy Goodman was present.

The motion with correction passed unanimously.

4. Chair's Report

Chair Talmas reported that the SCA Board of Directors approved three positions recommended by the Public Issues Committee at the June PIC meeting; positions related to the setting of greenhouse gas targets; oil train safety; and setting out 7 transit principles.

Chair Bernie Talmas reported that the SCA Board would be bringing a proposal to the SCA membership as a whole at the annual meeting regarding dues for 2015. The Board is looking at dues and other options for adding an additional staff person at SCA.

Chair Talmas asked Mayor Matt Larson to report on the meeting held with County Executive Dow Constantine earlier in the day. Mayor Larson reported that discussions included the upcoming transit cuts at Metro, the need for cities and the county to work together on options for a statewide transportation package and local options, and economic development. Staff at Metro provided a

response to questions raised by SCA members at the RTC. These responses have been revised and are provided in [Attachment B](#) to these minutes.

5. Executive Director's Report

ED Dawson passed on giving a report, noting that Mayor Larson had covered many of the ongoing topics. She asked that any questions be sent to her, and that she could send responses to members via email.

6. EMAC and KCFCDAC Appointments

Redmond Council President, Hank Margeson, PIC Nominating Committee Chair, reported that the PIC Nominating Committee met twice to discuss committee vacancies on the Emergency Management Advisory Committee (EMAC) and the King County Flood Control District Advisory Committee (KCFCDAC). Each committee had a member vacancy and an alternate vacancy.

Council President Hank Margeson, Redmond, moved, seconded by Councilmember Ross Loudenback, North Bend, to appoint Councilmember Don Persson, Renton, from alternate to member, and appoint Councilmember Pam Fernald, SeaTac, and Commander Mark Hagreen, Redmond, as alternates on the Emergency Management Advisory Committee.

Chair Margeson noted that members of EMAC could be either elected officials or staff members, noting that the committee already had a staff member from Shoreline representing SCA.

There was no further discussion. The motion passed unanimously.

Council President Hank Margeson, Redmond, moved, seconded by Mayor David Baker, Kenmore, to recommend for appointment Mayor Mary Jane Goss, Lake Forest Park, from alternate to member, and recommend for appointment Councilmember Dawn Dofelmire, Algona, and Councilmember Erika Morgan, Black Diamond, as alternates on the King County Flood Control District Advisory Committee.

Councilmember Toby Nixon, Kirkland, asked for Chair Margeson to state the cities of the recommended members. Margeson provided the member cities.

Mayor David Baker, Kenmore, asked if all of the cities experience flooding. Deanna Dawson, SCA Executive Director, noted that several cities in the county have their own permanent seats on this committee due to flood zones within their boundaries. The SCA appointments are for "other cities" than those with permanent seats. All recommended members are elected officials in eligible cities to be appointed to these positions.

The motion passed unanimously.

7. Greenhouse Gas Emissions Monitoring

Doreen Booth, SCA Policy Analyst, gave a brief overview of the proposed greenhouse gas emissions (GHG) monitoring policy. Booth reported that King County has been monitoring greenhouse gas emissions since 2000 and the addition of the proposed policy to the Countywide Planning Policies ensures policy is consistent with existing practice. Booth briefly reviewed the GHG-emitting activities monitored in King County: local transportation, electricity and natural gas, landfill gas generation

rates, agricultural uses and clearing of land. Booth also reviewed costs of GHG monitoring as prepared by King County.

Mayor Matt Larson, Snoqualmie, moved, seconded by Hank Margeson, Redmond, to recommend to the SCA Board of Directors the following potential policy position:

Sound Cities Association (SCA) supports adoption by the Growth Management Planning Council of Environmental (EN) Policy-18A:

King County shall assess and report countywide greenhouse gas emissions associated with resident, business, and other local government buildings, on road vehicles and solid waste as least every two years. King County shall also update its comprehensive greenhouse gas emissions inventory that quantifies all direct local sources of greenhouse gas emissions as well as emissions associated with local consumption at least every five years.

Chair Talmas asked if Councilmember Layne Barnes, Maple Valley, Chair of the GMPC caucus, had anything to add. He praised Booth's report, and did not wish to add additional detail.

Councilmember Amy Ockerlander, Duvall, noted she would abstain as the proposed policy was controversial in Duvall and the Duvall City Council had not yet taken a position on it.

The motion passed 24-0-1. The cities of Algona, Auburn, Black Diamond, Bothell, Burien, Carnation, Clyde Hill, Covington, Issaquah, Kenmore, Kirkland, Lake Forest Park, Maple Valley, Mercer Island, Normandy Park, North Bend, Pacific, Redmond, Sammamish, Shoreline, Skykomish, Snoqualmie, Tukwila, and Woodinville voted yes. Duvall abstained from the vote.

8. King Conservation District Program of Work

Deanna Dawson, SCA Executive Director, gave an update on this item. She noted that this item had been before the PIC multiple times as an informational item and discussion item. She referred members to the materials that had been provided by the KCD in response to questions by the city of Redmond.

Mayor Jim Berger, Carnation, moved, seconded by Councilmember Janie Edelman, Black Diamond, to recommend to the SCA Board of Directors the following potential policy position:

Sound Cities Association (SCA) supports the 2015 King Conservation District (KCD) Program of Work as recommended by the KCD Advisory Committee, and supports adoption of a budget to support the Program of Work in its entirety.

Councilmember Barry Seibert asked what the current and proposed per parcel rate would be. Dawson responded that the current per parcel rate was approximately \$5.14, and if approved, the future rate would be an estimated \$9.45 per parcel. Seibert noted this was nearly doubling the rate. Dawson agreed. She noted that much of the discussion to date had been over whether nearly doubling the rate was too much to bear, or whether this was an acceptable increase due to actual dollar figures involved. This was for policy makers to decide.

Mayor Berger, Chair of the SCA caucus of the KCD Advisory Committee, spoke in favor of the motion. He noted that this increase would be the same as the price of one gallon of gas. He noted that this item has been discussed numerous times by PIC. He noted that the KCD had done what was asked of them by the city elected officials on the Advisory Committee. He gave an overview of the programs that would be funded under the proposed work plan. He noted that cities often ask “what’s in this for us?” and that in the proposal, there is a great deal of value for cities. He opined that these conservation and environmental programs were well worth the money. He stated that Carnation supports the proposal 100%.

Councilmember Kate Kruller of Tukwila, Vice Chair of the SCA caucus of the KCD Advisory Committee, also spoke in favor of the motion. She noted that SCA had 3 representatives and 3 alternates on the committee, and that they advocated for city interests. She stated that city residents want and need better access to healthy local food. She pointed out that Tukwila is a “food desert” with no grocery stores and no farmers markets. Her community is underserved currently, and the programs proposed by the KCD would be very beneficial to her community. This proposal has the full support of her council.

Councilmember Shawn McEvoy of Normandy Park spoke in favor of the motion, echoing Councilmember Kruller’s sentiments. He stated “let’s do this, and let’s do this now”.

Councilmember Marlla Mhoon, Covington, moved, seconded by Council President Hank Margeson, Redmond, to amend the motion to implement the rate increase over two years.

Councilmember Mhoon spoke in support of her motion. Her council advocated phasing in the increase over two years given that the rate would nearly double.

Councilmember Kruller opposed the motion. She argued that implementing the increase over two years would add to administrative costs. She urged the PIC to support the full work program at this time.

The amendment to the main motion failed 2-23. The cities of Covington and Redmond voted yes. The cities of Algona, Auburn, Black Diamond, Bothell, Burien, Carnation, Clyde Hill, Duvall, Issaquah, Kenmore, Kirkland, Lake Forest Park, Maple Valley, Mercer Island, Normandy Park, North Bend, Pacific, Sammamish, Shoreline, Skykomish, Snoqualmie, Tukwila, and Woodinville voted no.

Council President Catherine Stanford of Lake Forest Park noted that she would abstain due to the fact that her Council still had questions about the programs, and about the rate of increase. There were lingering concerns about the ability of KCD staff to take on all of these programs at once. She expected that the Council would be voting on this matter at their council meeting later in the week. Chair Talmas encouraged Council President Stanford to let SCA staff know the results of their vote, so that this information could be shared with the SCA board prior to adoption of a position at their Board meeting on July 16.

Councilmember Ockerlander of Duvall indicated that she would likewise abstain. She noted that her council also had questions and would likely be split on whether to support the proposal. She noted the challenges associated with her council meeting on Thursdays, and therefore often not having the ability to vote on matters that would come before the PIC in a timely fashion.

Council President Margeson of Redmond spoke against the motion, noting that his council did not support this proposal. They have a long list of concerns that were not alleviated by the KCD's responses to their questions. He noted that there had been issues with the KCD for many years, and that there was remaining work to be done before an increase of this magnitude should be approved. He asked that the KCD meet with each community to explain the direct and indirect benefits to each jurisdiction. He also noted that while the per parcel assessment would nearly double under this proposal, the jurisdictional grants were not increasing at all. ED Dawson noted that she had raised this issue with the KCD Advisory Committee, and the issue had been discussed. The members of the Advisory Committee did not support raising the jurisdictional grant program, preferring instead to allocate resources to the new programs in the proposed work program.

Mayor Nancy Backus of Auburn spoke in support of the motion. She indicated that she had met with KCD staff and they provided detail about the direct and indirect benefits to the city of Auburn. She noted that Auburn has benefitted in the past from KCD programs, referencing the city's farmers market. She encouraged other cities to meet with KCD staff to learn more about the programs, and how they would benefit each individual city.

The motion passed 22-1-2. The cities of Algona, Auburn, Black Diamond, Bothell, Burien, Carnation, Clyde Hill, Covington, Issaquah, Kenmore, Kirkland, Maple Valley, Mercer Island, Normandy Park, North Bend, Pacific, Sammamish, Shoreline, Skykomish, Snoqualmie, Tukwila, and Woodinville voted yes. The city of Redmond voted no. The cities of Lake Forest Park and Duvall abstained from the vote.

9. School Siting Guidance Policy

Doreen Booth, SCA Policy Analyst, noted that the Interjurisdictional Team (IJT), staff to the Growth Management Planning Council (GMPC), was continuing to work with school district representatives in an effort to find a proposed position both cities and school districts found acceptable. In light of the continuing work on the school siting policy, staff proposed that the PIC continue this matter until the September PIC meeting. The GMPC would take action on the policy at their September 24, 2014 meeting.

Councilmember Chris Roberts, Shoreline, moved, seconded by Councilmember Amy Ockerlander, Duvall, to postpone until the September 10, 2014 SCA Public Issues Committee meeting.

Councilmember Barre Seibert, Clyde Hill, stated his city council did not understand why working with school districts is an issue and requested clarification.

Booth noted that some school districts historically had purchased properties outside the Urban Growth Boundary as they couldn't locate properties within cities. Those districts, however, often had not worked on potential sites inside city boundaries with city staff. ED Dawson noted Councilmember Seibert's question raised a good point; the proposed policy deals with all cities similarly, regardless of whether or not they have a school siting problem.

Council President Hank Margeson, Redmond, asked when members will get a revised policy and requested that it be in a timely manner to work with their own councils.

Deputy Mayor Catherine Stanford, Lake Forest Park, stated her council did support this policy.

Councilmember Andy Rheume, Bothell, asked what potential changes there would be to the policy. ED Dawson responded that it was staff's understanding that the changes would be largely in style and wording rather than substance. The request came from city staffers on the IJT.

Mayor Matt Larson, Snoqualmie, reminded members that some school sites outside the UGA were grandfathered in under the School Siting Report.

Councilmember Tom Odell, Sammamish, noted that if school districts were allowed to extend sewer lines outside the urban growth boundary, this could be used as an excuse to allow other development outside the boundary, and could lead down the road to an expansion of the boundary. Odell highlighted that this is an important issue.

The motion passed unanimously.

10. Puget Sound Clean Air Agency Representation

Deanna Dawson, SCA Executive Director, reported that she had spoken with the Presidents of both the Pierce and Snohomish County Cities and Towns Associations about this proposed policy position, both of whom were supportive. She noted that Mayor Debra Perry of Milton (who is both an SCA member and President of the Pierce County Cities and Towns Association) had hoped to attend the PIC meeting to speak in support, but was unable to attend. She had asked Dawson to communicate her strong support to the group. Dawson also noted that both the Pierce and Snohomish groups saw this issue as an example of ways that cities in the 3 counties could collaborate together to make their voices heard.

Dawson noted that the policy position had been amended slightly, to urge that SCA, Pierce County Cities and Towns Association, and Snohomish County Cities and Towns Association each had appointing authority for their respective jurisdictions. She reminded members that currently, there was only 1 seat for "suburban cities" in the 4 counties, and it had remained vacant for some time. Giving the city organizations appointing authority would ensure that the seats were filled, and that the appointees were responsive to the concerns of the cities that they were representing.

Mayor Matt Larson, Snoqualmie, moved, seconded by Councilmember Shawn McEvoy, Normandy Park, to recommend to the SCA Board of Directors the following potential policy position:

The Sound Cities Association (SCA) supports the Puget Sound Clean Air Agency (PSCAA) providing seats on the Advisory Council for cities in each of the four member counties. Because the largest cities in each county have seats on the PSCAA Board under RCW 70.94.100, the city seats on the Advisory Council should be held by cities other than the largest cities in each county. The appointments should be made by Sound Cities Association for King County, and by the Pierce County Cities and Towns Association and the Snohomish County Cities and Towns Association respectively in Pierce and Snohomish counties.

SCA supports amending RCW 70.94.100 in order to ensure representation for cities other than the largest cities in each county on the board of the PSCAA.

Councilmember Toby Nixon of Kirkland inquired about whether staff time would be devoted to this issue if the policy position were adopted. Dawson responded that this would be discussed with the

Board. Given the importance of the issue to member cities, and given that it is a good way to inspire more collaboration between cities in the other counties, this may be a good use of staff time. They would also work with AWC. Members concurred that this was an important issue and worthy of staff time.

Councilmember Chris Roberts of Shoreline asked how far along conversations were with AWC at this time. Dawson noted that staff had made initial contact with AWC, but the matter had not progressed further given that no policy position had yet been adopted.

Councilmember Tom Odell supported the motion, and supported working with cities in the other counties. He wondered about how many elected officials had technical expertise on these issues, and noted that this would be something to consider in making appointments. Dawson concurred. She reminded members that the Advisory Council was more of a technical body. If SCA were granted a seat, the members of PIC and the board could decide whether it made more sense to appoint a staff person, or an elected official. This would depend in part on who applied, and their relevant background and experience. She noted that this was a reason that a seat on the Advisory Council was not a substitute for a seat on the board. The board is where policy decisions are made, and it is important to have representation there, which would take a change to the RCW.

Councilmember Kruller of Tukwila spoke in support of the motion. She noted that the issues before the PSCAA were important, and this would give cities the opportunity to have more information about these issues.

The motion passed unanimously.

11. Informational Items

Chair Talmas reviewed the Information Item on Transit Oriented Development (TOD).

Council President Margeson, Redmond, is SCA's representative on this TOD committee. Margeson noted that the committee will meet again in September. He also noted that ARCH, A Regional Coalition for Housing, is a potential source of funds. Seattle is also interested in this potential fund. The TOD fund has the ability to leverage \$5 million for \$25 million in funds. Margeson talked about the San Francisco Bay Area's TOD program.

Mayor Matt Larson, Snoqualmie, asked if this was seeded with federal funds. Margeson responded that it was not.

Councilmember Toby Nixon, Kirkland, noted it sounded like a combination of ARCH and the Public Works Trust Fund and asked if this was an assessment on cities or a voluntary program. Margeson responded that there was no assessment.

12. Upcoming Events

Chair Talmas noted that it has been proposed to cancel the August meeting of the PIC and asked if a member would like to make a motion.

Council President Hank Margeson, Redmond, moved, seconded by Mayor Nancy Backus, Auburn, to cancel the August 13, 2014 meeting of the SCA Public Issues Committee.

There was no discussion. The motion passed 24-1. The cities of Algona, Auburn, Black Diamond, Bothell, Burien, Carnation, Clyde Hill, Covington, Duvall, Issaquah, Kenmore, Kirkland, Lake Forest Park, Maple Valley, Mercer Island, Normandy Park, North Bend, Pacific, Redmond, Shoreline, Skykomish, Snoqualmie, Tukwila, and Woodinville voted yes. The city of Sammamish voted no.

The next Public Issues Committee Meeting is scheduled for Wednesday, September 10, 2014 at 7:00 PM at Renton City Hall.

13. For the Good of the Order

Councilmember Tom Odell, Sammamish, reported that an [article concerning honey bee die off](#) was published on July 4 following in the Seattle Times. The city of Spokane has banned the chemical, neonicotinoid, which may be killing bees. This chemical is cumulative, and the bees eventually are not able to feed themselves or find their way home. Odell inquired with members if this is an issue that PIC would like to address.

Councilmember Marlla Mhoon, Covington, reported that Derek Matheson, Covington City Manager, has been selected to fill the Chief Administrative Officer position for the city of Kent. Mhoon commented that it is sad for Covington, but great for Kent. Deanna Dawson, SCA Executive Director, concurred that Matheson is a real asset, noting that he serves on the SCA Board.

Councilmember Andy Rheame, Bothell, announced that the city of Bothell approved a new city hall building on June 3, 2014. Bothell is using a financing method known as 63-20 to fund the city hall construction; a private party will construct the building and Bothell will have a long term lease and own the building at the end of the lease. Rheame expressed concerns about the cost of the city hall using this finance method. He expressed concern about other cities and their residents having a similar experience. Bothell residents are paying \$1052 per square foot construction costs and \$66.50 per square per year to rent the building until the city owns the building 33 years later. Rheame encouraged SCA to take up the issue, to develop tools that council members can use when scoping and contracting civic buildings, especially 63-20 financed buildings. He also thought it would be useful if someone tracked details of civic building cost for later comparison across cities.

Mayor Jim Berger, Carnation, commented that the King Conservation District (KCD) Program of Work will be sent to the King County Council for review and possible approval. The city of Carnation is writing a letter in support of the work program, and encouraged other cities to do the same.

Dawson reported that SCA recently obtained a seat on the King County Safety of Newborn Children Task Force. The task force is trying to collect information on abandoned babies to identify the magnitude of this issue. SCA will be reaching out to member cities to compile this information. Dawson also encouraged members to forward any information to deanna@soundcities.org.

Council President Hank Margeson, Redmond, announced that July 11-12 is Derby Days in Redmond.

Councilmember Janie Edelman, Black Diamond, announced that Black Diamond Miner's Days is this weekend.

Councilmember Marlla Mhoon, Covington, announced that Covington Days will be July 19-20.

Councilmember Tom Odell, Sammamish, announced that on August 9, Sammamish Chamber of Commerce will host Sammamish Nights, a civic event featuring wine tasting, hors d'oeuvres, and dancing.

Mayor Nancy Backus, Auburn, announced that on July 19, Auburn will have a wine and music event. On July 16, Backus may be on Q13 stomping grapes promoting the Wine Art Music Festival on the 19th. Backus also announced that the Auburn International Farmers Market is open every Sunday from 10am-3pm, and this Sunday, July 13, is Dog Days of Summer.

14. Adjourn

The meeting was adjourned at 8:15 PM.

**2014 Roll Call – Public Issues Committee Meeting
July 9, 2014**

City	Representative	Alternate	Other	Staff
Algona	Dave Hill	Dawn Dofelmire		
Auburn	Nancy Backus	Bill Peloza		
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	Amy Walen, Jay Arnold	
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	Paula Waters	
SCA				Deanna Dawson Kristy Burwell Lyset Cadena Doreen Booth

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

**King County Metro
Sound Cities Association Questions
July 15, 2014**

Revenue

1. What is Metro's funding gap? Does that take into account the most recent sales tax revenue projections?

After our revenue from sales tax fell during the financial downturn, we cut costs, raised fares, deferred service expansion and took many other steps to preserve service while longer term funding solutions were explored. Our efforts generated about \$148 million annually, but in the Fall of 2012, an annual gap of \$75 million remained (\$15 million in capital and approximately 600,000 service hours – or \$60 million).

How has the updated revenue forecast affected the \$75 million gap?

The March 2014 sales tax revenue projection enabled us to reduce the proposed service cut from 17% to 15% of the system, or 550,000 service hours instead of 600,000. The March forecast showed over the next 10 years that potential revenues from sales tax will be about \$30 million to about \$14 million annually more than assumed in our adopted 2013-2014 budget and financial plans. In the Executive's proposal, a portion of projected increased sales tax revenue was applied to reserves to help provide a buffer for downward sales tax volatility. Another portion of the projected increase allows a reduction in the number of service hours that need to be cut by 50,000. The ultimate Council action on service reductions and a number of factors that are being developed now as part of the 2015/2016 budget will affect what the gap is going forward.

We are being cautious about revenue projections for several reasons:

- The March forecast is just that—a forecast. We cannot be sure the projection will prove to be accurate. It assumes uninterrupted economic growth through 2022 and does not account for possible economic fluctuations. In the past decade or so we have experienced three unforeseen events—Initiative 695, the dot-com bust, and a deep recession—that caused our revenues to drop deeply and unexpectedly, and meant we were unable to fulfill promises to the public. We do not want to promise more than we may be able to deliver again.
- Metro takes a long-term approach to our financing with the goal of maintaining a stable level of service. The forecast predicts lower growth in the long-term.
- Our fare revenue will be less than previously anticipated because of the new reduced fare for low-income riders. We will collect about \$3.6 million less each year than assumed in the financial plan as a result of this fare, and will also have additional administrative costs.

2. Prop 1 would have brought in an estimated \$80 million per year for transit. The ballot measure was advertised as meaning cuts to transit would not need to be taken. Current

sales tax projects, from what we have heard, are up \$32 million. Why is Metro still proposing to cut 550,000 hours when we already have more than half the additional revenue that is needed? (at a cost of \$100 per service hour, \$32M would pay for 320,000 service hours).

The amount of additional sales tax revenue in the forecast is higher in the early years, but declines to about \$14 million by 2022. The revenue generated by the ballot measure would have been relatively stable and sustainable. As explained in the previous answer, we are taking a cautious approach because the sales tax revenue is projected, not certain; the costs of providing service have been increasing; we take a long-term approach to keep service stable; and future fare revenue will be lower than expected (and administrative costs higher) because of the reduced fare for low-income customers approved this year.

Also, we have proposed to hold a portion of the funds from the improved sales tax in reserve for the next economic downturn so we would not have to react immediately to cut services or have to cut as deeply as we would without the savings account. This is consistent with adopted fund management policies and the establishment of the Transit Revenue Stabilization Reserve – “...shall be used to moderate future fare increases and to mitigate the impacts of cost increases and revenue declines”.

Metro is looking for sustainable solutions and not putting the region in the position of increasing/decreasing service in response to economic conditions. Even with the sales tax increase, if we do not cut service, our Public Transportation Enterprise Fund will be out of money in 2017.

- We have also heard there is a sales tax increase of \$10 million, why is there a discrepancy in the two sales tax revenue numbers?
\$10 million was an early estimate, now out of date since the March 2014 forecast came out.
- What is the time frame for an updated sales tax revenue forecast and any other relevant data?
The next OEFA forecasts will be adopted on July 18 and August 21. We are in the process of developing the 2015/2016 biennial budget. The Executive submits his budget to the council on September 22, 2014. Between now and then we will be working to complete the work items identified by the Executive and Council. Those efforts along with new economic forecast information will be included in the budget

The \$100 per service hour figure cited in the question is the approximate direct cost for Metro to operate one hour of bus service. It includes driver wages, fuel costs, and maintenance costs only, and does not represent the full cost to Metro of operating an entire transit system. For example, it does not include security, supervision, administration, purchase of buses, and many other costs that Metro incurs to operate service.

3. If a fare hike of \$.25 generates \$6.5 million per year, couldn't this help close the gap with a modest fare increase?

Metro raised fares four times from 2008-2011 and another 25 cent fare increase has been approved by the Council for March 2015. These increases mean a regular rider, or an employer buying a pass for an employee, is paying an additional \$504 per year. Some Councilmembers have indicated an interest in adding to that increase. Another 25 cent increase for adult fares, keeping all discount fares constant, would increase revenue by about \$6.5 million. The additional revenue could support approximately 65,000 annual hours of bus service. However, this assumes we would not see significant declines in ridership or business accounts participating in our pass programs.

County Council and the Executive have directed Metro to evaluate our current farebox recovery policy. The current policy target calls for a 25% recovery rate. Metro's farebox recovery rate in 2012 and 2013 was 29% -the highest it has ever been and above the average of the other top 29 bus transit systems in the US. This rate is expected to drop again with the low-income fare. Metro will be submitting a fare policy report to the King County Council by August 1. That report will include an analysis of impacts of different fare levels and information about the importance of balancing the competing fare policies.

Service Guidelines

- 4. Do the service guidelines establish the same priorities for reducing service and adding service? How would new revenue be used – would it increase service to address the priorities for adding service, which are overcrowding, schedule reliability and corridors below target service levels, or would it “buy back” service in communities that lost service due to the cuts?**

The service guidelines establish priorities for adding or reducing service. The following is a summary of the priorities:

Add service in this order:

1. To reduce overcrowding
2. To improve on-time performance
3. To approach target service levels
4. To improve service on routes with high performance (based on rides per service hour and on passenger-miles per bus mile)

Reduce service in this order, while always considering social equity and geographic value:

1. Reduce service on routes with performance in the bottom 25 percent of comparable routes
2. Restructure service to improve efficiency
3. Reduce service on routes with performance between 25 and 50 percent among comparable routes
4. Reduce service on routes with low performance that are on corridors below their target service levels

When reducing services based on performance, Metro seeks to reduce all-day routes that duplicate or overlap with other routes, to reduce peak routes failing one or both performance criteria, or to reduce routes that operate on corridors above their target service level. Where this is not possible, Metro will reduce services on routes that operate on corridors at their target service levels.

The guidelines suggest that any new hours available through new revenue after service is reduced would be allocated according to the four investment priorities in the order outlined above. The guidelines do not currently call for service hours to be “bought back”. Metro’s annual service guidelines report for 2013 found that an investment of more than 500,000 annual hours of service is needed to reduce overcrowding, improve on-time performance, and approach target service levels. The investment need will grow larger if reductions are made, so even more needs would be competing for scarce resources if service is cut. Investing in the productive service is not only a high priority in the service guidelines, it also makes the best use of our constrained resources.

- 5. There are two proposals for transit cuts. One calls for waiting to make cuts until there is more information about revenue and efficiencies, so that no more service is cut than needs to be cut. The other calls for making all the cuts now, and “buying back” service as tax revenues come in higher than anticipated, or if reforms lead to efficiencies and savings. If a route is “cut” now, is there any guarantee that that route will indeed be “bought back”?**

This is a policy question for the King County Council. The service guidelines do not suggest or guarantee that a previously reduced or deleted service will be reinstated if additional funding is available at a later date, unless that service has been identified as a priority based on the guidelines for overcrowding, schedule reliability, or corridor service levels. However, a route that may be authorized for cuts or reductions does not have to be “bought back” if the service change is not implemented.

County Council approval is required for Metro to implement major service changes. If the Council were to approve service cuts for September 2014 and February, June and September 2015, this would provide clear direction to Metro to prepare to cut in four separate phases. Until those dates, services are not yet “cut”. Cuts for June and September 2015 could be rescinded by January or May 2015, respectively, if Metro revenues are projected to be sufficient to avoid some or all of these cuts altogether.

- 6. Do we need to change the service guidelines to allow for restoration of service? Should we be having that conversation?**

The service guidelines address adding, reducing, and managing service. They do not specifically mention “restoration of service” but instead would suggest that service be added according to the same priorities no matter what recent reductions or changes have occurred.

The guidelines are intended to help Metro design and modify transit service in an ever-changing environment, ensuring that our decision-making is objective, transparent, and aligned with the

regional goals for the public transportation system. The guidelines also help Metro respond to changing financial conditions, such as our current budget shortfall and a time in the future when additional funding could become available.

Before considering service restoration, Metro will need clear guidance concerning the current service reduction proposal. The King County Council could choose to adopt specific policy guidance around service restoration outside of the current guidelines. We will be in a better position to discuss restoration of service after we have received guidance from the Council. Metro is currently being asked to consider several near and long-term reviews that could significantly impact our work program and ability to address a formal policy review. A formal review on this topic is welcome but may be better implemented following our 2015/2016 budget process.

- 7. If the cuts are adopted and cities purchase service from Metro, how long will those cities have to pay the full price of service? If revenues increase, will those cities continue to pay the full price of service? If revenues increase, will those cities continue to pay for this purchased service or will service be restored per service guidelines?**

The Community Mobility Contract program is currently being developed, and details about timing of investments and how new resources would impact the program are not known at this time. These are good questions and these and many others are being carefully considered. Once additional details of the program are better defined, Metro would welcome an opportunity to meet with any interested jurisdiction to walk through the components of the program.

The Executive has clearly stated that this program should not be viewed as a permanent solution to the region's transit funding challenge. King County remains committed to finding a sustainable funding source to meet the large and growing demand for transit service.

Reserves

- 8. The council adopted an operating reserve policy in 2011 that calls for a return to a 30 day operating reserve after 2014; Metro has been operating with a 15 day reserve from 2009-2014. Can Metro continue to operate with a 15 day reserve, and if so for how long? What is the industry standard for operating reserves?**

The Fund Management Policies adopted by the King County Council in November 2011 dictate the fund structure and fund balance targets for the sub-funds of the Public Transportation Fund. Together the fund balances represent the total of the cash available to meet all requirements of the fund. Use of fund balances represents a one-time use of funds and is not a source that can sustain operations.

The Operating Fund Balance target represents the funds that would be held relative to annual operating expenses. Adopted policies also established a Revenue Stabilization Reserve within the Operating fund which holds undesignated funds over and above that held by the Operating reserve. Since 2008, the one-time actions that have been taken have results in an ending balance in the Revenue Stabilization Reserve that has been used to sustain operations while a long term

revenue source is identified. While there were funds in this reserve, there were fewer requirements to hold cash in the Operating Fund Balance and the balance was temporarily reduced to provide one-time funding. In the next biennium, the Revenue Stabilization Reserve funds have been mostly used, and the Operating Fund Balance represents the total of cash available to meet obligations of the fund.

The prudent amount for the Operating Reserve can be debated. While temporarily set at 15 days during the recession, King County policies for a fund of our size would indicate a reserve that provided for 30-60 days. A 30 day reserve represents just over 8% of the annual operating expenses. According to guidelines published by the FTA in 2007, the Federal government defines a program as having Medium to Low financial capability if “Projected cash balances, reserve accounts, or access to a line of credit are less than 8 percent (1 month) of annual system wide operating expenses”. Programs that fall below this threshold would be considered to have a Low financial capacity rating which could jeopardize federal funding.

9. How much revenue is Metro proposing to add into reserves next year? What level of reserves will that take Metro to? How much of that is capital, how much is operational?

As the 2015-2016 biennial budget is completed, Metro will construct a financial plan that meets the Fund Management Policies adopted by the King County Council. To the extent that cash balances exceed the minimum fund balance requirements, these funds will be held in the Revenue Stabilization Reserve. This reserve was established by Council in recognition of the extreme volatility of sales tax as our major revenue source. Per Executive direction and recent Council motion, all of Metro’s fund management policies will be subject to auditor review.

General

10. What is the date of the revenue forecast that will be used to develop Metro’s biennial budget?

Updated revenue forecasts from the Office of Economic and Financial Analysis will be made available July 18 and August 21 and will help inform the biennial budget process.

11. If the executive order for Sound Transit and Metro to integrate service is meant to produce service efficiencies and a report by September 2014, would it be more prudent to wait on the results off the report before implementing the 2015 service reductions?

The executive order aims to increase joint planning, create operating efficiencies, and enable future service expansion. The proposed service reductions currently take into account integration with Sound Transit’s existing services; however, Sound Transit and Metro will examine any opportunities to mitigate the impact of potential Metro bus service cuts. The joint planning efforts with Sound Transit are likely to focus extensively on service integration for the various Link Light Rail extensions funded and scheduled to come on line over the next several years that will offer significant collective operating efficiencies and reinvestment opportunities. The

agencies will also examine further opportunities to improve customer information and other aspects of our programs.

12. What is the last day possible for Council to adopt the February 2015 transit service reductions?

- Council action needed by September 15, 2014 for February 14, 2015 service change
- Council action needed by January 5, 2015 for June 6, 2015 service change
- Council action needed by April 27, 2015 for September 26, 2015 service change

These deadlines assume 150 days (rounded to the previous Monday) from Council action to service change implementation. 150 days is assumed for the February, June, and September 2015 dates because of the added complexities and magnitude of implementing the restructures. These deadlines also assume that there are no major *last minute* changes to the proposed restructures.

13. The \$14 million cost figure associated with not making all of the service cuts and reductions now – Is that figure the actual cost of operating buses on routes that are part of the February 2015 reductions?

The \$14 million estimate assumes that all of the proposed service cuts would be implemented but that the February 2015 cuts would be delayed. This delay incurs a \$14 million cost. This figure is not the cost of operating the specific buses on the routes slated for February cuts. The figure is the cumulative impact of pushing out the last three service changes.