


Date: May 22, 2024

To: Board of Directors

From: Sam Desue, Jr. 

Subject: **RESOLUTION NO. 24-05-31 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) ADOPTING THE FISCAL YEAR 2025 ANNUAL BUDGET AND APPROPRIATING FUNDS**

1. Purpose of Item

This Resolution requests that the TriMet Board of Directors (Board) adopt the Fiscal Year 2025 (FY2025) budget and appropriate funds.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other – Adopt the FY2025 Annual Budget and Appropriate Funds

3. Reason for Board Action

Pursuant to Oregon Local Budget Law (ORS 294.305 to 294.565) Board action is required to adopt the FY2025 Budget and appropriate funds. TriMet must adopt a balanced budget before the start of its new fiscal year on July 1, 2024.

4. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other

5. Background

In FY2024, TriMet staff worked with the Board to develop TriMet’s new business plan known as Vision 2030, which has the goals of delivering 120 million annual rides by the year 2030, mitigating climate impacts, lessening congestion, improving freight movement, and enhancing mobility. The foundation of Vision 2030 encompasses five strategic pillars which guide TriMet’s operating and capital budget requests for FY2025:

- a. **Ridership** – Provide 120 million annual rides in 2030.
- b. **Community** – Focus on relationships, presence, and reputation.
- c. **People** – Make TriMet the employer of choice for the Pacific Northwest Region.
- d. **Infrastructure** – Provide an improved state-of-good-repair, deliver capital projects to increase Bus and Rail system performance, and streamline processes and information flows to support TriMet Operations.
- e. **Resources** – Focus on increasing resources to fulfill Vision 2030.

In January 2024, guided by these strategic priorities and in conjunction with the goals and objectives of TriMet's 5-Year Business Plan, all departments prepared their operating and capital budget requests and submitted them to the General Manager for review. After this review, the Proposed Budget was developed and released to the Board and the public on March 6, 2024. At the same time, TriMet solicited public input on the Proposed Budget.

At its March 27, 2024 meeting, the Board approved the FY2025 Budget for submission to the Multnomah County Tax Supervising & Conservation Commission (TSCC). On April 24, 2024 the TSCC conducted a public hearing on the TriMet budget to confirm compliance with applicable law and determine the adequacy of budget estimates. Issues pertaining to TriMet's Vision 2030, fare increase, and transit safety were addressed at the public hearing. Following the public hearing, the TSCC found TriMet's Fiscal Year 2025 estimates to be reasonable and the Board's Approved FY2025 Budget to be in compliance with Oregon Local Budget Law.

This Resolution presents a revised Approved FY2025 Budget for the Board's consideration and adoption, effective July 1, 2024.

Budget Assumptions

In the FY2025 Budget, key revenue and expenditure assumptions include:

- Implementation of the fare increase for a full fiscal year.
- Utilization of the Statewide Transportation Improvement Funds (STIF), primarily on service.
- Utilization of Federal Formula funding on preventive maintenance.
- Day-to-day operating increases for continued transportation and maintenance of essential services.
- Continued investments into safety and security for riders and employees.
- Focusing the Capital Improvement Program on the Columbia Bus Base, A Better Red Project, expansion of the Park Avenue Park & Ride, 82nd Avenue Transit Improvements, Development of Hollywood Transit Center, and light rail vehicle replacement.

Budget Summary

The FY2025 Budget includes the cost of operating and maintaining the existing transit system, costs of operating fixed-route bus and rail service to maintain headways and capacity, costs of LIFT paratransit service, capital and operating project expenditures from the Capital Improvement Program, debt service expense and continued commitment to strengthen pension reserves.

A general summary by key budget area follows:

General & Administrative:	\$ 228,501,252
Operations:	507,564,410
Capital & Operating Projects:	199,952,230
Other Post-Employment Benefits:	62,867,167
Other Non-Operating Requirements:	23,116,800
Debt Service:	65,564,560
Contingency:	36,791,826
Fund Balance (restricted and unrestricted):	<u>713,932,983</u>
TOTAL	\$1,838,291,228

Key Investments:

Transit Service: The FY2025 budget focuses on providing exceptional transit service and service improvements guided by our Forward Together service concept. While continuing to run a robust network of buses and trains across the 533-square mile service district, TriMet will add four new Frequent Service bus lines; add new bus lines in East Portland, Sellwood, and West Linn; extend service in East Multnomah County and I-205 between Tualatin and Oregon City, add more buses to well-used lines that do not currently have Frequent Service; and continue to streamline routes and discontinue service with less ridership and demand.

In addition to its focus on the safe operation of vehicles, the maintenance team leads the effort to improve the cleanliness of our buses, trains and the overall transit system, which is a key initiative to increasing ridership. The FY2025 budget includes more resources for ongoing spot cleaning, deep cleaning, graffiti cleanup and aesthetic repairs intended to make the overall system more desirable and welcoming.

Safety & Security: The Safety & Security budget for FY2025 is four times its FY2022 amount. TriMet more than doubled the number of security personnel on our transit system in the last year, as we continue to adopt a comprehensive and layered approach to safety and security. Today, there are approximately 350 unarmed personnel on the system providing presence, assistance, and resources to riders, including our innovative Safety Response Team. In addition to the increased presence on board our buses and trains and across our transit system, TriMet has established a Safety Operations Center, which helps coordinate our response to non-emergency security concerns that occur on our system.

Capital Investments. The nearly completed A Better Red Project, expansion of the Park Avenue Park & Ride, development on the Columbia Bus Base site, and replacement of light rail vehicles are four of the major projects in process at TriMet. Other projects include regular replacements of equipment, track and signal infrastructure, and safety elements across the system.

Electrification: During FY2019, TriMet adopted a Non-Diesel Bus Plan that called for a transition from diesel-fueled buses toward battery-electric buses. In FY2020, TriMet began testing its first five battery electric buses and took delivery of four zero-emission rebuilt transit buses. In FY2021, TriMet began ordering more battery-electric buses and continued testing different models for efficiency and performance. In FY2022, the Board authorized the purchase of 24 zero-emission, battery-electric buses. TriMet will continue to pursue grant funding opportunities to offset the higher up-front costs of these battery-electric buses. Electrification of the fixed-route bus system will proceed in FY2025 and beyond.

New Divisions: The FY2025 Budget will allocate funds to two new divisions to better align the agency with the evolution of diversity and equity, and the need for providing ongoing and improved transit service. The Inclusion, Diversity, Equity & Accessibility (IDEA) division, previously within the Office of the General Manager, will better serve the agency as its own division. Additionally, the newly formed Strategy & Planning division will support the Business Plan Key Strategic Actions, Vision 2030, conversion to a zero-emissions bus fleet, and the planning essential for service improvements.

Fiscal Stability & Sustainability

The budget was developed based on three key principles in the Board Strategic Financial Plan:

- Senior Lien Debt Service is no more than 7.5% of ongoing revenue.
- One-time-only revenues are applied to one-time-only expenditures.
- Commitment to funding Pension Plans and Other Post Employment Benefit Plan.

Actuarial valuations for the pension plans and OPEB plans are posted to: [Transparency and Accountability \(trimet.org\)](https://www.trimet.org/Transparency-and-Accountability). The FY2025 Adopted Budget is consistent with the pension policies adopted by the Board.

6. Financial/Budget Impact

Changes to the FY2025 Approved Budget that was previously certified by the TSCC reflect more recent financial performance and internal reviews that identified desirable changes or necessary updates. The net cumulative effect of all proposed FY2025 Budget changes will increase expenditures by the amount of \$89,373,436. The proposed changes are within the limit allowed by Local Budget Law (ORS 294.456), and are shown in Exhibit A to this Resolution.

The table below identifies the final organizational unit appropriations for FY2025.

Office of the General Manager Division	\$ 2,056,588
Chief Operating Officer Division	1,121,920
Transportation Division	335,907,829
Safety & Security Division	86,479,533
Maintenance Division	259,753,402
Transit System & Asset Support Division	20,711,290
Information Technology Division	46,260,886
Public Affairs Division	21,300,906
Finance & Administrative Services Division	48,645,721
Labor Relations & Human Resources Division	11,475,579
Legal Services Division	11,647,165
Inclusion, Diversity, Equity & Accessibility	2,839,974
Engineering & Construction Division	81,264,739
Strategy & Planning	6,552,360
Other Post-Employment Benefits	62,867,167
Other Non-Operating Requirements	23,116,800
Debt Service	65,564,560
Contingency	36,791,826
Total Appropriation	\$ 1,124,358,245
Fund Balance	713,932,983
Total Adopted Budget	\$ 1,838,291,228

7. Impact if Not Approved

Within the limitations of Oregon Local Budget Law, the Board may choose to make changes to the FY2025 Approved Budget. However, the FY2025 Adopted Budget must be in place by July 1, 2024, before any money may be spent in the coming fiscal year.

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TRANSPORTATION DISTRICT OF OREGON (TRIMET) ADOPTING
THE FISCAL YEAR 2025 ANNUAL BUDGET AND APPROPRIATING
FUNDS**

WHEREAS, at a public meeting on March 22, 2024, the TriMet Board of Directors (Board) approved FY2025 Budget estimates for the period July 1, 2024 through June 30, 2025 for submission to the Multnomah County Tax Supervising and Conservation Commission (TSCC) for its review and recommendations; and

WHEREAS, the TSCC held a public hearing on April 24, 2024, to review the TriMet FY2025 Budget with the directors and staff of TriMet and to provide the public with an opportunity to ask questions and express views concerning such budget estimates; and

WHEREAS, the TSCC certified TriMet's FY2025 Budget with no objections or recommendations; and

WHEREAS, as allowed by ORS 294.456, the FY2025 Budget was revised as shown on the attached Exhibit A to increase expenditures by \$89,373,436; and

WHEREAS, the aggregate sum of the FY2025 Budget requirements for all funds is \$1,838,291,228.

NOW, THEREFORE, BE IT RESOLVED:

1. That TriMet's FY2025 Budget, as approved by the Board on March 22, 2024, and certified by the Multnomah County TSCC on April 24, 2024, and herein amended, is hereby adopted.

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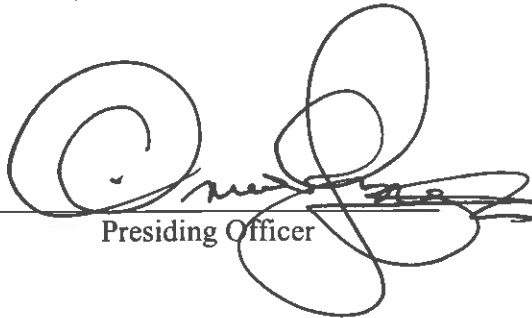
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2. For the period July 1, 2024 through June 30, 2025, funds are appropriated as follows:

Office of the General Manager Division	\$ 2,056,588
Chief Operating Officer Division	1,121,920
Transportation Division	335,907,829
Safety & Security Division	86,479,533
Maintenance Division	259,753,402
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3. That TriMet's Budget Officer is authorized to make adjustments within, but not between, appropriations during the budget period.

Dated: May 22, 2024



Presiding Officer

Attest:



Recording Secretary

Approved as to Legal Sufficiency:



Legal Department