

**Date:** March 25, 2020

**To:** Board of Directors

**From:** Doug Kelsey 

**Subject:** **RESOLUTION NO. 20-03-11 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) APPROVING THE PROPOSED FISCAL YEAR 2021 ANNUAL BUDGET FOR SUBMISSION TO THE MULTNOMAH COUNTY TAX SUPERVISING AND CONSERVATION COMMISSION**

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**1. Purpose of Item**

This Resolution requests that the TriMet Board of Directors (Board) approve the proposed 2021 Fiscal Year Budget for submission to the Multnomah County Tax Supervising and Conservation Commission (TSCC).

**2. Type of Agenda Item**

- Initial Contract
- Contract Modification
- Other: Submission of FY2021 Budget to TSCC

**3. Reason for Board Action**

Oregon Budget Law requires board approval before a budget may be submitted to the TSCC.

**4. Type of Action**

- Resolution
- Ordinance 1<sup>st</sup> Reading
- Ordinance 2<sup>nd</sup> Reading
- Other \_\_\_\_\_

**5. Background**

*Budget Process.* TriMet must propose and adopt a balanced budget where revenues are equal to expenditures.

Oregon Budget Law requires a process that all local governments must follow to adopt budgets. For TriMet, the first step required by Oregon Budget Law is for the Board to approve the Proposed Budget for submission to the TSCC. The TSCC will review the budget and then hold a public hearing on TriMet's Approved Budget on April 22, 2020. The FY2021 Approved Budget will be returned to the Board for final consideration and adoption at the May 27, 2020 Board meeting. Amendments to the Approved Budget may occur up until Board adoption of the final Budget May 27, 2020. TriMet must adopt a budget before the July 1, 2020 start of the fiscal year.

The FY2021 Proposed Budget includes \$730.4 million for operations including \$123.1 million for debt service. An additional \$329.7 million is budgeted for capital and operating

projects. Total funding requirements of \$1.5 billion also include all pass-through requirements, contingency and ending fund balances.

The FY2021 Proposed Budget focuses on implementing the requirements of House Bill 2017 (HB2017) including expanding service and operation of a Low Income Fare Program (LIF) as well as improving and increasing service.

The FY2021 Proposed Budget continues to address essential capital maintenance and replacements.

The FY2021 Proposed Budget is consistent with pension policies adopted by the Board on February 26, 2014. TriMet is continuing to strengthen its union defined benefit pension reserves and has set a 10-15 year horizon to pay unfunded pension liabilities and then change focus to other post-employment benefits obligations.

The proposed budget also meets Board Strategic Financial Plan policies in areas of fund balance, debt service, and service growth.

TriMet is committed to staying on course to achieve the fiscally stable future we need, in order to keep our commitments to our employees, retirees, riders and payroll taxpayers.

*Revenues.* The FY2021 Proposed Budget includes the following major revenue assumptions:

- TriMet is projecting payroll tax revenue growth through FY2021. Underlying employer payroll tax revenues increased 2.9% in FY2019, forecast to increase 6.0% by the end of FY2020 and increase 6.6% in FY2021.
- No fare increase is proposed.
- Federal formula funds constitute about 10.3% of TriMet's continuing resources for operations. In addition to approximately \$70.5 million of Section 5307 Urbanized Area and Section 5337 State of Good Repair funds, TriMet receives \$21.4 million dollars a year in federal highway program funds through the Surface Transportation Block Grant Program (STBG) and Congestion Mitigation & Air Quality (CMAQ) Program to pay for regional rail program debt service.
- FY2021 includes the final year of the Congressionally authorized Fixing America's Surface Transportation (FAST) Act, which sunsets in fall of 2020.

*Expenditures.* The FY2021 Proposed Budget incorporates the following major operating and capital expenditure proposals:

- *Service:* TriMet is proposing to expand bus service hours 3% in FY2021. This service, valued at \$6.5 million, is largely paid for by revenues generated through the payroll tax rate increase and the HB2017 employee payroll tax.

*Capital repair and replacement.*

The FY2021 Proposed Budget includes:

- *System Expansion/Enhancement:* TriMet is continuing engineering (design) and environmental impact work on the Southwest Corridor Project; completing design and

beginning construction on Division Transit Project for high capacity transit from downtown Portland, across the Tilikum Crossing Bridge and along SE Division to the Gresham Transit Center; further developing charging infrastructure at maintenance facilities; as well as continuing design work to allow extension of A Better Red [Red Line Extension & Improvements] and provide system-wide reliability improvements.

- *Operating Facilities:* The FY2021 Proposed Budget funds a variety of operating facilities repairs, including continued work on Powell Maintenance Facility overhaul, initial design and development of the Columbia bus base, and various major maintenance upgrades and refurbishments.
- *Safety & Reliability Improvements:* Critical state of good repair work to improve reliability of the MAX light rail system on the Steel Bridge; various safety enhancements for bus and rail facilities, vehicles, and crossing design work; and continued partnerships with local agencies on enhanced transit concepts to increase reliability of service.
- *Vehicle Purchases:* The FY2021 Proposed Budget includes \$25.8 million for continued design work and initial construction of the next generation of light rail vehicles. TriMet also intends to purchase 19 replacement buses and 25 expansion buses in FY2021. The entire bus fleet will be low-floor, low emission, air conditioned, and use a renewable diesel blend to reduce greenhouse gases. Additionally, 42 LIFT vehicles are due for replacement in FY2021.

The FY2021 Proposed Budget is balanced and complies with Oregon Budget Law.

**6. Financial/Budget Impact**

TriMet must adopt a Final Budget prior to the July 1, 2020 date of the FY2021 fiscal year in order to comply with Oregon Budget Law.

**7. Impact if Not Approved**

The Board may choose to amend the 2021 Fiscal Year Proposed Budget before sending it to the TSCC. The deadline for submission to the TSCC is March 27, 2020.



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TRANSPORTATION DISTRICT OF OREGON (TRIMET) APPROVING THE  
PROPOSED FISCAL YEAR 2021 ANNUAL BUDGET FOR SUBMISSION TO  
THE MULTNOMAH COUNTY TAX SUPERVISING AND CONSERVATION  
COMMISSION**

**WHEREAS**, TriMet develops and approves its Budget pursuant to ORS chapter 294; and

**WHEREAS**, pursuant to ORS 294.423, TriMet's Board of Directors constitutes TriMet's Budget Committee (Committee); and

**WHEREAS**, pursuant to ORS 294.331, TriMet's Chief Financial Officer serves as Budget Officer and primary liaison with the Multnomah County Tax Supervising and Conservation Commission (TSCC); and

**WHEREAS**, ORS 294.428 provides that the Committee shall approve the Budget as submitted by the Budget Officer or as revised by the Committee; and

**WHEREAS**, ORS 294.431 requires TriMet to submit its Budget to the TSCC;

**NOW, THEREFORE, BE IT RESOLVED:**

That the Fiscal Year 2021 Proposed Budget as submitted, including technical corrections and revisions, is approved and shall be submitted to the Multnomah County Tax Supervising and Conservation Commission.

Dated: March 25, 2020

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Presiding Officer

Attest:

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Recording Secretary

Approved as to Legal Sufficiency:

*Gregory E. Skillman*

Legal Department

