How TriMet's FY2016 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

	FY2015 Estimate
FY2015 Payroll tax revenue (1)	$290,571,000
ECONorthwest FY2016 real growth estimate	6.2%
Payroll dedicated to new service	$18,015,402
FY2016 Passenger revenue	$123,271,606
FY2015 Passenger revenue	($119,123,650)
Passenger revenue dedicated to new service	$4,147,956
Total revenue dedicated to FY 2016 new service	$22,163,358
Annualized cost of new service in FY2016 Budget	$18,692,000
Difference	$3,471,3580

(1) Includes payroll tax, self-employment tax and state in lieu

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

ECONorthwest forecasted FY2016 Portland area CPI: 1.7%

	FY2015 Estimate	FY2016 Budget
Total operating requirements	$463.3	$504.8
FY2016 additional cost of FY2015 service		($5.0)
FY2016 cost of new FY2016 service		($16.0)
FY2016 cost of planning for future service		($3.6)
Operating projects	($10.1)	($10.3)
MTP	($12.9)	($0)
OPEB & UAAL pension	($49.1)	($50.8)
Regional Fund Exchanges	($3.0)	($3.0)
Debt service	($27.8)	($42.9)
Total cost of service	$360.4	$373.2
FY2015 Estimate to FY2016 Budget Change		3.6%

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.

- FY2016 Unrestricted ending fund balance: $132.7M
- FY2016 Average monthly operating expenditures : $42.1M
- Ratio: 3.2

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 FY2016 budget elements:

- No general fare increase
- Continuation of $1.3 million low-income fare mitigation program
- Continued advancement of eFare project
- Restoration of weekend service and increased service reliability
- Accelerated bus replacement
- Extended transfer time from 2 hours to 2.5 hours
- Added service through the opening of the MAX Orange Line

5a. Capital assets must be properly maintained and replaced

FY2016 Budget Highlights – State of Good Repair :Capital Assets:

- $122 million in capital maintenance and replacement planned (non-PMLR)
- Continuation of accelerated bus replacement program
- $3 million allocated for maintenance of rail infrastructure to improve service reliability
- $4 million to improve customer facilities (platforms) and address safety
- $6 million for positive train control to improve safety on commuter rail service (mandate from the Rail Safety Act 2008)
- $1.2M for GPS locators on Light Rail Vehicles.
- $37M Investment in updated technology
  - $22 million for the eFare project
  - $5 million CCTV camera and network replacement
  - $10 million completion of bus dispatch and radio communication systems

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.

FY2016 Senior lien debt service and lease payments	$22,980,000
FY2016 Continuing revenues:	
Passenger	$123,272,000
Payroll and other taxes	$312,712,000
Federal and state operating grants	$57,086,000
Miscellaneous	$20,356,000
Total FY2016 continuing revenues	$513,427,000
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 FY2015:

- Fully funded Union Plan over 15-yr amortization period (now 73%)
- Fully funded Mgmt/Staff Plan over 10-yr amortization period (now 87%)

FY2016 Budget consistent with updated Board pension funding policies:

- $25.0 million amortization payment to Union Plan
- $5.5 million for management & Staff Plan
- $21.0 million estimated OPEB pay-go
    - Overall OPEB liability reduced an estimated 37% by labor agreement