

## HB 2017 Transit Advisory Committee

Meeting Minutes. August 28, 2020

### Members Present:

April Bertelsen for Art Pearce  
Aron Carlson  
Bob Stacey  
Chris Fick for Commissioner Vega Pederson  
Chris D  
Dan Bower  
Deanna Palm  
Dwight Brashear  
Gabby Abou-Zeid  
Huy Ong  
Jan Campbell  
Jarvez Hall  
Jodi Guetzloe Parker  
Julie Wilcke  
Kiley Wilson  
Mary Lou Ritter  
Mariana Valenzuela  
Commissioner Savas  
Reza Farhoodi  
Richa Poudyal for Jillian Detweiler  
Sara Wright  
Sushmita Poddar  
Walter Robinson II

### Public Comment

No advance public comment submitted.

No call-in public comment.

Meeting is being recorded.

### FY22-23 STIF Plan Timeline

Tom Mills: Today we are going to start looking at our first revenue projections, they are still pretty rough, but we need to keep moving forward. Coming up we have the August and September meeting, at

the September meeting I'm hoping we can have a draft plan today, if we can get there, or no later than the end of our meeting next month. We will then take that draft plan to the public in October. When I say draft plan I'm really talking about a draft budget. The real question is how much money we want to put towards the programs. We need to be able to take that to the public in October and then based on public feedback we will ask you to approve a final plan in November. Afterwards it goes to the TriMet board in December and then in January we will be putting together the application for ODOT which is due February 1<sup>st</sup>.

### **Updated Revenue Projections**

Tom Mills: Last time we met we had some very early revenue projections. The STIF funding, employee payroll tax, is two quarters behind so the disbursement of funds that we just received in July were actually quite good. That's because of the money collected October, November and December of 2019, before the pandemic. It's hard to use those funds to project what funding is going to be like in the next year and certainly in the next two years. So we decided to wait until TriMet's normal employer payroll tax comes in because that isn't two quarters behind. ODOT released revised projections for July, I believe these have even been revised since the last time we met. Also looking at the graph on the right, the Oregon Department of Administrative Services, we used all three of those data inputs to come up with a base line and a low projection. The high projection is based on ODOT's projections, they're saying that based on this year FY21 we will only see a negative .45% drop and in FY22 we'll actually go up a little bit to .7% and then in FY23 8%. This seem pretty optimistic so we've tagged that at a high projection. The medium projection is where we started to use the TriMet employer payroll tax at least for FY21 as we get further along it's harder to use that as a projection. What we saw in the most recent disbursement of TriMet employer payroll we saw a 20% decline so we are using that to project for the upcoming year. We revised our revenue projections, \$46 million is what we received in FY2020, and the high projection is the ODOT projection that only goes down .45% in FY21 and then up to plus .7% and then 8%, this seems a little optimistic. The medium projection is 17% and that's because we're assuming the 20% drop is hopefully rock bottom, but now we've entered phase 1 and things should be getting a little bit better funding wise.

Question from Comm. Savas: I wanted to make sure we're looking at employment related taxes.

Tom Mills: We are not including fare revenue in this. The last time we did this we did not calculate fare revenue as a source of funds.

Aron Carlson: Who has provided this data?

Tom Mills: The optimistic version is from ODOT and I believe that was generated by the department of revenue and the other versions we came up with ourselves based on the our employer payroll tax as well as looking at Department of Administrative Services graph.

Question from Mariana Valenzuela: Why have ridership and other fees not been included?

Tom Mills: Our task at hand is to develop a STIF plan based on the STIF revenue that comes in, so ultimately this plan is what we submit to ODOT saying of the STIF money you're going to give us here's

what we're going to do with it. In order to develop and submit that plan we have to project how much money we think ODOT is going to give us. This is not to say we can't do things with fare revenue we get.

### **5-year STIF Capital Plan**

Tom Mills: This slide is a reminder that over time we are transitioning funds from capital funding into service expansion & low income fare funds. Now that we are seeing a dip in funds as well as ridership ODOT will now allow us to use money to preserve existing service.

### **STIF Capital Funds Dispersal Status**

Tom Mills: This is what we call the triangle which are the capital funds. Some of these capital programs are actually close to reaching their maximum 5-year amount anyway so the numbers are a little bit different than last time. I recalculated them but still the electric bus program and the ETC program are only a year and a half into this 5-year program and those programs are already 2/3 funded. The reason is we front loaded those projects in the first part due to wanting the money and then transitioning the money over so it wasn't broken out on an average. Between FY21 and the end of FY23 we would expect that those programs would have by then be fully funded and have money that we can use to move service expansion. The idea is we can keep these programs going and as they reach their cap the new money that comes in can then go into service expansion. It is possible that the money won't come in as quickly as it did and we can then start looking at other capital we've already received and haven't spent yet and we can move that into service preservation.

### **STF Supplemental Funds**

Special Transportation Funds program which is a program for seniors & disabled transportation, now the state has been supplementing the program from the general fund due to declining cigarette taxes. In 2019 the legislature asked ODOT to merge the STIF & STF programs. In the 2020 session there was a walkout so that didn't get resolved until special session this past June and at that point things had moved on so long the merge itself will now occur in FY24. The next plan that we submit will have to include this merge. There is still this problem the state had not approved supplemental funds to keep the STF program at its current state so we are recommending we include funding in this plan to help keep the STF program afloat. We already have a senior & disabled transportation project and we can put those funds in that program. This is something that we will vote on.

Question from Comm. Savas: To understand the question your about to ask are we saying we are going to allow the funds we receive that are specific to this program to continue to do what they're going to do or are those STF funds are they slowly being unfunded by the legislature and do we expect the STF funds to backfill the purpose of the STF funds?

Tom Mills: It is a backfill.

Question from Comm. Savas: So what choices do we really have?

Tom Mills: Because the STIF& STF merge hasn't happened I believe we do have the choice at least in this 2-year plan not to fund it. We think that staff is recommending that is probably not the best thing to do, we want to honor the spirit of what the legislature asked us to do even though they did not give ODOT enough time to pull together the rules around the merge.

Question from Comm. Savas: I'm trying to discern what the legislative request was.

Bernie Bottomly: The issue with this is traditionally the last 10-15 years the legislature has supplemented the STF funding with general fund to the tune of about \$5 million a year. Last regular session the legislature looked at that and said you've got the STIF program now and transit has a dedicated funding source and you should take this money that we've been taking out of the general fund and use the STIF to fund it. They forced that on us, we're going to push the STF program into the STIF. We fought that at the legislature but they said we're not going to put general fund into this anymore because you've got this dedicated payroll tax. It will be merged it's just a matter of time. In this coming regular session it's going to be merged together. This is just acknowledging that is where we are going to end up, but the committee has a choice and can say no we don't want to get ahead of the gun.

Tom Mills: The consequences of choosing not to include this in the upcoming STIF plan would mean that the STF program would be down approximately \$5 million per year, and that is a program that serves some of our most vulnerable community members.

Question from Mary Lou Ritter: In terms of funding the E&D programs what's the impact on \$5 million reduction on current levels of service?

Tom Mills: Off the top of my head I couldn't tell you what the total amount is that we get per year so remember we're just talking about the supplemental amount the money that comes in from the cigarette tax and the lawnmower tax. It's a significant drop in funding for the next two years if we don't backfill.

Julie Wilcke (chat): For the Ride Connection network, it's about half our networks total revenue.

### **Budget Priorities – Staff Recommendations**

Tom Mills: We are going to take a few votes, this is going to be one of them. Knowing now that if we were going to include the STF supplemental this would be our recommendation on how we approach our budgeting priorities. (See slide)

**Question from Christina D:** It's not clear to me and maybe to others that the swap from the capital program to the service and what that looks like at the end on the street, before we saw the regular TriMet service and we saw the STIF funded service so would shifting the funds from the capital program be able to maintain the services that were funded from STIF?

Tom Mills: The intent would be to continue fund all the service increases we've had so far and it would also fund other service that TriMet normally funds with its employer payroll tax. The idea is to not have more service cuts. We have cut our service by approximately 20% and that's mostly driven by a drop in fare revenue not in the drop in payroll tax, we know the drop in payroll tax is coming. This coming

Sunday we are adding back 10%. We may stay there even with your approval of this, we might not be able to get back to 100% though this can backfill loss in payroll tax, loss in revenue is another source of funds where we're having a deficit. I don't want to give you the impression that by saying yes to this that we're full bore back to where we were before the pandemic.

Question from Comm. Savas: It's clear that the triangle funds are going to fulfill what's intended by this proposal here and it appears that what we're delaying is the increase in service. If we were to look back and tell the legislature aside from the triangle funds were doing what do we have to show for this STIF progress as it relates to service, we ought to have some deliverables.

Tom Mills: We report already to ODOT but OTC probably doesn't see this but for sure we can provide a report to OTC showing the bus lines that we've increased, new bus lines we've created already and that we want to continue operating with these funds and then hear the slew of bus lines we eventually hope to upgrade as well per our 5-year plan, but we had to slow down that plan as a result of the recession.

Bernie Bottomly: I think your point is a good one that we want to be able to communicate to the legislature that there is a benefit to this program and that we're putting out new service and showing tangible improvements to the transit systems across the state. When there was a hearing during the special session there was a panel of transit districts testifying about the need to allow STIF funds to be used to backfill existing services and the legislators were very receptive and understanding of that. They clearly understood that the amount of additional service that districts are going to be able to show given COVID is a lot less than it would have been otherwise. I think at least in the short term they are going to be patient about how much additional and new stuff we're able to show.

### **Committee Vote**

Aron Carlson: Motion to add the STF supplemental project.

Mariana Valenzuela: Second

April Bertelsen for Art Pearce: YES

Aron Carlson: YES

Bob Stacey: YES

Chris Fick for Commissioner Vega Pederson: YES

**Chris D:** YES

Dan Bower: YES

Deanna Palm: YES

Dwight Brashear: YES

Gabby Abou-Zeid: YES

Huy Ong: YES

Jan Campbell: YES

Jarvez Hall: YES

Jodi Guetzloe Parker: YES

Julie Wilcke: YES

Kiley Wilson: YES

Mary Lou Ritter: YES

Mariana Valenzuela: YES

Commissioner Savas: YES

Reza Farhoodi: YES

Richa Poudyal for Jillian Detweiler: YES

Sara Wright: YES

Sushmita Poddar: YES

Walter Robinson II: YES

Tom Mills: The motion passes unanimously so STF Supplemental funds will be funded using STIF funds

Deanna Palm: I ask if there is a motion to vote on the funding approach (i.e., shift capital funds to a service preservation project instead of low-income fare or service expansion)

Jan Campbell: So moved.

Aron Carlson: I'll second.

Deanna Palm: It's been moved and seconded, if there is anyone not in favor of moving this forward please unmute, identify yourself and cast your vote as no.

Tom Mills: Okay, the motion passes unanimously.

Tom Mills: The final vote is on whether to continue the Regional Coordination distribution of funds to the same programs that received them last time, remember those programs are running shuttles right now and our intent was to continue funding those programs and as money grew we would then have calls for new programs.

Deanna Palm: Do we have a motion?

**Chris D**: I would make a motion to support that.

April Bertelsen: I second that.

Deanna Palm: We have a motion and a second, do we have any comments, questions, discussion?  
Alright, hearing none I would ask anyone who is not in favor of moving this forward to please unmute themselves and vote no.

Tom Mills: We have a unanimous vote on this as well.

### **Draft Budget Scenarios – FY21**

Tom Mills: Now that we've done that let's take a look at what that really means for us in our three budget scenarios. (See slide) We are trying to freeze a number of programs in place and the real shifting in the different scenarios the high, medium and low is how much goes into the capital program and the service preservation. For the STIF plan we are really talking about FY22 & FY23 however I'm also asking you to vote on FY21 because we may have to make adjustments this year. Depending on how the revenue comes in this year, we think we're good, but you just don't know. I going to ask you to pick one of the three scenarios, but before we do we're going to look at FY22.

### **Draft Budget Scenarios – FY23**

Question from Comm. Savas: If we choose to take the high scenario all the way across and projections come in a little bit less is there harm in that?

Tom Mills: If they come in less we would have to decide on how to address that, we would probably have another meeting and decide where we would want to cut.

Question from Julie Wilcke: If we were to choose low and the plan was submitted with that projection but the funds came in as high would we not be able to spend those funds because the information of the programs weren't in the plan?

Tom Mills: That's correct, you can only spend what you have in your plan.

Question from Julie Wilcke: I understand it was the intent of the legislative combination of STF & STIF for STF funds to start at the fiscal FY20 baseline and then fluctuate as the funds grew or shrank. I want to point out that if we were to go with this model and we chose the medium for 22 & 23 that is not preservation of service for services that are on the streets for older adults and people with disabilities, that will be a reduction in service. I just wanted to make that point and maybe ask the question as to why we chose to present it this way.

Tom Mills: The reason we chose to present it this way is following what is in the STIF/STF merge proposal. The STIF/STF merge legislation, I think its HB1601 says that the STIF amount for STF supplemental would fluctuate with the amount that STIF funding comes in. This committee could choose to allocate even more than what the fluctuated amount is.

Question from Chris D: What if we get higher revenue in and in our plan we've planned for medium or low, if it's not in our plan does that mean we can only spend the medium level of money?

Tom Mills: When I say funding level fluctuates I don't mean to say that funding level fluctuates in real time. Just like all of the programs we have to make a projection of what the funding is going to be and obviously that projection is going to fluctuate every biennium. We do have to lock into a number for the biennium.

Chat from Sara Wright: Can you explain more what the ramifications are of choosing any particular scenario? (building on previous question.) I don't understand what this vote is really for.

Tom Mills: Now what we need to vote on is which revenue scenario do we want to use to fill out the budget which is what we will have to provide to ODOT in the STIF application.

Huy Ong: I just had a reminder come in for general ops about the 200K for the high school pass from the last STIF process, I wanted to see if that was still in play? And my second comment is if we went with the higher budget scenario at the \$50 million and the revenue comes in short is there an additional process that happens within TriMet's larger budget conversations that can have a level of commitment from the leadership that some of those resources could be examined and looked at from other sources?

Tom Mills: The last time around we dedicated 1% of the projected total towards student transportation per the STIF rules but there was concern that was not going to be enough money and that money was going to go to the high school pass program. There was concern that that wasn't going to be enough money so TriMet agreed to add another \$200K, it was \$500,000.00, TriMet added \$200K and brought the total to \$700K. Because of the pandemic we didn't actually end up spending all of it. I believe we are still committed to budgeting towards that, but we may not wind up spending that because students in Oregon are going to be staying home awhile..

Bernie Bottomly: That's correct Tom, the reason its 500K here is because it's for the STIF plan itself rather than for the overall. We'll supplement that with general fund if necessary. The other thing to just point out with these scenarios the requirement on the high school pass program is that it be 1% of the funding and we're actually holding that program harmless for all three scenarios. To the other question Huy asked the answer is yes. The agency is committed to these investments, service expansion and service maintenance, the difficulty is that if revenue comes in low for this program it means that the payroll tax is not producing as much revenue and if it's true for this program is going to be 7 times truer for our base payroll tax which is 7/10 % this in 1/10%.

What is the down side of assuming the high level because we know the down side of assuming the low level is that if we get more money we can't spend it? The downside of assuming the high level is that if we assume we're getting \$50 million then we would let our capital program know they have \$3.7 million to spend and we would allocate \$5.4 million to STF Supplemental, if the money actually comes in at the low level we will not have those dollars and we won't have that money available to backfill service preservation. So the down side of picking an artificially high number is that you overspend in some categories and if things are bad you don't have the flexibility to put those resources into service preservation and you end up cutting service more than you otherwise would have.

Tom Mills: It's important to know we don't get the entire amount of money all at once, we get it quarterly and you don't know how much is coming in every quarter. Our next quarter of money is



probably going to look a lot better than our 3<sup>rd</sup> quarter money because we are two quarters behind. I tend to gravitate towards the medium as it gives us a closer picture of what we might actually see. There is no time for committee vote.

Deanna Palm: Is it possible when you submit this budget to create a narrative around what the conversation was and what goes into creating a budget during a pandemic and not really knowing the future, so if we do something like pick the middle road and we end up higher that we can have access to that funding as quickly as possible?

Tom Mills: We can certainly provide a narrative and we can talk to ODOT about what flexibility we might have to access funding that might come in higher than what we projected.

Comm.Savas: It seems to me that if we budget for the high scenario and we come in low and we can actually show in our budget that we suffered an impact from our budgeting aspect we might be eligible for some federal funding if this pandemic situation continues. If we budget low and come in a little higher and still have a covid impact we still might not be eligible at least we can paint a picture of here's where we budgeted in the event it get worse or continues and we're short here maybe we have that opportunity for eligibility.

Tom Mills: Next meeting is September 25, 2020.

Adjourn.