

Date: March 25, 2015

To: Board of Directors

From: Neil McFarlane 

Subject: RESOLUTION 15-03-14 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) APPROVING THE PROPOSED FISCAL YEAR 2015-16 ANNUAL BUDGET FOR SUBMISSION TO THE MULTNOMAH COUNTY TAX SUPERVISING AND CONSERVATION COMMISSION

1. Purpose of Item

The purpose of this resolution is to request that the TriMet Board of Directors (“Board”) approve the proposed 2015-16 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 FY 2015-2016 Budget to the 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 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. 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, 2015 immediately prior to the Board’s April 22 meeting. The FY2016 Approved Budget will be returned to the Board for final consideration and adoption at the May 27, 2015 Board meeting.

Amendments to the Approved Budget may occur up until Board adoption of the final Budget May 27. TriMet must adopt a budget before the July 1 start of the fiscal year.

The FY2016 Proposed Budget includes \$504.8 million for operations and debt service; \$122 million for General Fund capital projects and \$14.8 million for Operating projects. Total funding requirements of \$1.06 billion also include all light rail programs; pass through requirements, contingency and ending fund balances.

The FY2016 Proposed Budget adds service to increase frequent service on weekends, address peak hour crowding and schedule reliability.

The FY2016 Proposed Budget continues to address essential capital maintenance and replacements.

The FY2016 Proposed Budget is consistent with Board adopted policy to fund the non-union unfunded liability over a closed 10 year period using a 6.5% investment rate of return assumption and funding the union pension unfunded liability over a closed 15 years to 5 years open assuming a 7% return on investments.

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

Revenues. The FY2016 Proposed Budget includes the following major revenue assumptions:

- TriMet is projecting strong payroll tax revenue growth through FY2017. In FY2014, underlying employer payroll tax revenues increased 5.5%. Underlying employer payroll tax revenues are forecast to increase 5.9% in FY2015, 7.9% in FY2016 and 7.7% in FY2017. By comparison average annual growth of underlying employer payroll tax has been 5.3% over the last twenty years.
- No general fare increase is proposed.
- FY2015 Section 5307 federal Urbanized Area and Section 5337 federal State of Good Repair funds are projected to be 0.2% above FY2014 receipts, an increase of about \$1.9 million. TriMet's financial forecast and the FY2016 Proposed Budget assume that Congress continues to appropriate the same amount authorized by MAP-21 and provides long-term funding to continue the federal transit program at MAP-21 levels increased annually for inflation. Federal formula funds in the FY2016 Proposed Budget are equal to the FY2015 updated estimate.

Expenditures. The FY2016 Proposed Budget incorporates the following major operating and capital expenditure proposals:

- *Service:* TriMet is proposing to expand bus service hours 2% between the end of FY2015 and the end of FY2016. This service, valued at \$6.2 million, net of fares, is largely paid for by revenues generated through growth in the payroll tax rate. The service improvements will occur throughout FY2015 and FY2016s. Light rail service

hours will be increased 15% due primarily to the opening of the Orange Line in September 2015.

- *Safety:* FY2016 marks the second year of a multi-year project (FY2015-FY2019) to replace analog CCTV technology on TriMet's buses and Type 1, 2, and 3 light rail vehicles with digital technology. TriMet's new buses and Type 4 and 5 light rail vehicles already have this technology. Additionally, pedestrian safety improvements to prevent/reduce hazards at areas with more intensive land use including Holladay & 7th Avenue and 97th/Burnside, are budgeted. TriMet's Safety Management System (SMS) will continue its implementation and training program, District-wide.

Capital repair and replacement.

The FY2016 Proposed Budget includes:

- *Buses:* TriMet increased scheduled bus replacement purchases from 40 per year in FY's 2013-2016 (160 buses) to 70 buses in FY2013, 60 in FY2014, 64 in FY2015 and 60 in FY2016 (254). The entire fleet will be low-floor low emission and air conditioned, and at the desired 8 year average age in FY2016.
- *Operating Facilities:* The FY2016 Proposed Budget continues to fund an accumulation of operating facilities repairs including the replacement of bus maintenance hoists that are approaching 40 years of age, as well as a full facility/site evaluation at Powell Garage.
- *Customer Facilities:* The FY2016 Proposed Budget provides funds to refurbish damaged platforms and station finishes at Hollywood station and stations east of the Holladay Park and Ride through the Blue Line Station Rehabilitation program.
- *Track and System Upgrades:* Rose Quarter track maintenance and signal/switch replacement will be the focus of FY2016. Design work will also begin on converting MAX track switches to powered operation to improve service reliability at pocket tracks in Hollywood, Beaverton, Lloyd Center and First & Davis.

With 96% of construction funding provided by our federal, state and local partners, \$228.7 million is budgeted for Portland-Milwaukie Project Light Rail Transit Project in FY2016.

The FY2016 Proposed Budget is balanced and complies with Oregon budget law.

6. Impact if Not Approved

The Board may choose to amend the 2015-16 Fiscal Year, Proposed Budget before sending it to the TSCC. The deadline for submission to the TSCC is April 2.

RESOLUTION 15-03-14

**RESOLUTION OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) APPROVING
THE PROPOSED FISCAL YEAR 2015-16 ANNUAL BUDGET FOR
SUBMISSION TO THE MULTNOMAH COUNTY TAX SUPERVISING
AND CONSERVATION COMMISSION**

WHEREAS, TriMet develops and approves its Budget pursuant to Oregon Revised Statutes (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 proposed Fiscal Year 2015-16 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, 2015

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department