

TriMet Board of Directors

Agency/Board Strategy Session

October 28, 2026



Agenda

- ▶ Opening Remarks
- ▶ Financial Overview and Scenarios
 - **Board Discussion**
- ▶ Recap & Timeline
- ▶ Closing Remarks

Financial Overview & Scenarios

Our Path Forward

- TriMet 2030
- Where we began
- What has been done so far
- Where we are now

GOALS

STRATEGIES

Customer Experience

...clean, safe, accessible and reliable service

- Attract and retain customers by defining and enhancing the customer experience.
- Identify and reduce key barriers to ridership.
- Robust, balanced and proactive safety culture.
- ▶ Launch FX service on 82nd Avenue.
- Launch FX service on TV Highway.

Financial Stability and Stewardship

...organizational efficiencies, safeguard our assets for long-term financial health of the agency.

- ▶ Strengthen fiscal efficiency and transparency.
- ▶ Explore and pursue potential new revenue streams.
- Create a culture of fiscal responsibility.

Safe and Reliable Infrastructure

...maintenance of our transit assets.

- Stabilize investment in state of good repair.
- Implement and maintain an asset management and governance system.
- Modernize technology and streamline processes.

TriMet's Value to the Region

...effectively tell our story about the benefits of public transit and the promise of our regional future.

- ▶ Proactively engage and collaborate with regional partners and stakeholders.
- ▶ Share our story on our positive contributions for our riders and the region.
- Embed environmental sustainability practices.

Adaptable, Safe and Thriving Workplace

...high-performing environment where employees feel motivated and valued.

- Support a safe work environment for transit employees.
- Evaluate and optimize programs to leverage opportunities for all employees to grow, develop and succeed.
- Enhance and maintain meaningful employee engagement and communication.
- ...decisions are informed, documented and made at the right level.
- ▶ Establish a culture of continuous improvement.

Where We Started: July 2025

Our deficit: \$300M deficit
Target to solve: July 1, 2028

Our Path to Solve Our Deficit

New Revenue	~\$ 45 million
Service Cuts	~\$159 million
<u>Spend Reduction</u>	<u>~\$ 93 million</u>
TOTAL ~\$300 million	

What we've already done

**\$300M →
\$245M**

Long-term annual gap reduced by \$55M annually, resulting from reduced service growth forecasts (2025 to July 2026)

**\$245M →
\$158M**

Cut \$87M in the FY2027 budget

~500

Positions eliminated, a significant workforce reduction in TriMet's 57-year history

Aug 23

Significant service reduction took effect (2026)

We have already made hard choices. New revenue protects the service that remains; it does not replace discipline.

Where We Are: October 2026

Our deficit: \$158M deficit
Target to solve: July 1, 2029

Our Path to Solve Our Deficit

New Revenue

Targeted Service Reductions

Targeted Cost Reductions

TOTAL: ~\$158 million

Financial Overview & Scenarios

Where We are Starting

- FY2026 Deficit & Ending Fund Balance
- Restricted Policy Reserve
- Available Budgetary Fund Balance

FY2026 Deficit & Ending Fund Balance

Total Unrestricted Fund Balance	\$595.6M
Less: Materials & Inventory	(\$81.0M)
Less : Prepaids	(\$10.4M)
Total Ending Budgetary Fund Balance	\$504.1M

Baseline	Total Revenues	868.2
	Total Expenses	956.9
	Surplus/(Deficit)	(88.7)
	Total Budgetary Fund Balance	504.1
	Less: Restricted Policy Reserve (2 mos)	159.5
	Ending Available Budgetary Fund Balance	344.6

Starting Fund Balance plus any Surplus or minus any Deficit equals FY2026 Ending Fund Balance

Restricted Policy Reserves

- Restricted Policy Reserves is established by TriMet's Strategic Financial Plan Policy to maintain a minimum of 2.0 months operating reserves.
- Aligns with the Government Finance Officers Association's best practice.
- These reserves are intended to fund acute and unexpected funding shortages or delays.
- Restricted Policy Reserves are considered unavailable for regular or foreseen expenses and should not fund known operating deficits.

		FY2026
Baseline	Total Budgetary Fund Balance	592.8
	Less: Restricted Policy Reserve (2 mos)	159.5
	Starting Available Budgetary Fund Balance	433.3
	Total Revenues	868.2
	Total Expenses	956.9
	Surplus/(Deficit)	(88.7)
	Total Budgetary Fund Balance	504.1
	Less: Restricted Policy Reserve (2 mos)	159.5
	Ending Available Budgetary Fund Balance	344.6

Available Budgetary Fund Balance

- Available Budgetary Fund Balance is the amount of funds that may be spent without restriction.
- Available Budgetary Fund Balance may be spent on one-time expenses, or it may temporarily fund operating deficits.
- Annual Budgetary Fund Balance is the amount that TriMet will focus on for the purpose of determining the Fiscal Cliff in future years.

		FY2026
Baseline	Starting Available Budgetary Fund Balance	433.3
	Total Revenues	868.2
	Total Expenses	956.9
	Surplus/(Deficit)	(88.7)
	Ending Available Budgetary Fund Balance	344.6

The Problem to Solve is \$158M

- \$90M Ongoing Deficit
- \$68M Minimum Additional Need in State of Good Repair Investment

  **Targeting \$158M New Revenue**

Part 1: \$90M Ongoing Deficit

Baseline		FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
	Starting Available Budgetary Fund Balance	433.3	345.6	248.0	166.4	75.9	0.0	0.0
	Total Revenues	868.2	856.8	897.1	922.1	958.6	991.8	1022.3
	Total Expenses	956.9	950.8	973.1	1006.9	1041.3	1076.6	1111.7
	Forecast Surplus/(Deficit)	(88.7)	(93.9)	(76.0)	(84.7)	(82.7)	(84.8)	(89.3)
	Ending Available Budgetary Fund Balance	344.6	251.7	172.0	81.6	--	--	--

This is the Fiscal Cliff
Doing nothing is not an option

What got us here?

Category	Budget Impact	Explanation
Pandemic Stimulus Funding Depleted		Pandemic stimulus gave the agency nearly \$670M of one-time funds, but those funds were fully depleted by the end of FY2025. FY2026 is the first year of returning to “regular” formula funding.
STIF Implements		FY2019 was the first year in receiving STIF. The resource works as a grant and built up an accumulation of funds, but recently exhausted on preservation of service. It will continue to be a resource around \$60-\$65M per year.
Passenger Fares Down		In FY2018 passenger fares were \$114M, in FY2026 it is \$56M.
Materials & Services Up		Costs for goods and services has increased 83% between FY2018 & FY2026. Inflation represents 56% during that period.
Growing State of Good Repair Needs		General Fund investment in capital replacement averaged \$20M from FY2019 to FY2022. To meet growing State of Good Repair needs, this amount has averaged \$52M for the last four years.

The agency pre-pandemic operated with a modest surplus, however, recent results demonstrate a growing deficit.

	Actual FY2018	Actual FY2019	Actual FY2020	Actual FY2021	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025	Unaudited Actual FY2026
Surplus (Deficit)	\$ 10,396,822	\$ 10,546,030	\$128,017,196	\$177,124,737	\$208,177,563	\$ 15,205,791	\$ (28,773,797)	\$ (52,257,395)	\$ (88,706,749)

Part 2: State of Good Repair

**\$8 Billion in
Total Assets
with Average
Useful Life of
30-40 years**



**\$200-250 million
of needed
investment annually
to maintain assets**

\$52M currently invested annually



\$68 million minimum increase needed

New Revenue for Stabilization

**\$90M
Ongoing
Deficit**



**\$68M annual
investment in
State of Good
Repair**



**\$158M New
Revenue
Target**

New Revenue Scenarios

Impact of New Revenues on Budget Decisions, Agency Capacity & the Fiscal Cliff

Scenario 1: No New Revenue

\$90M deficit = 30% service cuts

Scenario #1 (no new funds)		FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	
	Starting Available Budgetary Fund Balance	433.3	345.6	251.7	197.5	167.9	169.3	168.6	
	New Revenue								
	Total Revenues (inc New)	868.2	856.8	897.1	922.1	958.6	991.8	1022.3	
	Budget Reduction			(22.0)	(55.0)	(90.0)	(90.0)	(90.0)	
	Total Expenses (inc Cuts)	956.9	950.8	951.1	951.9	951.3	986.6	1021.7	
	Forecast Surplus/(Deficit)	(88.7)	(93.9)	(54.0)	(29.7)	7.3	5.2	0.7	Essentially Balanced
	Ending Available Budgetary Fund Balance	344.6	251.7	197.7	167.8	175.2	174.5	169.3	And Available for one-time projects

Scenario 2: \$79M New Revenue

1/2 New Revenue Target

Scenario #2 (\$79M new)		FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	
	Starting Available Budgetary Fund Balance	433.3	345.6	251.7	192.0	202.6	214.9	225.3	
	New Revenue				79.0	79.0	79.0	79.0	
	Total Revenues (inc New)	868.2	856.8	897.1	1001.1	1037.6	1070.8	1101.3	
	Budget Reduction			(22.0)	(22.0)	(22.0)	(22.0)	(22.0)	Available for ongoing expenses
	Total Expenses (inc Cuts)	956.9	950.8	951.1	984.9	1019.3	1054.6	1089.7	
	Forecast Surplus/(Deficit)	(88.7)	(93.9)	(54.0)	16.3	18.3	16.2	11.7	
	Ending Available Budgetary Fund Balance	344.6	251.7	197.7	208.3	220.8	231.2	237.0	And/Or Available for one-time projects

Scenario 3: \$158M New Revenue

Recommended Revenue Target

Scenario #3 (\$158M new)		FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	
	Starting Available Budgetary Fund Balance	433.3	345.6	251.7	192.0	281.6	372.9	462.3	
	New Revenue				158.0	158.0	158.0	158.0	
	Total Revenues (inc New)	868.2	856.8	897.1	1080.1	1116.6	1149.8	1180.3	
	Budget Reduction			(22.0)	(22.0)	(22.0)	(22.0)	(22.0)	
	Total Expenses (inc Cuts)	956.9	950.8	951.1	984.9	1019.3	1054.6	1089.7	Available for ongoing expenses
	Forecast Surplus/(Deficit)	(88.7)	(93.9)	(54.0)	95.3	97.3	95.2	90.7	
	Ending Available Budgetary Fund Balance	344.6	251.7	197.7	287.3	378.8	468.2	553.0	And/Or Available for one-time projects

Scenario 4: \$237M New Revenue

1.5x New Revenue Target

Scenario #3 (\$237M new)		FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	
	Starting Available Budgetary Fund Balance	433.3	345.6	251.7	192.0	360.6	530.9	699.3	
	New Revenue				237.0	237.0	237.0	237.0	
	Total Revenues (inc New)	868.2	856.8	897.1	1159.1	1195.6	1228.8	1259.3	
	Budget Reduction			(22.0)	(22.0)	(22.0)	(22.0)	(22.0)	Available for ongoing expenses
	Total Expenses (inc Cuts)	956.9	950.8	951.1	984.9	1019.3	1054.6	1089.7	
	Forecast Surplus/(Deficit)	(88.7)	(93.9)	(54.0)	174.3	176.3	174.2	169.7	
	Ending Available Budgetary Fund Balance	344.6	251.7	197.7	366.3	536.8	705.2	869.0	And/Or Available for one-time projects

Four scenarios at-a-glance

Scenario	New revenue	Total Budget Cuts	Service	State of Good Repair Increase	Yearly surplus FY30–32
Do nothing	\$0	None	No service cuts	None	Fiscal Cliff in FY2030
1 No new funding	\$0	\$90M	30% service cut	None	Essentially Balanced
2 Half target	\$79M	\$22	Service stabilized	Minimal	~\$12–18M
3 Target	\$158M	\$22	Some service growth likely	Modest	~\$91–97M
4 Transformational	\$237M	\$22	Significant service growth likely	Meaningful	~\$170–176M

Board Discussion

1. Any other feedback on the scenarios
2. Is July 1, 2029 the right balanced-budget target date?
3. Should \$158M be our consistent revenue target?

Recap & Next Steps

Where does this leave us...

- ▶ New revenue is uncertain, and the agency must take action
- ▶ Leadership Team committed to a **\$22M reduction** which will be reflected in the FY2028 Proposed Budget
- ▶ Still draws down \$54M from fund balance for FY2028
- ▶ Reduction will be a combination of:
 - targeted cost reductions
 - targeted service reductions and
 - a potential revenue stream within our control
- ▶ Leadership Team analyzing options for reductions

Timeline

Nov 11: Board Retreat

- High level review of service reduction proposals
- Discussion on future of WES
- Review of a revenue proposal

Dec 9: Board Meeting

- Budget process update

Early Jan: Board Education Sessions

- Review service cut proposals in detail
- Update on revenue generation activities

Jan 6: Launch Public Outreach of Service Reductions/Cash Transfer Elimination

Jan 27: Board Meeting

- Budget process update

March Board Meeting

- Proposed budget released

Closing Remarks

Meeting Adjourned

Thank you for being here today!