

# Metro Transit: revenues and service

## Delivery of service after sales tax increases in 2000 and 2006

### 0.2% sales tax increase in 2000

Before 2000, nearly one-third of Metro's revenue came from the state's motor vehicle excise tax—a revenue source that grew roughly in line with Metro's service growth. In 2000, following voter approval of Initiative 695, the state legislature eliminated the MVET for transit agencies. Aware that this could lead to transit service cuts throughout the state, the legislature also gave local governments the authority to ask voters to approve additional local sales tax to replace the lost MVET funding.

The King County Council asked the voters to approve a 0.2 percent sales tax increase for Metro. In November 2000, voters approved the sales tax increase. Without replacement funding, Metro would have had to cut about 475,000 hours of service, or roughly 15 percent of the transit system. The revenue from the sales tax increase was expected to replace \$80 million of the \$100 million of lost MVET revenue. To close the remaining \$20 million gap and preserve service, Metro eliminated 120 staff positions, made other cuts, and increased fares.

The Council's ordinance described the purpose of the tax increase as being to continue operating transit at or above existing service levels, avert service cuts, and improve existing facilities and services. Based on revenue projections made at that time, when the economy was growing, Metro planned to add 575,000 annual service hours over the following six years.

Several months after the 0.2-percent increase was approved, the "dot-com" recession began, and the sales tax revenue Metro actually received never reached the amount that had been projected. Metro received 90 percent of the projected amount from 2001 through 2006.

Metro scaled back service expansion to match the available funding, increasing service by approximately 246,000 annual hours from 2001 through 2006. Metro also made planned capital investments, expanding park-and-ride lots at Eastgate and Northgate, building new lots at Pacific Highway South and Issaquah Highlands, developing ORCA technology, and adding buses to the fleet.

### 0.1% sales tax increase in 2006

In 2006, the County Council put the Transit Now proposition to voters, noting in its ordinance that the 2001-2002 recession had reduced sales tax revenues and restricted Metro's ability to grow and keep up with demand.

Voters approved Transit Now in November, increasing the sales tax for Metro by 0.1 percent to support a program of service expansions, including the creation of RapidRide bus rapid transit. Metro made the first service improvements in February 2007—three months after Transit Now was approved. Metro made additional improvements as planned through 2009, delivering 135,000 annual

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## **Metro service changes after the congestion reduction charge**

In 2011, Metro's revenue was projected to fall \$75 million short of what would be needed to maintain the current level of service. A service reduction of up to 17 percent would have been necessary to close the gap. The King County Council approved a two-year, \$20 congestion reduction charge to help maintain service at the current level while the state legislature continued to work on a statewide transportation funding package.

Metro made no net reductions in service after the CRC was approved. However, when the King County Council approved the CRC, it directed Metro to reduce or restructure 100,000 hours of its least productive service and reinvest the hours, following the policy guidance of Metro's strategic plan and service guidelines. In June 2012, we shifted about 30,000 service hours from our least-used routes to heavily used routes to reduce crowding and get buses running on schedule, and added service to the underserved Auburn-Kent-Burien corridor. In September 2012, we changed more than 50 bus routes in Seattle and areas north and south of the city, moving about 65,000 service hours from routes averaging 25.6 riders per hour to routes averaging 36.2 riders per hours.

hours of new service on routes throughout the county. Metro added nearly 62,000 hours of service on heavily-used routes, added two new routes and expanded eight routes in rapidly growing areas, increased service on 17 routes by partnering with cities and businesses, and expanded Access service to previously unserved areas of rural King County.

However, another major economic downturn eroded revenue from sales tax, which by then was the source of about 60 percent of Metro's operating funds. The recession that began in 2008 led to a revenue shortfall of approximately \$1.2 billion for 2009 through 2015 compared to projections. With the adoption of Metro's 2010-2011 budget, the King County Council agreed that the one-tenth of a cent for Transit Now would be used to preserve existing service rather than add new Transit Now service with the exception of approved service partnerships and RapidRide. The decision was consistent with the adopted Transit Now ordinance, which stated that if the County Council found that the planned service improvements became impractical or would provide less benefit because of changed conditions or insufficient revenue, the proceeds could be used for other public transportation purposes.

Metro has implemented approved Transit Now service partnerships and RapidRide. The last of the five RapidRide lines funded by Transit Now began service in February 2014. One reason Metro was able to continue developing RapidRide was that we received \$121 million in federal, state, and local grant funding for this service.

Metro has delivered 238,000 of the promised 595,000 additional Transit Now service hours, or 40 percent.