How TriMet's FY2017 Budget Aligns with the Strategic Financial Plan Guidelines

TriMet Board Meeting
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1. **Priority for the use of increased revenues from payroll tax resulting from increased regional employment growth and fares resulting from increased ridership should be given to restoring and expanding service**

	FY2016 Estimate
FY2016 Payroll tax revenue (1)	$311,964,420
ECONorthwest FY2017 real growth estimate	4.77%
Payroll dedicated to new service	$14,880,703
FY2017 Passenger revenue	$120,700,000
FY2016 Passenger revenue	($117,600,000)
Passenger revenue dedicated to new service	$3,100,000
Total revenue dedicated to FY 2017 new service	**$17,980,703**
Annualized cost of new service in FY2017 Budget (2)	**$15,705,695**
Difference	$2,275,008

(1) Includes payroll tax, self-employment tax and state in lieu
(2) Includes capital cost of buses for added service

2. Current service costs should not grow faster than general inflation

ECONorthwest forecasted FY2017 Portland area CPI: 1.73%

	FY2016 Budget	**FY2017 Budget**
Total day-to-day operating requirements	$495.5	$511.3
FY2017 additional cost of FY2016 service		($0.7)
FY2017 cost of new FY2017 service		($8.0)
FY2017 cost of planning for future service		($1.4)
OPEB & UAAL pension	($51.1)	($49.7)
Regional Fund Exchanges	($3.0)	($3.0)
Debt service	($40.7)	($40.5)
Total cost of service	$400.7	$408.0
FY2016 Budget to FY2017 Budget Change		1.8%

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3. TriMet should always maintain appropriate financial reserves consistent with TriMet's Fund Balance Policy

Fund Balance Policy: Unrestricted Fund Balance should be at least 2.5 times the appropriated average monthly operating expenditures for the upcoming fiscal year.

- FY2017 Unrestricted ending fund balance $122 million
- FY2017 Average monthly operating expenditures $ 42.6 million
- Ratio 2.86 months

4. Fare policy should strive to balance growth in ridership and passenger revenue, improve the customer experience and mitigate cost for low-income, transit-dependent riders

Key FY2017 budget elements:

- No general fare increase
- Continuation of $1.5 million low-income fare mitigation program
- Continued advancement of eFare project
- Increased service reliability
- Bus service increase
- Payroll tax rate increase

5a. Capital assets must be properly maintained and replaced

FY2017 Budget Highlights – State of Good Repair – Capital Assets:

$135.3 million in capital and operating projects(non-PMLR)

- $25.4 Continuation of the bus replacement and expansion program
- $5.9 million to finish the Hop Fastpass infrastructure
- $2.0 million to rail pedestrian safety improvements
- $6.0 million for Powell master plan and LIFT relocation
- $2.1 million for positive train control to improve safety on commuter rail service (mandate from the Rail Safety Act 2008)
- $13.0 million Investment in updated technology
  - $2.0 million for the Real Time GPS Locations for LRVs
  - $3.6 million CCTV camera and network replacement
  - $7.4 million completion of bus dispatch and radio communication systems

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5b. The use of debt should be minimized and never exceed TriMet's debt policy

Debt Policy: Debt service on senior lien payroll tax bonds and lease payments shall remain below **6.0%** of continuing revenues.

FY2017 Senior lien debt service and lease payments	**$24,434,260**
FY2017 Continuing revenues:	
Passenger	$120,700,000
Other operating revenue	$18,144,614
Payroll and other taxes	$338,617,043
Federal and state operating grants	$58,189,192
Miscellaneous	$4,897,655
Total FY2017 continuing revenues	**$540,548,504**
Senior lien debt service / continuing revenues	**4.5%**

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6. Within 15 years, the Pension Trust should be fully funded and the Other Post Employment Benefits (OPEB) liability reduced by 50%. Once the pensions are fully funded, the same stream of funding should be dedicated to OPEB funding until the OPEB liability is fully funded

Board-adopted pension funding plans beginning in FY2014:

- Fully funded Union Plan over 15-year amortization period (now 75%)
- Fully funded Mgmt & Staff Plan over 10-year amortization period (now 86%)

FY2017 Budget consistent with updated Board pension funding policies:

- $25.0 million amortization payment to Union Plan
- $5.5 million for management & Staff Plan
- $19.2 million estimated OPEB pay-go

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