

Date: July 24, 2020

To: Board of Directors

From: Doug Kelsey, General Manager

Subject: **Report of Finances and Administrative Activities – FY2020
ORS 267.140(5) Requirement**



INTRODUCTION

Oregon Revised Statute 267.140(5) requires the TriMet General Manager to report to the Board of Directors on the finances and administrative activities of the district within 30 days after the end of each fiscal year. This statutory requirement is in addition to our regular reporting to the Board of Directors on the financial and administrative activities of the district.

The financial information contained in this report, for the fiscal year ending June 30, 2020 is based on unaudited year-end results. The agency’s external auditor, Moss Adams LLP, will complete their annual audit in September. As in the past, our auditors will discuss their findings and any recommendations with the Finance and Audit Committee and the full Board in September.

I. TRIMET FINANCES AND ADMINISTRATIVE ACTIVITIES

A. SERVICE AND RIDERSHIP RESULTS

FY2020 annual fixed route boardings: In FY2020, TriMet’s fixed route system carried 77.8 million boardings, which represented a decrease of (-18.7%) from FY2019. Boardings for each day type, with weekday boardings (246,216) were down (-19.3%) and weekend boardings (147,618 Saturday, 122,558 Sunday) (-19.5%) and (-15.2%), respectively. The sharp decline of ridership in FY2020 as large numbers of riders shelter at home due to COVID-19.

FY2020 annual MAX boardings: MAX carried 30.8 million boardings, down (-20.7%) from FY2019. MAX averaged 95,528 weekday (-21.0%), 63,453 Saturday (-22.5%) and 52,413 Sunday (-18.5%) rides.

FY2020 annual bus boardings: Buses carried 46.7 million boardings in FY2020, a decrease of (-17.3%) from FY2019. Buses averaged 149,623 weekday (-18.2%), 84,164 Saturday (-17.0%) and 70,145 Sunday (-12.6%) rides in FY2020.

FY2020 annual WES boardings: WES carried 272,455 boardings in FY2020 and averaged 1,065 daily rides (-28.3%). West trains run every 30 minutes on weekdays during morning and afternoon rush hours. The decline in WES ridership was largely impacted by COVID-19.

LIFT/CAB: In FY2020, LIFT/Cab carried 722,565 rides, a decrease of (-24.9%) from the prior year. The significant decline in LIFT/Cab ridership was due to COVID-19.

B. REVENUES, EXPENSES AND NET POSITION

The following numbers represent preliminary, unaudited financial data for FY2020 compared to FY2019. The year-to-date activity for 2020 includes estimates for June based on the prior twelve months.



Statement of Revenues, Expenses, and Changes in Net Position For Fiscal Years Ending June 30, 2020 and 2019

	<i>--Unaudited--</i> June 30, 2020**	<i>--Audited--</i> June 30, 2019
Operating revenues:		
Passenger revenue	\$ 93,561,704	\$ 114,894,061
Auxiliary transportation and other revenue	20,456,239	20,927,555
Total operating revenues	<u>114,017,943</u>	<u>135,821,616</u>
Operating expenses:		
Labor	201,064,108	194,640,456
Fringe benefits	204,037,413	190,732,504
Materials and services	116,936,984	124,316,958
Utilities	10,677,957	10,412,187
Purchased transportation	28,242,629	30,576,654
Depreciation expense	135,844,240	132,942,693
Other operating expense	17,044,079	17,632,570
Total operating expenses	<u>713,847,412</u>	<u>701,254,022</u>
Operating loss	<u>(599,829,469)</u>	<u>(565,432,407)</u>
Nonoperating revenues and (expenses):		
Payroll and other tax revenue	355,033,312	372,750,752
Grant revenue	171,016,290	99,668,233
Interest income	17,646,080	14,489,668
Net leveraged lease income (expense)	849,873	906,415
Gain or (loss) on disposal of capital asset	5,988,006	6,144,132
Interest expense	(28,770,306)	(25,384,590)
Funding exchanges, special payments	(14,188,792)	(11,881,635)
Total nonoperating revenues, net	<u>507,574,463</u>	<u>456,692,976</u>
Loss before contributions	(92,255,006)	(108,739,431)
Capital contributions	25,719,458	40,077,352
Changes in net position	(66,535,548)	(68,662,079)
Total net position - beginning	1,831,757,531	1,900,419,610
Total net position - ending	<u>\$ 1,765,221,982</u>	<u>\$ 1,831,757,531</u>

** Fiscal year 2020 includes an average for June 2020 plus actuals for the prior eleven months.

II. ADMINISTRATIVE ACTIVITIES

A. OFFICE OF THE GENERAL MANAGER

In FY2020, the Office of the General Manager (OGM) provided overall organizational leadership and support to the Executive Team and the Board of Directors with the information needed to make decisions that advanced TriMet's vision, mission, values and fiscal stability. These included:

- The OGM ensured agency goals are on track and in accordance with the Business Plan, with one Objective completed and others refined for clearer implementation.
- Led the agency through immediate and strategic response to the COVID-19 pandemic and subsequent budgetary impacts.
- Led regional partner discussions on transportation funding to support major efforts, plans and partnerships including the SW Corridor Project and bus lane improvements. Secured funding, began construction on the Division Transit Project, and advanced Better Red MAX Line Project successfully proceeding through federal process for approvals.
- Led efforts to strengthen staff diversity, succession planning, training and continued advancing of safety, improving service, implementing Hop and Low-Income Fare, capital improvement delivery, equity initiatives, community engagement, and a fiscally responsible labor agreement.
- The OGM also led and prepared for internal Executive Team meetings, conducted outreach to key agency stakeholders and represented the agency in regional, state, national, and international forums.
- The OGM worked to ensure key initiatives were staffed and resourced to succeed and that agency efforts were coordinated.
- Directed agency staff in effective use and distribution of Keep Oregon Moving funds to enhance mobility in the region especially for low-income and minority populations.
- Directed acquisition of new battery electric buses for delivery in FY2021 to proceed on path to stop operating diesel fixed-route buses by or before 2040.
- Continued pursuit of TriMet's role as a mobility agency including release of multi-modal trip planner to general public use.

Internal Audit: In FY2020, Internal Audit continued to maintain a dynamic risk based audit plan to allocate audit hours for coverage of significant and moderate risk areas, as well as required regulatory audits and management requests. The department completed the following audits:

- TriMet's Service Improvement Process focusing on Transit Equity
- Three audits to measure the effectiveness of the safety procedures established within TriMet's System Safety Program Plan (including the REM Apprenticeship Program, Elements 1 through 5 and Rules Compliance related to Rule Violations)
- Rail & Bus Operator training
- Two Buy America audits (Siemens and Norcal)
- Transit Police billing audit follow-up review
- Ride Connection - substantially complete

Internal Audit completed other audit follow-up verifications and reviews of management action plans to ensure corrective actions were completed and consistent with management's expectations. Additionally, the department consulted on various projects, continued to serve on TriMet's Accountability Committee, and investigated EthicsPoint Hotline reports of potential fraud, waste or abuse.

B. CHIEF OPERATING OFFICER (COO) DIVISION

In TriMet's FY2020 Budget, a new division was created called Chief Operating Officer Division, which was part of the Operations Division, which encompassed both Transportation and Maintenance. The COO oversees the strategy and management of the Transportation, Maintenance, Safety and Security and Information Technology Divisions and includes the following departments: Operations Planning & Development, Business Planning & Asset Management, and Operations Training & Development.

Operations Planning & Development (OPD) Department: OPD includes the Service Performance & Analysis group. During FY2019, OPD delivered operations' submissions for development of the FY2020 budget, updated intergovernmental agreements with Portland Mall Management, Inc. to maintain the downtown transit mall and the City of Portland for streetcar operations and met FTA and FRA reporting requirements including the National Transit Database. OPD led cross-departmental planning and implementation of temporary service during the Hillsboro MAX Improvements in Fall 2018 and began advanced planning for MAX improvements at Rose Quarter/Lloyd Center and Gresham (FY2020) and the Steel Bridge improvements (FY2021). In FY2019, OPD also developed and prioritized projects that improved MAX train operation and incident response and coordinated operations planning efforts to support service and facility expansion projects. The Service Performance & Analysis group delivered regular performance reports and project based analyses to assist the Transportation and Maintenance Divisions to improve performance related to safety, service reliability and customer experience. Service Performance & Analysis also partnered with operations departments to modernize business processes to improve the quality of data collected, increase visualization of data and create process efficiencies.

Business Planning & Asset Management (BP&AM) Department: BP&AM includes the Mobility & Location Based Services (M&LBS) group. During FY2020, BP&AM delivered a complete, updated TriMet Business Plan for FY2021-FY2025 and then quickly developed a COVID-19 Addendum, which was a complete review and update of Key Strategic Actions and timing to recognize impacts on budget and resources due to the pandemic and its economic consequences. BP&AM met the FTA and internal requirements for asset management inventory, condition assessments and reporting deadlines for the National Transit Database and the annual reporting and budgeting cycle. During BP&AM formally began the procurement and implementation of an Enterprise Asset Management System (EAMS). This cross-divisional effort is a three-year process that will improve TriMet's ability to capture and analyze data that enhance our ability to manage risk, optimize lifecycle management, and manage all substantial assets across the agency. The department continues to support bus electrification efforts; bus garage planning and other needs supporting delivery of HB2017 funded services. In FY2021 and beyond, BP&AM will deliver a new, updated TriMet Business Plan with a five-year planning horizon; coordinate the tracking of performance and the implementation of Key Strategic Actions from the Plan. BP&AM will also continue to coordinate the agency-wide asset inventory, condition assessments and reporting necessary to meet FTA and internal requirements. Also during FY2020, M&LBS secured grant funding to advance Innovative Mobility Integration, managed TriMet's location-based data and analyses supporting efforts across the agency and delivered e-surveys. For FY2020, M&LBS will use this grant to identify solutions to improve functionality for our customers and continue to provide location-based data and analyses for a wide variety of customer information needs.

Operations Training & Development Department (OT&D): For FY2020, OT&D has been moved under the COO Division. OT&D is responsible for managing and implementing all aspects of TriMet's in-house training in Transportation and Maintenance for both union and non-union staff as well as the State of Oregon Apprenticeship Programs. The department also establishes and implements standards and practices, which support TriMet's Safety Management System. The new leadership of this department, including Director, Senior Manager and Coordinator positions, were established in January 2020, solidifying the new department structure. During FY2020, OT&D has focused on curriculum review and

development, ensuring that each learning process contains specific learning objectives, structured presentations/learning activities and defensible testing mechanisms to validate transfer of knowledge. Concurrently, OT&D is working to ensure that all training processes and materials are consistent and aligned with TriMet’s branding standards. These processes are anticipated to continue through most of FY2021. OT&D is also working to enhance the educator skills of instructors throughout the department, conducting seminars on adult learning behaviors, learning theory and curriculum development. In partnership with HR and E3, OT&D is working with creative services to establish a web presence on TriNet with the goal of outlining training opportunities and presenting a dashboard of key performance indicators. By the end of CY2020, OT&D will have a completed strategic plan, fully aligned with TriMet’s business plan, which will inform a long-term path forward. In FY2020, OT&D determined, with input from departments throughout the District, that the cloud-based learning management system (LMS) was incapable of meeting TriMet’s needs. As a result, it is in the process of being replaced by a much more robust LMS system that will be fully integrated into the established Oracle ERP environment. The base system will go live within FY2021 and will continue to be developed through FY2022. OT&D is working to develop a virtual reality training platform that, when completed, will increase training opportunities for rail operators and, in the future, potentially maintenance of way (MOW), rail equipment maintenance (REM) and roadway worker protection (RWP).

During FY2020, the following trainings were completed:

Training Type	# Trained/Graduated
Rail IOC	18 Graduated
Rail Recertification	199 Completed
Rail Return to Work	40 Completed
Dispatch IOC	2 Graduated – 4 in progress
Field Ops IOC	8 Rail/7 Road
Fare Inspectors	10 Graduated – 10 in progress
Bus IOC	323 began training/281 Graduated
Bus Recertification	1203 Completed
Bus Return to Work	133 Completed
Bus Training Supervisor training & CDL Service Worker training	105 Completed

C. TRANSPORTATION DIVISION

For each of the service changes start dates listed below, the Transportation division prepared service change schedules and operator assignments and trained additional operators above training requirements for replacement of existing operators. The impacted routes included Fall 2019 – Routes 1, 15, 16, 19, 24, 32, 38, 43, 50, 57, 72, 74, 88, and 291 and winter 2020 – Routes 16, 51, and 99. In April 2020, TriMet cut service by approximately 17% (inclusive of all modes) due to the COVID pandemic that started in early 2020. These service cuts were effective for April-June of FY20. Service remained at the lower level for the remainder of FY20.

The pandemic has created vast uncertainty in future service adjustments. Fall 2020 will see a return to 90% of previous service on bus as of the Winter 2019-2020 period. TriMet will continue to add service based on ridership trends and social distancing requirements as laid out by Oregon Health Authority.

Following up on the previous MAX Operating Rules audit issued December 12, 2016, a second MAX Operating Rules audit was conducted at the request of Operations. The results of this audit have led to the creation of the Rail Operating Rules Committee. Consultants are being retained to put together changes to the Rail Operating rules, and reformation of the rail-operating rulebook, including responding to the audit's recommendations.

During FY2020, the Transportation and Maintenance divisions worked closely with other TriMet divisions on multiple, interrelated efforts pertaining to future fixed route bus operations:

- Non-Diesel Buses – project to identify the best type of low-to-no carbon vehicle for the future of the region
- Division Transit Project (DTP) - created Startup Plan and refined startup costs for Articulated buses for Enhanced Transit Corridors
- Bus facilities planning for service expansion, as well as for future non-diesel buses and articulated buses

In Fall 2019, construction continued at Powell garage to completely remodel the facility and increase the yard capacity in anticipation of the Division Transit Project. Transportation, in conjunction with Maintenance and Engineering & Construction divisions continued to develop plans for the future garage at NE Columbia Boulevard/NE 42nd Avenue in Portland, Oregon. Revenue Service Delivery Operations will begin at the new site in September 2021.

During FY2020, 37 new replacement and 10 new expansion LIFT were placed into service. IN FY20, LIFT launched the LIFT Customer Automated Ride Experience System (CARES), which allows LIFT eligible customers to reserve trips, check vehicle arrival times and monitor and update their customer information all online. Furthermore, LIFT has been the first Paratransit provider in the country to adopt electronic fare, and to date, close to 2/3 of all eligible LIFT customers have received their LIFT Hop Cards.

During FY2020, TriMet received Full Certification from the Federal Railroad Administration for the Positive Train Control system. The system/technology that TriMet is utilizing for PTC is Enhanced Automatic Train Control (E-ATC). TriMet WES Maintenance Operations had no FRA reportable Accidents/Incidents, as per 49 CFR Part 225, in four consecutive years (FY2016-FY2020).

D. SAFETY & SECURITY DIVISION

Safety Management System. TriMet developed a Public Transit Agency Safety Plan (PTASP) that conforms to the Federal Transit Administration's SMS framework. Efforts in the next fiscal year will focus on converting the System Safety Program Plan (SSPP) to the PTASP. The project will be completed by December 2020. The Safety Manager position was filled in FY2020. This position will assist with the implementation of the agency-wide Safety Management System (SMS). A System Safety Specialist position was approved mid-year FY2020. This position is limited term through June 2022 and is assigned to Engineering and Construction.

Environmental Service: The Environmental Services department continued its efforts to ensure TriMet maintains compliance with all environmental permits, rules, and regulations.

At-grade crossing study and risk ranking modeling and methodology efforts continue into FY2021. A pilot study is currently underway for the TriMet Blue Line to better understand both industry best practices and opportunities for safety improvements at crossings.

Internal Safety and Security Audits. TriMet continues to participate in the internal Safety & Security audits.

Security & Emergency Management: A targeted Baseline Assessment and Security Evaluation (BASE) of TriMet's Security and Emergency Management programs was conducted by the Transportation Security Administration (TSA) in Spring 2020. The findings and recommendations were received in June 2020. A component of this BASE was used for the TSGP grant application. TriMet was awarded approximately \$975,000 for the grant project (Intrusion Detection).

Fare Enforcement: The Fare Enforcement program continues to be further developed and expanded to incorporate new strategies, training and technology tools. Nine additional Fare Inspectors and two Assistant Managers/Fare Enforcement were hired and trained in FY2020. De-escalation training was provided to all Fare Enforcement and Security staff supporting fare missions. Two Chief Fare Inspectors and six additional Fare Inspectors were approved in the FY2021 budget.

Drills and Exercises - Emergency Management Training. Two tabletop exercises were held in conjunction with TriMet, surface transportation, state and local law enforcement, fire agencies, and TSA staff. A cybersecurity workshop was held with another TSA unit (CISA) and included TriMet's Executive Directors. Transit Police staff participated in a Tunnel Familiarization training at the Robertson Tunnel.

Operation RailSafe. Transit Police, Fare Inspectors and Union Pacific staff participated in Operation RailSafe missions. These missions provided highly visible operations to deter and detect criminal activity and disrupt terrorist pre-attack surveillance and other suspicious activity on both bus and rail transit services.

Canine Teams: TriMet continues to maintain its canine teams through a TSA grant.

E. MAINTENANCE DIVISION

Bus Maintenance

During FY2020, 71 new fixed route buses went into service, which finished the retirement of the 2200 series buses.

Emission testing was conducted on buses running on renewable diesel to help evaluate the reduction of greenhouse gases. A successful pilot project to test renewable hydrocarbon diesel fuel (blend of 80% R-99 and 20% B-99) in a portion of buses based at the Merlo Operations Facility led to an Agency call to action to shift to a renewable diesel blend to fuel all diesel buses. Due to the budget impacts stemming from the COVID-19 pandemic, the implementation of renewable diesel has been postponed indefinitely, perhaps at least 12 months.

TriMet deployed five New Flyer 40-foot Battery Electric Xcelsior buses from Merlo Garage on Line 62 beginning in April 2019 with grant funding from FTA's Section 5339(b) FY2016 Low-No Emission Buses Program. A year of testing has shown unreliable results thus far due to poor reliability impacting performance of pilot buses. Although our test has not been without challenges, we remain committed to a reliable, non-diesel, zero-emission future. A second Low-No grant was awarded in FY2018 to procure an additional five buses through a unique partnership between Gillig (bus manufacturer) and Cummins (propulsion manufacturer). These buses are anticipated for production and delivery in FY2021. A third grant was awarded in FY2019 for three additional battery electric buses from Proterra.

A pilot bus refurbishment program is being conducted with Complete Coach Works (CCW). Three 2010 Gillig 40-foot buses are being fully refurbished and converted from diesel power to full electric. One 2007 New Flyer 60-foot articulated bus is being fully refurbished and converted to all electric powered by a Voith propulsion system. Additionally, five 2010 Gillig 40-foot buses are being fully refurbished with Cummins ISL diesel power. Acceptance of these buses from CCW will begin in mid-August 2020.

Rail Equipment Maintenance (REM): REM completed a major rewrite of their entire preventative maintenance program with a greater emphasis on higher quality and more timely inspections by modernizing past practices and thereby eliminating waste.

REM also started an REM Technical Support Group, a group of engineers that work together to design and implement best practices across the discipline.

Additionally, REM completed a major shop modification project to install two additional overhead cranes based on recommendations from a Lean/Six Sigma project. The additional cranes will reduce wait time on repairs, which currently represents 25% of non-productive labor on some repairs.

A midlife overhaul contract was awarded to Siemens for the type 2 and 3 trains. REM has hired a contractor to review and write detailed procedures for our overhaul and component installation procedures to prevent rework and increase productivity. TriMet has entered into a contract with Siemens to replace 26 LRVs that have exceeded their useful life. There is an option for additional vehicles for the expansion of the Red Line and future growth. The first of the new vehicles should arrive sometime in 2021.

Facilities Maintenance (FM): Facilities Management (FM) modified how work was assigned with limited staff resources by implementing a geographic zone-based maintenance program. One benefit of this program has been the quick deployment of the best resources based on location and complexity of the

task. Unproductive travel time has been significantly reduced and maintenance staff have developed familiarity and expertise with the assets located within their new zone assignments.

Several service workers were added in FY20, which has improved the response and cleanliness for Max platforms and other assets at those platforms. In FY20/21, FM is doubling the size of their cleaning staff with limited-term employees in order to respond to COVID-19.

In fall 2018, construction began at Powell garage to completely remodel the facility and this project is nearing completion. FM continues to support the design and construction of several other projects including the Cleveland Operator Layover, BLSR (Blue Line Station Rehabilitations), Elevator Refurbishments (ERP), Red Line Extension, and the Division Transit Project. In January 2019, TriMet purchased property at NE Columbia Boulevard/NE 42nd Avenue in Portland, Oregon. In early 2019, FM began working with Engineering and Construction to plan out future uses in those buildings. Revenue Service Delivery Operations will begin at the new site in September 2021.

Maintenance of Way (MOW): MOW continued to make improvements to their overall operations with an emphasis on employee safety. Starting in FY2019, employees are required to have two persons present when working in high voltage environments. To supplement this, a new training curriculum was developed and will be implemented for the substations group in September 2019.

Two additional Traction Power Supervisor positions were created in FY2019 for additional oversight. To date, only one position has been filled with the second vacancy to be filled no later than FY2020.

To continue to meet state of good repair goals, six switch machines were replaced in the TriMet system; and plans were developed to replace overhead contact wire and equipment in early FY2020.

F. INFORMATION TECHNOLOGY DIVISION

The Information Technology leadership team worked with an independent consultant to draft a Strategic Plan for the Division that will provide a roadmap for the next five years along with helping to define best practices so we can continue to support the agencies vision and strategy from a technological standpoint. The Division completed implementation of the Atlassian suite of products including JIRA ticket tracking and Confluence collaboration software. JIRA was rolled out at the agency level to replace our current Service Desk ticket system. In addition, the Project Management Office (PMO) was formed in early 2019 to better prioritize IT project requests agency-wide. A sampling of projects worked on this fiscal year include: Service Desk rollout, eCitation Fare Enforcement upgrades, Network Redesign, Virtual Desktop Infrastructure (VDI) pilot, LIFT Interactive Voice Response implementation and 4G Upgrade, Enterprise Content Management implementation, Orange Line audio tour, Elations software replacement and several others.

Oracle Enterprise Business Suite completed an application and technical architecture upgrade that provides new application features and enables for near-zero downtime when implementing future upgrade and maintenance activities. Oracle inventory management was enhanced with the implementation of the Bill of Materials and Work in Progress (BOM & WIP) modules. This new Oracle modules will provide efficiencies in the life cycle management of the agency's inventory and materials.

Enterprise System Department: The department completed many development projects including: follow up work on Mobility on Demand project to build a component library for web applications. The new trimet.org and call.trimet.org replacement projects are possible due to having this library; replaced the ECO Survey legacy application; COVID adjustments for multiple service reductions & changes to applications with system data changes and deployment needing manual attention; Migration of SAGE 300 to a single instance environment shared with eFare group; and support of 35 PowerBuilder applications used by employees agency-wide.

Intelligent Transportation Department: The department completed several major projects including: complete Virtualization of Bus Dispatch Servers resulting in less physical hardware to maintain; acquired MPVS CCTV Software to prepare for supportable and open source CCTV software; AIM Rail Control System successfully modified to include new elevators alarms and monitoring; LIFT Vehicles upgraded modems from 3 G to 4G communication; two additional Operations Command Centers activated (Mobile Command Center at Elmonica, and Back Up OCC at Ruby Junction); and successful deployment of the first phase of Virtual Reality Training for Light Rail Operators

Information Security Department: The department maintained TriMet's Payment Card Industry Compliance for the current year and made significant progress this year with development of standards and policies including the following: standards of care for monitoring measures of agency IT systems identifying practices to protect and defend against attacks, standards of care and practices for managing vulnerabilities within TriMet IT systems, developed IT risk and security assessment methods and practices and IT Security Operations Center practices including utilization of advance SIEM tool and threat intelligence.

Operations & infrastructure Department: The department faced several challenges with the COVID response and stay at home orders. The department had a couple of weeks to implement VDI which was not completely ready for production but with a significant amount of employees working from home and limitations with the current solution the rollout was escalated. Another challenge was the increased network bandwidth required to support this new telework environment. A project was already underway to increase this but also had to be rapidly completed to allow for optimal performance for telework.

G. PUBLIC AFFAIRS DIVISION

COVID response: The division acted nimbly in response to the COVID-19 pandemic, working closely with state and local health officials. TriMet provided frequent communication and engaged with riders and employees using multiple channels, including media, email, town halls, digital displays and signage across the transit system. Despite steep declines in ridership, the agency maintained service levels at approximately 80% for essential trips and took steps to avoid employee layoffs. Adapting to changing circumstances, the agency also initiated elevated cleaning procedures, became one of the first transit agencies in the country to provide masks on board vehicles, installed hand sanitizer dispensers and deployed additional measures to keep employees and riders safe.

Statewide Transportation Improvement Fund (STIF): The division led the regional planning process for the FY22-23 STIF Plan. Work for the plan is still ongoing. The plan is due to ODOT on Feb. 1, 2021. The division also worked with the HB 2017 Transit Advisory Committee to prioritize STIF funded operations programs over STIF funded capital programs during the COVID crisis. Staff also recruited new members to the advisory committee, increasing its racial diversity (43% BIPOC) and gender makeup (57% female).

Non-Diesel Bus Plan: The division supported agency efforts to implement its Non-Diesel Bus Plan, which calls for the agency to complete conversion of its diesel fleet by 2040, or before. The PA division worked to define routes capable of being serviced by current battery electric bus technology, advancing the implementation of charging technology and partnerships with external stakeholders.

Ridership Plan: In FY19, the division developed a ridership improvement plan aimed at increasing TriMet ridership in the short- and long term. The plan recommends a number of strategies, including expanding frequent service lines, continuing to implement ETC investments, targeted marketing and improving customer service. In FY20, the division led efforts to launch two new Frequent Service Bus Lines (lines 20-Burnside/Stark and 76-Hall/Greenburg). The division also partnered with the Capital Planning department in the Engineering and Capital division to unveil three new ETC lanes (SW Madison, Burnside, and NW Everett). Additional transit priority improvements were also implemented by the division as part of the Transit Spot Improvements Program. Ridership was increasing prior to the COVID crisis.

Low Income Fare: The Transit Equity, Inclusion and Community Affairs department continued to expand the number of individuals qualified for the low income fare program. As of the end of the fiscal year, more than 30,000 applications had been approved through dozens of local community partner organizations. Considering the impacts of the COVID crisis, TriMet modified the application and approval process to allow applicants to use on-line tools to qualify for and receive a Hop Fastpass.

Crash Advisory Committee: The department established a TriMet Crash Advisory Committee as required by SB 1053. The committee, comprised of transportation safety experts, citizens and advocates established a charter and general operating protocols and began the process of defining the types of crashes it would review and discuss.

Hop Fastpass: The division advanced the widespread adoption of Hop Fastpass and completed a phase-out of paper tickets and the mobile ticketing app. To help riders transition, TriMet hosted remote ticket exchange events and provided ticket exchange services by mail and in person at the TriMet Ticket Office, distributing free Hop cards for as incentive. Access transit partners, non-profits and Portland Public Schools transitioned to Hop, and the division nearly completed the transition of all institutions to Hop, with the remaining employers migrating to the platform in FY21.

Text to TriMet: The division continued to elevate public awareness of TriMet's text-to-Customer Service feature by installing bilingual "Contact Us" channel cards in all TriMet buses and MAX trains. Text messages received real-time responses 24-hours a day; however, service hours were reduced due to the COVID-19 pandemic. [JC] Customer Information. Largely drawing off funds from HB 2017, the division began installing new transit tracker displays, with the first two going in at Beaverton Transit Center. Stops and stations in low-income communities, high-ridership locations, and neighborhoods where there is limited English proficiency receive priority.

Regional Transportation Funding: The division participated in regional policy discussions regarding the development of a transportation funding measure anticipated for November 2020. The department supported the inclusion of several TriMet projects and programs in the draft proposal including SW Corridor Light Rail, various bus rapid transit corridors, battery electric bus conversion funding and a regional youth transit pass program.

Grants Submittals: The division's Grant Development Specialist applied for 18 grants in FY20 and was awarded 6 of them. The Specialist's efforts resulted in \$7.1 mil in grant awards to TriMet and \$284K in awards to partner agencies. Among the awards were a \$700k FTA pilot program award for transit oriented development planning and a \$1.5 mil state 5307 Discretionary Funds award for 40' bus replacements.

Transit Equity and Access: The division led the work of the Transit Equity Advisory Committee which actively reviewed major TriMet projects and initiatives including the SW Corridor, development of the regional Get Moving 2020 measure's transit projects and programs, and provided input on questions related to free or discounted youth fare, fare enforcement and policing on the system.

H. FINANCE & ADMINISTRATIVE SERVICES DIVISION

Finance reaffirmed its bond rating of AAA, by Standard & Poor's, AAA by Moody's, and AAA by Kroll, the three top bond rating agencies. TriMet has maintained the highest rating possible on its bonds. In fact, it is the only transit agency with three triple "A" ratings on revenue bonds like ours.

Budget & Grants Administration: The department developed and was preparing to publish the TriMet FY2021 Forecast in February 2020 when COVID-19 changed the financial outlook and was placed on hold for further analysis. In June 2020, the team completed the FY2021 budget cycle with the adoption of the budget totaling over \$1.6 billion including \$732.8 million in operating requirements, \$377.8 million for capital improvements, \$18.7 million in other non-operating requirements, \$39.6 million in contingency and \$471.3 million in restricted and unrestricted fund balance. The team performed grant compliance monitoring over sub-recipients receiving funding from the federal or state government through TriMet. The team provided direct support to the Capital Projects Committee, monitoring activity across 112 capital/operating projects totaling over \$300 million. The team continued to sell Clean Fuels Credits through the Department of Environmental Quality totaling over \$2.4 million in FY2020.

Financial Services: Financial Services is responsible for the functions of accounting, payables, receivables, grants, debt management, cash management, investments, capital assets, payroll administration, financial close and reporting and the annual financial audit. During FY2020, the department published monthly financial statements within a 3-week period after month end. For fiscal year end June 30, 2019, TriMet received an unmodified/clean audit opinion, posted here: https://trimet.org/pdfs/publications/fy19_trimet_financials_final.pdf

Risk Management: Risk Management administers the agency's self-insurance programs for both liability claims and workers compensation claims, operating more efficiently and cost effectively. Feedback on the agency's loss experience and trending is provided in regular meetings with safety and other departments. In FY2020 TriMet paid a total of \$2,615,679 for workers compensation claims and received 218 new claims throughout the year. 65 injured employees took advantage of TriMet's light duty program, working in various capacities throughout the agency. Through the State of Oregon's Employer At Injury Program, TriMet was reimbursed \$143,751 for employees who worked in light duty roles in FY2020.

Fare Revenue and Administrative Services: In FY2020 the adoption of Hop Fastpass continued, peaking at 74% of all TriMet Fare Revenue FY2020 as a result of Employer/Institutional programs converting to Hop, as well as the phasing out of paper tickets and the mobile ticket application. The TriMet Ticket Office served over 150,000 customers, representing approximately \$5.7 million in fare sales. They also issued an additional 8,900 Low Income Fare/Transit Assistance Program cards for eligible participants, totaling almost 24,000 cards issued since the launch of the program. Fare & Communication Equipment maintained 235 TVMs, processing approximately \$8.9 million in annual fare revenue. The Fare Revenue department also took on the additional responsibility, adding a brand new position - Senior Business Process Analyst. This position was established to lead TriMet's Continuous Improvement Initiative, which is an effort to improve Agency wide daily processes, eliminating waste and increasing efficiency.

Procurement & Supply Chain Management: Procurement and Supply Chain Management Department supports the District by soliciting and managing contracts, administering and purchasing of materials, managing and securing inventory, and managing warranty programs for purchased goods and services.

TriMet awarded 267 new contracts and executed 677 contract modifications and change orders during FY2020 for a total contractual commitment of about \$625 million (top five of new and mods accounted for about \$375 million and \$110 million, respectively). In addition, we issued 12,146 purchase orders with a total value of over \$39 million. In addition, this Department administers the Purchasing Card (P-Card) program, allowing staff to make low-dollar purchases for repair and maintenance materials for vehicle, equipment and facility maintenance, as well as for other minor purchases in support of TriMet operations. The District had 10,683 individual transactions during FY2020, which accounted for about \$3.6 million in purchases. Based on conservative estimate of industry standard, the District saved over \$800,000 of cost avoidance for using the P-Card for these purchases, as compared to the standard purchase order process. For FY2020, this Department issued about \$26 million worth of inventory to an expense account by processing over 113,000 individual, manually keyed transactions. We conducted cycle counts of our inventory to ensure accuracy, during which we adjusted down a net total of about \$750,000 worth of material due to discrepancies found. The overall inventory level increased by about \$5 million from \$45 million to \$50 million as compared to the previous fiscal year, mostly due to COVID-19 material. Lastly, the Warranty Programs recovered about \$1.7 million from claims and avoided labor for FY2020.

I. LABOR RELATIONS & HUMAN RESOURCES DIVISION

Labor Relations and Human Resources Division (LRHR)

The LRHR division's mission is to create a workplace where diverse and talented people want to come, stay and thrive. To accomplish its mission, LR/HR has key strategic objectives around pursuing respectful labor and employee relations, recruiting a talented and diverse workforce, fulfilling its regulatory and statutory compliance obligations and enhancing workforce engagement.

Respectful Labor and Employee Relations: Labor Relations has continued to partner with Training & Development to present four Labor Relations courses in the E3 program and presented E3 trainings on Labor Relations topics, including Labor Law overview, Investigations Best Practices, Employee Discipline and Grievance handling. During the year, LRHR resolved 50 grievances at the arbitration step, including discharges. Of the 50 cases, 22 were withdrawn at no cost to the District. This included 5 discharge cases. The parties have signed 12 MOAs to address midterm bargaining obligations. The ATU and the District began bargaining for the December 1, 2019 successor contract on October 10, 2019. Since the start of the COVID 19 pandemic, the LRHR Executive Director and LR Director, along with the Executive Director of Safety and Security and the COO as needed, have convened a working group with the ATU to provide information and work through the constantly changing environment. Initially, the group met five days a week and now meets at least twice a week most weeks.

Managing Healthcare Costs: The District's aggregated HMO & PPO monthly medical insurance cost per covered employee is \$ 1,372 (through March 2020). Looking just at the represented employees' aggregated HMO & PPO plans costs now are \$1,279. The District's Other Post-Employment Benefits ("OPEB") liability increased 19.6% to \$901,844,126 effective January 2020. The liability was \$949,592,434 in January 2014. The District has experienced incremental increases in the liability since 2014, but the rate of increase has slowed considerably.

Non-Represented Employees: Pursuant to Board approval, for non-represented employees, in FY2020 the District utilized a 3.5% merit pool and 1.0% Predicted Compensation Model (PCM) pool. In August 2019, 470 employees received a merit increase, with an annualized cost of approximately \$1,665,502. In April 2020, 141 employees received a PCM increase, with an annualized cost of \$128,397. The PCM increases were in-line with TriMet's PCM, which utilizes the factors outlined in Oregon's Equal Pay Act.

Recruitment and Turnover: FY2020 was on track to continue the trend of high-volume hiring of both represented and non-represented positions. TriMet also continued its core commitment to Diversity and various community partners, holding or participating in career events across the Metro Area. Between 7/1/2019 and 3/20/2020, TriMet hired a total of 327 full-time or limited-term employees. As of May 2020, active non-union headcount increased to 544, up from 509 the previous year, while total union headcount decreased from 2,678 to 2,665. During the week of 3/16/2020, an agency-wide hiring freeze went into effect as a result of *the COVID pandemic, ceasing all but GM approved essential hires*. As of May 2020, total TriMet union and non-union employment remained relatively flat at 3,209 total employees, compared to 3,187 in FY2019. Agency-wide turnover declined to 5.27% from 9.54% likely due to declining external opportunities as both public and private sector employment froze hiring or reduced staff as a result of COVID.

Employee Development and Leadership Development Strategy: In FY2020, the District continued to expand its management and professional development courses through the E3 (Engage, Empower, Expand) learning and development program. Prior to the COVID – 19 pandemic, Talent Management delivered over 80 E3 classes and learning events and continued the tuition reimbursement program, implemented in FY2018. In February 2020, to further develop TriMet's new-hire experience, a

centralized, online onboarding resource hub for all employees and their managers was launched. TriMet launched an Employee Resource Group Program: The Resource Group (ERG) program in June 2019, which is available to all interested employees and focuses on protected classes. Interest in the ERG program continues to grow. In September 2019, TriMet launched the first cohort of the internal mentoring program. In FY2020, TriMet embarked on a multi-year initiative to define and execute its leadership development strategy, including succession planning.

Regulatory and Statutory Compliance: The District is committed to a workplace that is free of harassment, discrimination and retaliation, distributes policies that inform the workforce about unlawful discrimination and harassment, including a policy that outlines the complaint procedure for employees to submit complaints of harassment and discrimination. LR/HR responds to and investigates all reports of alleged workplace harassment or discrimination.

Employee Engagement: The District continues to track results for progress in Employee Engagement. TriMet continues to use quarterly pulse surveys based on the biennial survey in order to monitor progress.

J. LEGAL SERVICES DIVISION

The Legal Services division includes the General Counsel, an Administrative and Records Governance group, a Litigation group, and a Real Estate and Transit Oriented Development (TOD) group. In FY20 Legal Services continued to offer agency-wide legal support on complex issues of strategy, compliance, reduction of agency exposure, innovation, process improvement, and ethical work practices. The General Counsel and division attorneys are integrated into all aspects of the agency, working directly with stakeholders to provide advice and coordinated agency response on a wide variety of contract, procurement, liability, employment, intellectual property, and governance issues. These include lawsuits, intergovernmental agreements, capital projects, real estate, public records and meetings, as well as legislative, administrative and regulatory matters.

Real Estate & Transit Oriented Development Department: In FY20 the Real Estate/TOD department engaged in numerous tasks to support the agency. These included significant assistance to the Division Transit Project, the Better Red Project, and the Southwest Corridor Project. TriMet's Real Estate group also prevailed in a condemnation lawsuit regarding the Columbia Bus Base. The TOD team engaged in extensive community outreach on a set of Transit-Oriented Development Guidelines that received unanimous Board approval, and is now working on several developments throughout the tri-county area, including the Fuller Road project in Clackamas County (100% affordable housing) and the Hollywood Transit Center project in Multnomah County (first phase 100% affordable housing).

Litigation Department: The Litigation team defended dozens of lawsuits in FY20. Additionally, it was successful at trial in recovering damages by pursuing a novel theory that an insurance agent negligently sold inadequate insurance coverage to a commercial vehicle driver that struck a MAX train and caused significant damage to TriMet property. The Litigation team defended TriMet in multiple administrative proceedings, including proceedings brought by the Oregon Occupational Safety and Health Administration (OSHA), the Oregon Department of Transportation Rail Division (ODOT), and the Oregon Bureau of Labor and Industries (BOLI). Attorneys from the Litigation team have also been embedded in key agency activities including COVID-19 related projects, employment investigations, and complex requests for accommodations under the Americans with Disabilities Act (ADA).

Records Governance: The Records Governance team successfully completed the first two task orders in its agency-wide Enterprise Content Management (ECM) implementation project. TriMet's Benefits department was an enthusiastic "first adopter" of the ECM solution this year, with Contracts coming up in FY21. Records governance staff also processed about 700 public records requests in FY20, without seeing any significant decline in requests from COVID-19.

K. ENGINEERING & CONSTRUCTION DIVISION

The Engineering and Construction division plans, designs, remodels and constructs transit projects. Work includes in-street (bus) facilities, operations and administrative facilities, bus garages, light rail operations bases and extensions of the light rail system. The division also manages improvements to existing TriMet facilities, and helps implement opportunities for transit-supportive developments. In FY2020, the division actively managed 43 projects and programs with a total budget of \$145 million. The division includes four departments consisting of Program Management, Project Development and Permitting, Design and Construction and Major Projects.

Program Management Department: The Program Management department led the division in tracking costs, quality, scheduling and estimating to support the 43 projects in the Capital Improvement Plan (CIP). In addition, the department completed a study to document the need for replacing the project management information system software.

Project Development & Permitting Department: Project Development and Permitting worked to support the conceptual development of several enhanced transit corridor projects feeding into an upcoming ballot measure (led by Metro) in addition to supporting all of the Major Projects for anticipated federal funding approvals. Staff also supported other capital projects feeding into the FY2021 CIP.

Design and Construction Department: The Design and Construction department managed numerous design and construction projects within the FY2020 CIP, including projects sponsored by other TriMet divisions. The department is organized into groups and the most notable accomplishments for the year include:

- Buildings: Columbia Bus Base Bus Coral, Powell Garage Fuel and Wash Building, WES Maintenance Pit Fall Protection
- Stations & Guideway: Steel Bridge track design, material procurement, and contractor selection along with various other track rehabilitation projects.
- Vehicles: Type 6 Light Rail Vehicle Procurement, Vehicle Bourne CCTV
- Systems: Positive Train Control project completion,

Major Projects Department: Portland-Milwaukie Light Rail Project (Orange Line). TriMet continued to close-out remaining project work and advance construction on the Gideon Pedestrian Bridge along with seeking FTA approval to expand the Park Ave park and ride garage.

Division Transit Project. TriMet received a Single Year Grant Agreement from the FTA and began construction of the corridor.

Southwest Corridor Light Rail Project. Design developed to a 30% level and the FTA assigned a Project Management Oversight Committee.

Redline Light Rail Project. TriMet received FTA approval to enter into Preliminary Engineering on July 22, 2019. Design drawings developed to a 60% level and TriMet procured a CMGC contractor. The FTA assigned a Project Management Oversight Committee.