

Date: March 22, 2023

To: Board of Directors

From: Sam Desue, Jr.

Subject: RESOLUTION NO. 23-03-09 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET), ACTING AS THE TRIMET BUDGET COMMITTEE, APPROVING THE PROPOSED FISCAL YEAR 2024 ANNUAL BUDGET FOR SUBMISSION TO THE MULTNOMAH COUNTY TAX SUPERVISING AND CONSERVATION COMMISSION

1. Purpose of Item

This Resolution requests that the TriMet Board of Directors (Board), acting as the TriMet Budget Committee, approve the Proposed Fiscal Year 2024 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 Proposed FY2024 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 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

Budget Process. TriMet must propose and the TriMet Board must adopt a balanced budget in which revenues are equal to expenditures.

Oregon Budget Law requires a process that all local governments must follow to adopt budgets. The Board’s adoption of this Resolution to approve the Proposed FY2024 Budget is the first step in that process. After the Board’s approval, the Proposed FY2024 Budget is published in the Approved version, which then must be submitted to the TSCC for its review and consideration in a public hearing on April 26, 2023.

Assuming that the TSCC approves the Approved FY2024 Budget, it will be returned to the Board for final consideration and formal adoption at the May 24, 2023 Board meeting. Amendments to the TSCC-approved FY2024 Budget may occur up until Board adoption of

the final Budget on May 24, 2023. TriMet must adopt a Final Budget before the July 1 start of the new fiscal year.

The Proposed FY2024 Budget sets a total funding amount of \$1.92 billion, including all pass-through requirements, contingency, and ending-fund balances. The Proposed Budget includes \$817.3 million for operations, \$65.6 million for debt service and \$322.3 million for capital and operating projects.

The Proposed FY2024 Proposed Budget further implements the requirements of House Bill 2017 (HB2017), preserving and improving service and continuing the Low Income Fare (LIF) Program. The Proposed Budget also is consistent with pension policies adopted by the Board on February 26, 2014 and subsequently amended on October 23, 2019. It meets Board Strategic Financial Plan policies in areas of debt service and service growth, and continues to address essential capital maintenance and replacements. The Proposed Budget anticipates TriMet ending the year with greater than 2.5 months operating reserves to address potential funding shortfalls in upcoming years.

The Proposed FY2024 Budget reflects TriMet's commitment to achieve the fiscally stable future needed to meet its obligations to its riders, employees, retirees, and payroll taxpayers.

Revenues. The Proposed FY2024 Budget reflects the following major revenue assumptions:

- A fare increase is proposed to adult fares of \$0.30 and \$0.15 for honored citizen and student fares.
- TriMet is projecting stable payroll tax revenue growth through FY2024. In FY2021, underlying employer payroll tax revenues decreased 0.5% due to the pandemic, however, it rebounded with an increase of 11.55% in FY2022 and is anticipated to further increase by 1.4% in FY2023 and 9.7% in FY2024.
- Annual federal formula funds are an integral part of TriMet's continuing resources for operations. In addition to receiving approximately \$23.3 million of Section 5337 State of Good Repair funds, TriMet will receive \$21.8 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.
- TriMet received \$289.1 million in federal American Rescue Plan (ARP) funding in FY2022 and will continue drawing down these funds through FY2024.

Expenditures. The Proposed FY2024 Budget incorporates the following major operating and capital expenditures:

- *Service:* The need for bus and rail service has continued throughout the pandemic, but at a reduced level of demand. The Proposed FY2024 Budget will continue restoring service that was cut by nearly 20% during the pandemic, but it will be restored only as the demand increases on bus, rail, WES and paratransit.
- *Capital Maintenance and Replacement:* The Proposed FY2024 Budget allocates just over \$322.3 million toward capital and operating projects, including buses, light rail

vehicles, light rail maintenance of way, MAX Red Line Extension, facilities modernization, technology changes and station upgrade projects.

The Proposed FY2024 Budget is balanced and complies with Oregon Budget Law.

6. Impact if Not Approved

The Board may choose to amend the Proposed FY2024 Budget before sending it to the TSCC. The deadline for submission to the TSCC is April 6, 2023. TriMet must adopt a Final Budget prior to the July 1 date of the FY2024 fiscal year in order to comply with Oregon Budget Law.

RESOLUTION NO. 23-03-09

RESOLUTION NO. 23-03-09 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET), ACTING AS THE TRIMET BUDGET COMMITTEE, APPROVING THE PROPOSED FISCAL YEAR 2024 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 Proposed Budget as submitted by the Budget Officer or as revised by the Committee; and

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

NOW, THEREFORE, BE IT RESOLVED:

That the Proposed FY2024 Budget totaling \$1.92 billion as submitted, including technical corrections and revisions, is approved and shall be submitted to the Multnomah County Tax Supervising and Conservation Commission.

Dated: March 22, 2023



Presiding Officer

Attest:



Recording Secretary

Approved as to Legal Sufficiency:



Legal Department