

Date: March 24, 2021

To: Board of Directors

From: Sam Desue, Jr.

Subject: RESOLUTION NO. 21-03-10 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET), ACTING AS TRIMET'S BUDGET COMMITTEE, TO APPROVE THE PROPOSED FISCAL YEAR 2022 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 TriMet's Budget Committee, approve the proposed 2022 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 FY2022 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 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 28, 2021. The FY2022 Approved Budget will be returned to the Board for final consideration and adoption at the May 26, 2021 Board meeting. Amendments to the Approved Budget may occur up until Board adoption of the final FY 2022 Budget May 26, 2021. TriMet must adopt a budget before the July 1, 2021 start of Fiscal Year 2022.

The FY2022 Proposed Budget of \$1.64 billion includes all pass-through requirements, contingency and ending fund balances. It includes \$733.7 million for operations, \$126.5 million for debt service, and \$301.2 million for capital and operating projects.

Under the FY2022 Proposed Budget, TriMet would continue to address essential capital maintenance and replacements. The Proposed Budget also implements the requirements of House Bill 2017 (HB2017), including operation of a Low-Income Fare Program (LIF) and improving service. The Proposed Budget also meets Board Strategic Financial Plan policies in areas of service growth and debt service.

The FY2022 Proposed Budget is consistent with pension policies adopted by the Board on February 26, 2014, and subsequently amended on October 23, 2019. TriMet continues to strengthen its union defined benefit pension reserves, and has set a 10 to 15-year horizon to pay unfunded pension liabilities and then focus on other post-employment benefits obligations.

Under the Proposed Budget, TriMet would end the year with greater than 2.5 months of operating reserves to address potential funding shortfalls in upcoming years.

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 FY2022 Proposed Budget includes the following major revenue assumptions:

- TriMet is projecting stable payroll tax revenue growth through FY2022. In FY2020, underlying employer payroll tax revenues increased 6.1%. Underlying employer payroll tax revenues are forecast to decrease 6.0% by the end of FY2021 (due to the pandemic) and rebound in FY2021 by 6.0%.
- No fare increase is proposed.
- Federal formula funds are an integral part of TriMet's continuing resources for operations. In addition to approximately \$65.4 million of Section 5307 Urbanized Area and Section 5337 State of Good Repair funds, TriMet receives \$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.
- Federal funding totaling \$72,645,986 from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSSA) to prevent, prepare for and respond to COVID-19.

Expenditures.

The FY2022 Proposed Budget incorporates the following major service and capital expenditures:

- *Service:* Even in the midst of COVID-19, the demand for bus and rail service continues. The FY2022 Proposed Budget will support restoration of service that was cut by nearly 20% in April 2020, at a rate reflecting increased demand for bus, rail, WES and paratransit service.

- *Capital Maintenance and Replacement:* The FY2022 budget includes just over \$301.2 million for capital projects including, buses, light rail maintenance of way, light rail vehicle maintenance, facilities modernization, technology changes and station upgrade projects.

The FY2022 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 date of the FY2022 fiscal year in order to comply with Oregon Budget Law.

7. Impact if Not Approved

The Board may choose to amend the 2022 Fiscal Year, Proposed Budget before sending it to the TSCC. The deadline for its submission to the TSCC is March 26, 2021.

RESOLUTION NO. 21-03-10

**RESOLUTION NO. 21-03-10 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET), ACTING AS
TRIMET'S BUDGET COMMITTEE, TO APPROVE THE PROPOSED FISCAL
YEAR 2022 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 2022 Proposed Budget totaling \$1.64 billion as submitted, including technical corrections and revisions, is approved by the Committee and shall be submitted to the Multnomah County Tax Supervising and Conservation Commission.

Dated: March 24, 2021

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:

Gregory E. Skillman

Legal Department