



Minutes

Meeting:	TriMet Board of Directors Regular Board Meeting	Date:	August 12, 2015
		Time:	9:00 a.m.
Presiding:	Bruce Warner	Location:	City of Portland Building 1120 SW Fifth Avenue Auditorium Portland, Oregon 97204
Board Members Present:	T. Allen Bethel Joe Esmonde Shelley Martin Craig Prosser Travis Stovall Bruce Warner	Board Members Absent:	Lori Irish Bauman

TriMet Board Business meetings and public forum are available via web video stream. You can access the archived meetings and materials at trimet.org/meetings/board.

President Warner called the business meeting to order at 9:20 a.m.

1. The following Board Committee Reports were provided:

- A. **Metro Policy Advisory Committee (MPAC)** – Director Prosser reported that the Committee met on July 22nd and took a walking tour of Milwaukie’s downtown and the Orange Line alignment hosted by Mayor Gamba. Joe Minicozzi, Principal with Urban3, presented his research and analysis on the economic impacts of different land-use choices and how they connect to transportation decisions.
- B. **Finance and Audit Committee** – Director Prosser reported that the Committee met this morning and received briefings on: 1) Payroll Tax Ordinance; 2) OPEB Valuation; and 3) Strategic Financial Plan. Director Prosser stated that because of time constraints, the committee did not finish their discussion on the Strategic Financial Plan, but will continue the conversation at a future meeting.

2. General Manager Report

General Manager shared experiences and photos of the Tilikum Crossing events that occurred on Sunday, August 9th, that included the Providence Bridge Pedal, preview for the Committee on Accessible Transportation and people with disabilities, and the preview event open to the public in the afternoon.

- A. **MAX Orange Line Opening Status Report** (PowerPoint presentation available at TriMet.org) – Dan Blocher, Executive Director of Capital Projects, shared with the Board where we are in preparation for the opening day on September 12, 2015, that included:
- Project Delivery
 - Operational Readiness
 - Safety Certification
 - Opening Events
- B. **GM Comments** – Neil McFarlane, General Manager, reported on:
- FTA Quarterly Meeting
 - Summary of eFare Activities Report (available at TriMet.org)
 - Quarterly Performance Indicators Report (available at TriMet.org)
- C. **Board Comments** -- Director Stovall stated that for the record he would like to disclose that TriMet has contracted with eRep, Inc., a company in which he is a Principal, for the purpose of introducing the Core Values Index (CVI) to TriMet's leadership team. CVI is a self-enhancement tool that increases self-awareness and improved inter-personal communications and allows participants the opportunity to learn more about effective leadership and communication skills. The contract will run from July 20, 2015 through October 30, 2015 for a total amount of \$2,900.00.

3. Consent Agenda

President Warner noted changes on the minutes for July 22, 2015 on page 4, last paragraph and provided the changes to the Recording Secretary.

Action: Director Stovall moved to approve the consent agenda items listed below; Director Esmonde seconded the motion. The motion was unanimously approved.

Approval of Board Meeting Minutes for July 22, 2015

Resolution Directing that the Reading of all Ordinances be By Title Only

Resolution 15-08-49 Authorizing a Contract with OAC Services, Inc. for Elevator Replacement and Upgrade Design Services

Resolution 15-08-50 Authorizing a Contract with Carleton Hart Architecture, P.C. for Design Services for the Facilities Management Building Replacement Project

4. Resolution

Neil McFarlane introduced the following resolution:

Resolution 15-08-51 Authorizing an Intergovernmental Agreement with Metro to Provide Funding for Project Development Activities for the Powell-Division Transit and Development Project

Action: Director Prosser moved approval of Resolution 15-08-51; Director Bethel seconded the motion. The motion was unanimously approved.

5. Ordinance 340 Amending Chapter 13 and Chapter 14 of the TriMet Code to Amend the Payroll and Self-Employment Tax Rates over a Ten Year Period as Authorized by ORS 267.385 (First Reading and Public Hearing)

Shelley Devine read Ordinance 340 by title only.

The following people shared their perspective on the region's growing congestion, the need for expanded transit service, and the importance of considering options to fund that service.

Tom Kelley, Neil Kelly Company
Matt Cato, Peace & Justice Director, Archdiocese of Portland
Pam Knowles, OSU
Steve DeAngelo, DeAngelo Catering
Mark Gama, Mayor, City of Milwaukie
Pete Truax, Mayor, City of Forest Grove

Bernie Bottomly provided a PowerPoint presentation (available at TriMet.org) that outlined:

- Legislative background
- Payroll and self-employment tax
- Statutory conditions
- Discussions with business partners
- Economic findings
- 2020 Review

Bernie Bottomly explained that language has been included in the Ordinance in section 13.09 (C) to address concerns raised by the business community that would require TriMet to assess the payroll tax and other operating resources and compare that to the resources needed to meet the Regional Transportation Plan (RTP) or its successor level of service and maintain the Board-adopted operating reserve. Specifically, the new language would require TriMet to conduct a 20-year assessment of the payroll tax and other operating resources and compare that to the resources needed to meet the RTP and reserve requirements.

The Board would be required to defer the next scheduled incremental increase in the tax by one year if it found that the increase was materially more than that needed to meet the RTP level of service and meet reserve requirements. The Board would also consider an updated review each subsequent year until all the increments were put in place. The original request was to have a hard stop in five years that would essentially start the process over. However, this would affect TriMet's ability for long-term planning, bonding, and planning service expansion with the community.

Director Esmonde asked if the Ordinance meets ORS requirements and Bernie Bottomly responded yes, this structure meets the requirements in the statute.

Director Esmonde stated concerns about the 5-year assessment and how that would affect future planning for the much needed service expansion and asked what the projected additional funds would be from the proposed tax.

Bernie Bottomly responded that in the first year, TriMet would receive approximately 4-4 1/2 million additional dollars and in the tenth year approximately 45-50 million additional dollars. Bernie Bottomly explained that if, based on the year five assessment, the Board determined that the incremental increase scheduled for 2020, for example, should be deferred, then the payroll tax would be implemented in 2021 without further Board action.

Director Esmonde asked how many businesses have been added to the TriMet Service District over the past seven years. Bernie Bottomly responded that he would provide that information to the Board.

Director Esmonde asked if the additional payroll tax dollars would go into the general fund.

Neil McFarlane responded yes, the funds would be used for service improvements and to begin implementing the service enhancement plans that have been discussed.

President Warner opened the Public Hearing on Ordinance 340 – the following people spoke to the Board:

R.A. Fontes, resident of Lake Oswego, spoke in opposition of Ordinance 340 and provided examples of why he feels TriMet has not done enough to keep costs down and spoke about the importance of TriMet keeping a long-term perspective and his concern on how Autonomous Vehicles (AV) will affect TriMet service in the long run. Mr. Fontes suggested that TriMet focus on long distance services, paying down debt, and building reserves to enable TriMet to convert to AV's (handout distributed to the Board).

Pam Treece, Executive Director of the Westside Economic Alliance, provided written testimony and spoke to the Board on the payroll tax increase. Ms. Treece commended the TriMet leadership and the Board on the work they have done to date and expressed concern that the rate increase will have a significant impact on businesses and shared that:

- 1) WEA was in favor of the “hard stop” at the five-year point to review the status, but appreciates the changes made to the Ordinance that would accommodate an adjustment period after year five as outlined by Bernie Bottomly.
- 2) WEA would like to see a management/leadership advisory group represented by both large employers and small businesses in the region to look at what is happening over the 10 year time frame.
- 3) WEA asked that TriMet continue looking at Westside enhancements, specifically addressing the last mile issue.

John Charles, Cascade Policy Institute, stated that twelve people testified in favor of the payroll tax over the past two meetings off the clock, while he and others were limited to three minutes during public forum and expressed concern over the fairness. Mr. Charles stated that he submitted written testimony in opposition of Ordinance 340 to the Board and staff so today he would like to speak regarding the need for a cost responsibility study to look at what users versus non-users are paying to provide TriMet service. Mr. Charles stated that currently payroll tax revenue covers over half the operating costs.

Marion Haynes, VP of Government Affairs and Economic Development for the Portland Business Alliance, shared that PBA represents over 1,900 businesses. Ms. Haynes spoke about the importance of TriMet to the community and economic competitiveness and thanked TriMet for their considerable efforts to obtain cost efficiencies and long-term financial sustainability. Ms. Haynes expressed concern over the impact of the increase, with the business community already providing approximately 60 percent of TriMet’s total revenue. Ms. Haynes stated that:

- 1) The Alliance would prefer authorization for a five-year period, at which point TriMet and the Board could assess the funding and needs and act again using its existing legislative authority. Although not as strong as the Alliance would like, the proposed Ordinance with the five-year review provision is structured such that an annual increase after year five goes into effect only if TriMet needs those resources. If collections outpace the needs identified in the Regional Transportation Plan, then the increase is deferred for one year.

- 2) Given the amount of TriMet's revenues derived from employers, the Alliance believes employers should have a strong voice in how TriMet designs and implements transit service and plans for spending the revenues collected from the payroll tax. The Alliance continues to hear from employers who have a "last mile" concern about transit service to their facilities and we believe these concerns need to be addressed.

President Warner closed the Public Hearing and asked for comments from the Board members:

Director Prosser spoke about the necessity to improve and provide additional service to outlying areas due to demographic changes and to ensure that the regional Climate Smart Strategy plan is met. Director Prosser stated that he is a major supporter of the service enhancement plan recommendations to address those needs and that funds are needed to implement those recommendations. The payroll tax increase would allow TriMet to follow through on those commitments to serve businesses and residents in the outlying areas. Director Prosser added that to meet those needs, we need to have the ability to do long-range planning with the knowledge of funds available. Director Prosser stated that while he does not believe the five-year assessment is necessary, he would honor the request from the business community and would support it.

Director Prosser also addressed the request for an advisory committee that would include business representatives. Director Prosser stated that from his experience with the Strategic Finance Planning outreach, it is important to have a variety of interests represented because TriMet provides service to a variety of stakeholders and would ask that the advisory committee include more than just the business interest.

Director Stovall stated that he agrees with Director Prosser, and added that this is a critical Ordinance that should move forward and thanked staff, stakeholders and organizations that have spent a lot of time getting input from the business community to ensure this will enhance our region long-term.

Director Stovall addressed John Charles request to look at how TriMet is funded and stated that he welcomes the conversation as we move forward, but wanted to share his perspective. Director Stovall explained that there are various ways transit agencies are funded beyond farebox recovery, whether from payroll or sales tax, it all comes down to a portion of income either business or personal. Director Stovall expressed that as we consider the funding mechanism and the payroll tax increase, we also need to understand the significant economic benefit and the importance of expanding service to this region.

Director Stovall stated that he wants to address the concept of the five-year review and explained that while he understands the mechanism in place, like Director Prosser he is not a big fan. Director Stovall stated that he feels this Board and administration have done a phenomenal job in looking at the strategic financial plan and putting in guidelines that ensure this agency stays focused long-term on building a sustainable and transparent organization that continues the work they have done to keep their financial house in order. Director Stovall added that he also agrees with Director Esmonde that we need to be able to project available funding for long-term planning.

Director Stovall spoke to the recommendation of having an advisory committee and stated that he agrees with Director Prosser that we need to be inclusive and receive input from a variety of stakeholders. Director Stovall stated that while he is not a fan of some of the adjustments to the Ordinance, he certainly understands and feels the five-year review meets some of the recommendations that have been made from the extensive outreach. Director Stovall concluded that he supports the Ordinance as it was presented today.

Director Bethel stated that he is in support of the Ordinance and knows the necessity of service improvements and additional service particularly as it impacts those who are transit dependent and those that have less income and less opportunities in terms of making income to be able to afford and get to whatever jobs that will become available as the region grows. Director Bethel stated that his hope is that those new jobs being created in those particular areas will continue to have an overarching effect of reaching more people in the city who are presently unemployed to become those that are employed long before we see an influx of people to the city to take those particular jobs.

Director Bethel stated he recognizes that transit is important and will be important as we continue to grow and expand. Director Bethel concluded that he will support this Ordinance and while he still has concerns about coming back at mid-point to make a decision, at this point he can live with it as we move forward to getting the services that we need.

Director Martin stated she appreciates everybody's opinions on this issue, both the positive opinions and the concerns -- ten years is a long time and there needs to be a growth plan. Director Martin expressed concern that some people believe that their opinions are falling on deaf ears and after looking at the reports and the outreach that has been done and the amendments that have been made to address concerns, she feels we are listening. Director Martin stated that a hard stop at five years would be a five-year plan, not a ten-year plan. Director Martin concluded that she supports the Ordinance and believes transit growth is important both on a professional and personal level and it allows citizens' independence, and that independence brings positive contributions to our community.

Director Esmonde stated that given the unknown outcomes in the legislature and State funding, he does understand the five-year assessment. Director Esmonde added that he advocates for the oversight committee and believes that transit growth is essential to the region. Director Esmonde concluded that he is in support of the Ordinance moving forward with the understanding that he may have additional questions prior to the final decision.

President Warner stated that raising taxes is never pleasant and not something we take lightly. The Oregon legislature did give the Board authority in 2009 because they and the region felt it was critical to the future of transit to have the resources to deal with the increased demands. President Warner added that he believes TriMet has been very conservative and judicial in terms of taking time to make sure this is the right time economically and to ensure transit growth continues to meet the demands of the region.

President Warner stated that he doesn't necessarily agree with the five-year review, but feels it does address concerns and provides assurances that if our level of resources significantly exceeds what we thought we would incur, the Board will have the opportunity to defer the payroll tax for a year. President Warner stated that he believes TriMet does a good job of fair farebox recovery, but the Board also has to consider that there are a lot of people who are transit dependent and can't afford fare increases. President Warner added that we will continue discussions on funding as we move forward.

President Warner suggested that as part of this discussion on the Ordinance, that the Board direct the General Counsel and the General Manager to put together a standing advisory committee made up of small and large businesses, as well as a variety of stakeholders to allow for a robust discussion and provide guidance as directed in the ordinance to the Board at the five-year point – the Board was in agreement. President Warner asked staff to come back with a dialogue on the who and how of the Committee, and how we can use the Committee to our best benefit as we move forward with decisions on service and revenue. Neil McFarlane responded that staff would be happy to do that.

Neil McFarlane asked Bernie Bottomly to summarize the average cost associated with the increase.

Bernie Bottomly stated that the increase for a median firm would be about \$8.00 in the first year and \$82.00 in the tenth year; and for the median self-employed it would be an increase of about \$1.00 in the first year, and \$12.00 in the tenth year. Bernie Bottomly explained that the average is higher than that due to the large firms in the region.

President Warner encouraged the Board to ask questions prior to the second reading of the Ordinance on September 16, 2015.

TriMet Board of Directors Meeting
August 12, 2015

6. Other Business & Adjournment

There was no other business to come before the Board.

President Warner adjourned the meeting at 11:30 a.m.

Respectfully submitted,

Handwritten signature of Kelly Runnion in blue ink.

Kelly Runnion, Recording Secretary