

# Metro has cut costs and increased operational efficiency to preserve service



Metro service is funded primarily by sales tax, with a smaller amount from rider fares. The economic downturn that started in 2008 caused a significant shortfall in Metro’s sales tax revenue.

To make up for the lost revenue and preserve bus service, we have cut costs, increased operational efficiency, raised fares and tapped other funding sources. These actions have saved \$798 million, preserving most service between 2009 and 2013.

While many of these steps will continue to save a total of about \$148 million every year, some were only temporary or one-time measures that run out in mid-2014. Sales tax revenues are improving, but have not recovered enough to support the current level of service. Metro faces a substantial ongoing budget gap. Without enough revenue to maintain all current bus service, we have proposed a reduction of 550,000 annual service hours. If the County Council approves the reductions, cuts will be made in September 2014 and in February, June and September 2015.

## Actions taken

- Changed the way we plan schedules so we use fewer buses to deliver the same amount of service. Scheduling and other efficiency steps recommended in a 2009 performance audit are saving more than \$20 million annually.
- Negotiated agreements with employees to waive a cost of living increase in 2011 and reduce the future rate of wage growth. These actions saved \$36 million for 2011-2013 and \$17 million annually going forward.
- Cut more than 100 staff positions and reduced programs that don’t directly affect service, saving \$14 million per year.
- 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.
- Shelved most plans to expand bus service, but continued developing voter-approved RapidRide service because it is highly productive and has received about \$120 million in grant funding.
- Following the recommendation of a public advisory committee, the Regional Transit Task Force, we changed the way we plan service to emphasize productivity, geographic value and social equity. Using this new approach we have reallocated 100,000 service hours from our least-productive service to more productive service. This has resulted in higher ridership and fare revenue, generating about \$8 million annually.
- Raised fares four times in four straight years—a total 80 percent increase generating \$35 million annually.
- Ended free rides in downtown Seattle, expected to raise \$2 million or more per year.
- The County approved a property tax that is providing \$18 million annually for bus service, while reducing other property taxes so taxpayers don’t pay more.
- Reduced the bus replacement reserve fund by \$100 million, as recommended by the performance audit, and used the funds to support bus service.
- Used half of the operating reserve fund to support service.
- The County adopted a temporary \$20 congestion reduction charge on vehicle license renewals, raising about \$50 million over two years (expires in mid-2014).

## Summary of Actions and Results

Actions	Cumulative Total through 2013	Ongoing Annual Savings
I. Ongoing productivity/efficiency actions		
• Transit program efficiencies	\$34 million	\$13 million
Scheduling efficiencies		\$14 million
Non-service and staff reductions	\$55 million	\$ 5 million
Other program efficiencies	\$15 million	\$ 8 million
• Bus service reductions	\$23 million	\$17 million
• Labor cost savings	\$36 million	\$36 million
• Service deferrals	\$41 million	
II. Revenue-related actions		
• Fare increases	\$145 million	\$35 million
• Property tax	\$66 million	\$18 million
• Congestion Reduction Charge (temporary)	\$39 million	
• Ride Free Area elimination		\$ 2 million
III. One-time actions (cash savings)		
• Capital program cuts	\$180 million	
• Fleet replacement reserves	\$ 93 million	
• Operating reserves	\$ 41 million	
• 2009 savings, i.e. hiring freeze	\$ 20 million	
• Healthy Incentives program	\$ 10 million	
<b>TOTAL</b>	<b>\$798 million</b>	<b>\$148 million</b>

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