

Metro has vigorously cut costs, increased efficiency to preserve service



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

To make up for the lost revenue without making major reductions in bus service, we’ve worked hard to cut costs, increase efficiency, raise fares and tap other funding sources. ***This comprehensive set of actions has saved nearly \$800 million, preserving most bus service between 2009 and 2013.***

While many of these reforms will continue to save a total of about \$148 million every year, some were only temporary or one-time measures that will run out in mid-2014. Sales tax revenues are improving, but have not recovered enough to support the current level of service. Metro faces an ongoing budget gap of up to \$75 million per year. While we continue to actively pursue new efficiency reforms, we cannot close a gap of that size. The County has no alternatives but to seek new funding or cut up to 600,000 hours of bus service beginning in fall 2014.

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.
- Employees gave back cost of living increases to save \$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 won about \$120 million in grant funding.
- Following the recommendation of a public advisory committee, changed the way we plan service to emphasize productivity, geographic value and social equity. Using this new approach along with more efficient scheduling that saved 120,000 service hours, we cut 75,000 hours of the least productive bus service and reinvested 100,000 hours in more productive service. These actions have 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 small 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).

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Metro's actions to reduce the deficit

While many of the actions below will result in a total of \$148 million in ongoing annual savings, two key measures—the congestion reduction charge and use of reserve funds—will end in mid-2014.

	Cumulative Total through 2013	Ongoing Annual Savings
I. Ongoing productivity/efficiency actions		
• Transit program efficiencies	\$34 million	\$13 million
Scheduling efficiencies	\$55 million	\$14 million
Non-service and staff reductions	\$15 million	\$ 5 million
Other program efficiencies	\$23 million	\$ 8 million
• Bus service reductions	\$36 million	\$17 million
• Labor cost savings	\$41 million	\$36 million
• Service deferrals		
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	
TOTAL	\$798 million	\$148 million

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