


Date: March 27, 2024

To: Board of Directors

From: Sam Desue, Jr. 

Subject: **RESOLUTION NO. 24-03-16 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET), ACTING AS THE TRIMET BUDGET COMMITTEE, APPROVING THE PROPOSED FISCAL YEAR 2025 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 2025 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 FY2025 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 FY2025 Budget is the first step in that process. After the Board's approval, the Proposed FY2025 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 24, 2024.

Assuming that the TSCC approves the Approved FY2025 Budget, it will be returned to the Board for final consideration and formal adoption at the May 22, 2024 Board meeting. Amendments to the TSCC-approved FY2025 Budget may occur up until Board adoption of

the final Budget May 22, 2024. TriMet must adopt a Final Budget before the July 1 start of the new fiscal year.

The Proposed FY2025 Budget sets a total funding amount of \$1.75 billion, including all pass through requirements, contingency, and ending-fund balances. The Proposed FY2025 Budget includes \$720.2 million for operating costs, \$62.9 million for Other Post-Employment Benefits (OPEB), \$65.6 million for debt service, and \$200.6 million for capital and operating projects.

The Proposed FY2025 Proposed Budget further implements the requirements of the Statewide Transportation Improvement Fund (STIF), preserves and improves service, and continues the Low Income Fare (LIF) Program. The Proposed FY2025 Budget 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 FY2025 Budget anticipates TriMet ending the year with greater than 2.5 months operating reserves, in order to address potential funding shortfalls in upcoming years.

The Proposed FY2025 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 FY2025 Budget reflects the following major revenue assumptions:

- TriMet is projecting stable payroll tax revenue growth through FY2025 with a total growth rate of 6.5%. By comparison, average annual growth of underlying employer payroll tax of 5.2%, inclusive of recovery from pandemic and inflation impacts.
- Annual federal formula funds are an integral part of TriMet's continuing resources for operations. In addition to receiving approximately \$139.3 million of federal formula funding, 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.

Expenditures. The Proposed FY2025 Budget incorporates the following major operating and capital expenditures:

- *Service:* The need for bus and rail service has continued throughout the COVID-19 pandemic, but at a reduced level of demand. The Proposed FY2025 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 FY2025 Budget allocates over \$200.6 million toward capital projects, including bus and light rail vehicles, light rail maintenance of way, MAX Red Line Extension, IT infrastructure, fare infrastructure, and safety and security enhancements.

The Proposed FY2025 Budget is balanced and complies with Oregon Budget Law.

6. Impact if Not Approved

The Board may choose to amend the Proposed FY2025 Budget before sending it to the TSCC. The deadline for submission to the TSCC is March 29, 2024. TriMet must adopt a Final Budget prior to the July 1 date of the FY2025 fiscal year in order to comply with Oregon Budget Law.

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TRANSPORTATION DISTRICT OF OREGON (TRIMET), ACTING AS THE
TRIMET BUDGET COMMITTEE, APPROVING THE PROPOSED FISCAL
YEAR 2025 ANNUAL BUDGET FOR SUBMISSION TO THE MULTNOMAH
COUNTY TAX SUPERVISING AND CONSERVATION COMMISSION**

WHEREAS, pursuant to ORS Chapter 294, TriMet develops and its TriMet Board of Directors (Board) approves the annual TriMet Budget; and

WHEREAS, pursuant to ORS 294.423, the Board 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, pursuant to ORS 294.428, the Committee must approve the Proposed Budget as submitted by the Budget Officer, or as revised by the Committee; and

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

NOW, THEREFORE, BE IT RESOLVED:

That the Proposed FY2025 Budget totaling \$1.75 billion as submitted, including technical corrections and revisions, is hereby approved and shall be submitted to the Multnomah County Tax Supervising and Conservation Commission.

Dated: March 27, 2024

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department