

Metro's commitment to continuous improvement

Metro service is funded primarily by sales tax, and the economic downturn that started in 2008 caused a significant shortfall in Metro's sales tax revenue. To make up for the lost revenue without making major service reductions, Metro implemented recommendations of a performance audit, followed the advice of the Regional Transit Task Force, and took many other actions. We cut costs, increased operational efficiency, raised fares and tapped other funding sources to save or gain \$798 million and preserve most bus service between 2009 and 2013. We are continuing to improve business processes and are using Lean techniques to increase customer value and minimize waste. We've made great strides in improving our transit system in recent years, and remain committed to looking for new and innovative ways to improve service and reduce costs.

Examples of actions taken over the past five years follow. Three new efforts—the Community Mobility Contracts program, a peer review and an audit of our reserve and capital program policies, and formation of a Customer Service Panel—are described on the back.

Actions taken

- Changed the way we plan schedules so we use fewer buses to deliver the same amount of service. Ongoing annual savings: \$13 million.
- Eliminated 125 "backup" operator positions and increased the use of drivers working overtime to fill absences. Ongoing annual savings: \$1.45 million.
- Extended the inspection interval for buses. Ongoing annual savings: \$450,000.
- Expanded Metro's Community Access Transportation (CAT) program to help contain the costs of paratransit service—federally mandated door-to-door service for people with disabilities that is costly for Metro to operate. CAT provides vans and support to partner community organizations that offer rides as an alternative to Metro's Access service. Savings in 2013: \$5 million.
- Negotiated agreements with employees to waive a cost of living increase in 2011 and reduce the future rate of wage growth. Savings for 2011-2013: \$36 million; ongoing annual savings: \$17 million.
- Cut more than 100 staff positions and reduced programs that don't directly affect service. Ongoing annual savings: \$14 million.
- Saved health care costs through the County's employee health program—\$10 million for 2007-2011.
- Cut \$180 million from the capital program, which pays for buses, shelters, and buildings.
- Raised fares four times in four consecutive years; an additional increase is planned for 2015.
- Ended free rides in downtown Seattle, expected to raise \$2 million or more per year.
- Reduced the bus replacement reserve fund by \$100 million and used the funds to support bus service.
- Used half of the operating reserve fund, \$41 million, to support service.
- Following the recommendation of the Regional Transit Task Force, changed the way we plan service to emphasize productivity, geographic value and social equity. Using this new approach along with more efficient scheduling, we reallocated 100,000 service hours from our least productive service to more productive service, resulting in higher ridership and fare revenue. Ongoing annual savings: \$8 million.
- Conducted a Vehicle Maintenance Base Automation Pilot Program at two bases, resulting in the reduction of one position at each base (saving \$100,000 annually at each) and improving worker productivity (49 percent and 28 percent improvements in work order completion time). Savings are expected to grow as the program is expanded to all other Metro bases in 2014.



- Created new workers compensation claims procedures and an online system that enables managers to track and share information about injured workers. This 2012 Lean event was part of an ongoing effort that Metro started in 2005 to control workers comp costs.
- Made Family Medical Leave administration improvements—for example eliminating paper attendance cards and instead using the HASTUS transit management software. Results include less staff time needed for some procedures and fewer errors in personnel records.
- Improved ORCA Business Passport contract renewal processes for more than 800 businesses that sell ORCA passes. The project resulted in a 20 percent reduction in renewal cycle time.
- Recently started a Lean project for Metro's Vehicle Maintenance section that has the goal of reducing bus parts inventory and inventory costs.
- Reduced energy use at Metro facilities by 13 percent between 2009 and 2012. Facility energy conservation efforts helped Metro avoid approximately \$170,000 in energy costs in 2012, equivalent to a 7 percent savings.
- Metro has received or will receive a total of \$1.8 million in utility incentives for energy conservation projects initiated in 2007 through 2013.

Three new efforts

Despite Metro's success in substantially narrowing our budget gap, a revenue shortfall remains, and we have proposed to reduce 550,000 hours of service to balance our budget. We are committed to providing the best possible service to the public, and will undertake the following new efforts toward that end.

Community Mobility Contracts

All cities—or groups of cities—in King County will have the option of purchasing transit service beyond the existing service levels. This program can preserve service proposed for cuts, create additional service to meet community needs, or invest in underserved corridors to help support economic development.

Peer review and financial audit of reserve and capital program policies

Critics have stated that Metro's operating costs are out of line with the industry. That is not the case; Metro's costs have been growing slower than the peer average since 2008. Peer comparisons also obscure the fact that Metro operates a far higher share of the transit market than any other major city, where rail is often a large component of service. We also have unique assets—the Downtown Seattle Transit Tunnel and the trolley system—that increase our expenses but also support more efficient service and an enhanced customer experience.

Nonetheless, it is important that we continue to compare our performance with other industry leaders, so we will ask industry experts from around the country to examine Metro's performance measures and make recommendations.

An outside auditor will review Metro's reserve policies and capital expenditure plans. These policies have been carefully crafted with the County Council to maintain our excellent credit rating and ensure that Metro has the necessary funds available to operate the system in a time of crisis and to maintain and replace extensive capital infrastructure—most notably buses.

Metro spent a significant amount of reserves to maintain service over the past five years. As we face cuts, we welcome an outside review of these policies.

Customer Service Panel

We intend to bring together the best creative minds in customer service in both the public and private sectors to provide input on how to best position Metro to serve King County's public transportation needs and take advantage of 21st century technology innovations.

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