

# Financial Outlook

FY2021 and Beyond  
Presented by Finance

# Payroll Taxes

As of October 31st: up approximately 5% compared to budget but down 5% compared to the prior year.

<i>Payroll Taxes - Employer, Self-Employment, State-in-Lieu</i>					
(in millions)					
		Current Year	Prior Year		
	Budget	\$ 115.9	\$ 129.1		
	Actual	\$ 122.2	\$ 128.5	\$ (6.4)	-5.0%
	Difference	\$ 6.2	\$ (0.6)		
		5.4%	-0.4%		



# Passenger Revenue

As of October 31st: down approximately 31% compared to budget and 61% compared to the prior year.

<i>Passenger Revenue</i>					
(in millions)					
		Current Year	Prior Year		
	Budget	\$ 21.4	\$ 39.9		
	Actual	\$ 14.7	\$ 37.4	\$ (22.7)	-60.7%
	Difference	\$ (6.7)	\$ (2.5)		
		-31.2%	-6.2%		



# Federal Formula Funding

TriMet will not be penalized due to ridership reductions or increased operating costs in FY2022 and FY2023

- Formula based on FY2019, FY2020 or FY2021, whichever is higher

For calculations purposes, future year growth is forecast to be flat in FY2022 but growing 2% or \$1.3M and thereafter

Total annual amount of this revenue source has been \$63 Million

No Change



# CARES ACT & STIF Funding

## CARES Act Funding

- Total of just under \$185 M has been fully drawn down
- \$1.9 M earmarked for City of Portland - Streetcar

## STIF Funding

- Service preservation
- Over \$95.8 M received
- Over \$63.1 M not yet spent
- \$13.0 M to be received in FY2021
- \$64.7 M dedicated to capital projects (buses, TC expansion, ETC, Bus stops, ADA improvements, digital displays, lighting)



# Service

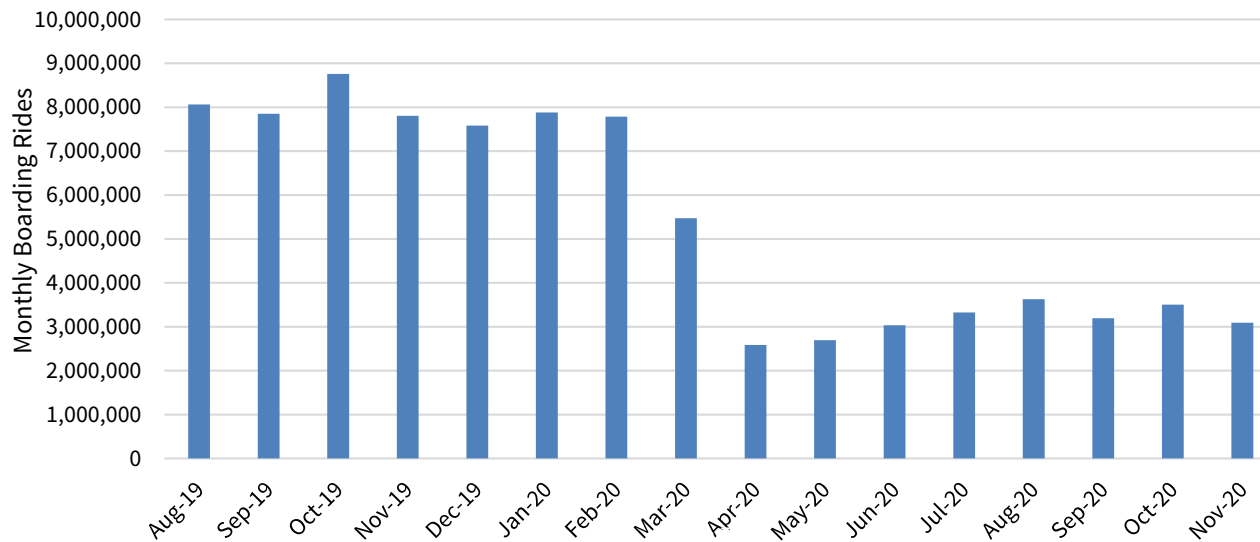
- **43% of total bus service reductions have been added back –**
  - **9,418 weekly vehicle hours or 18.3% were cut on April 5<sup>th</sup>, 2020 [Bus, MAX, WES]**
  - **4,023 weekly vehicle hours or 43% have been added back [Bus only]**
- **MAX & WES service has remained unchanged, operating at 8% and 34% cuts, respectively.**
- **LIFT continues as a demand service, however, current fiscal year has operated at 62% below the previous year**

No Change



# Ridership

Down significantly and relatively flat. November was down 61% compared to the previous year.



# Operating Expenses

Down approximately 18% compared to budget and 11% compared to the prior year. Service reductions, hiring freeze and fuel costs are the largest contributions to the savings thus far.

<i>Operating Expenses</i>				
(in Millions)				
	Current Year	Prior Year		
Budget	\$ 205.8	\$ 198.8		
Actual	\$ 169.0	\$ 188.8	\$ (19.7)	-10.5%
Difference	\$ (36.8)	\$ (10.0)		
	-17.9%	-5.0%		





# Financial Modeling Assumptions

Ridership is anticipated to slowly return until reaching pre-COVID levels by mid-FY2027

All financial modeling anticipates that fare increases will resume with a fare increase of \$0.10 starting in **FY2023** and every other year thereafter

- **Service**
  - DTP starting in FY2023
  - Red Line starting in FY2024
  - Bus & MAX service restoration gradually continues over next few years.

## Financial Modeling Assumptions - Continued

- No additional external funding assumed
- Debt ceiling remains at 7.5% of continuing revenues
- Months operating reserves remain at 2.25 months
- Materials & Services held constant with FY2021 levels
- GF capital investments at \$18.5 M in FY2022 & \$10 M annually thereafter
- Personnel Services maintained at FY2021 levels in FY2022, increasing thereafter
- Continued pension contributions of \$5.5 M and \$25 M

No Change

# Cost Cutting Efforts Since Pandemic Began

- Reduced Service
  - Bus
  - MAX
  - WES
  - LIFT
  - Portland Streetcar
- Pause on Service Expansion
- Maintaining Reliability and Adjusting for Capacity
- Hiring Freeze
- Limited new positions
- Evaluation of vacant positions
- Wage Freeze
- Limited Travel
  - Online training when available
- Overall operating expense reduction
  - All Divisions are making an effort to watch expenses.
- Deferred or de-scoped capital projects where possible

# Financial Outlook: FY2022 – FY2027

As of August the 5-year shortfall was \$133M:

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Shortfalls projected	\$0.00	(\$96.0M)	(\$32.5M)	(\$3.0M)	(\$1.5)	\$1M

As of October the 5-year shortfall is \$106M:

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Shortfalls projected	\$0.00	(\$35.5M)	(\$62.5M)	(\$2.0M)	(\$5.5)	(\$0.5M)

# Questions