

Challenges & Choices

Initial Budget Proposal · Fares & Service

I want to thank everyone who provided feedback in our Budget Challenges & Choices survey in December and January. Thousands of people weighed in on the cost-cutting and revenue-generating ideas we proposed to address the agency's expected budget shortfall. Many of you told us you could live with a fare increase if it prevented more service cuts. We also heard a strong preference for keeping bus lines running—even those with low ridership. Your feedback, along with recommendations from our Board of Directors and our Budget Task Force, helped us narrow down our initial ideas into a draft proposal, which is outlined inside. You'll notice we are preparing for a \$17 million shortfall (the high end of our initial estimate), due to the ongoing delays related to our labor contract. I invite you to review the proposed changes, then share your thoughts with us. Your comments will help inform our refined proposal, which we expect to release in early March.

Neil McFarlane

TriMet General Manager

1 O. M. Farance

Options and ideas

October 26, 2011 –

January 18, 2012

Initial proposal
February 8 – March 2, 2012

proposalMarch 2 – April 20, 2012

Refined

Recommended plan

April 20 – May 23, 2012

Approved changes take effect

September 1 & 2, 2012

INSIDE:

Our initial proposal

Share your feedback

| Why is there a budget shortfall? | |
|----------------------------------|----------|
| What are the options? | • |
| What are other agencies doing? | • |
| | |

WHY IS THERE A BUDGET SHORTFALL?

TriMet is facing a shortfall of up to \$17 million in the next budget year because of lower-than-expected revenue from payroll taxes, anticipated cuts in federal funding, and unsustainable health care costs for union employees. This funding instability comes at a time when there is increasing demand for transit service.

1

Projected revenue from payroll taxes is lower than expected.

IMPACT: \$3 MILLION

About half of our funding for operating buses and trains comes from a payroll tax paid by area businesses. During extended periods of high unemployment, there are fewer workers, leaner payrolls and, as a result, less money for transit. As we slowly emerge from the deepest recession since 1929, employment is at 1999 levels in the Portland area and

job growth is unusually slow. We were expecting to see tax receipts grow 5% next year, but the lagging economic recovery has forced us to reduce our projected revenue by \$3 million.



Funding from the federal government is likely to be cut.

IMPACT: \$4 MILLION

There is a great deal of uncertainty over the federal grant program that distributes money ("formula funds") to state, regional and local governments. These funds provide us with approximately \$40 million in revenue each year.

We are projecting a \$4 million reduction in federal formula funding in Fiscal Year 2013.



We cannot afford the rising cost of health care benefits for employees.

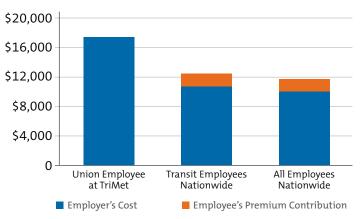
IMPACT: \$5-10 MILLION

The current trend in the cost of benefits for union employees is unsustainable, and we are at an impasse in negotiations with Amalgamated Transit Union Local 757. A recent Employment Relations Board decision removed certain cost-saving proposals from our final offer, so some measures we were hoping to implement—such as bringing wage and health care costs under control—likely will have to wait for a future negotiation (after interest arbitration, which is now delayed).

Because of a 2007 change in the law, we cannot unilaterally implement our final offer to the union. Instead, we must engage in all-or-nothing interest arbitration, a forum in which it is extremely difficult to make significant changes no matter how out-of-line union wages and benefits are.

Cost of Health Care Benefits

Average Annual Cost per Employee, 2011



WHAT ARE THE OPTIONS?

We are looking in three areas to help close our budget gap: internal efficiencies, fares and service. Over the last three years, we have already made a number of administrative cuts, eliminated staff positions, and cut bus service by 13% and MAX service by 10%. As we refine our proposal, we will strive to maintain a rider experience that is safe, dependable, responsive, inviting and easy.



To balance our budget during the recession, we have cut costs, cut administrative staff, delayed investments, used stimulus money and depleted our reserves. We made cuts to non-union employee and retiree benefits, eliminated 200 positions, and implemented executive furloughs and a non-union salary freeze (now in its fourth year). We have delayed replacing older buses, reduced the growth in LIFT paratransit service costs, improved the fuel efficiency of our bus fleet, and reduced employee overtime costs. We continue looking for ways to do more with less, including additional cuts to programs and staff.



In 2008, we raised fares by 20 cents to cover increasing diesel prices, in addition to the regular 5-cent annual increase for inflation. In 2010, TriMet's fare-free zone was limited to MAX Light Rail and Portland Streetcar. And we recently added more fare enforcement staff to help reduce fare evasion. A fare increase would generate revenue and thereby help avoid more service cuts. But it would also create a hardship for many people—especially lower-income riders.



In 2009 and 2010, we reduced bus and rail service to help address budget shortfalls caused by the ongoing recession. Planned service on MAX Green Line, which opened in 2009, was cut by 33%. These cuts affected nearly every part of the system, with reductions totalling 13% of bus service and 10% of MAX service. Service is our core business, and it's the last place we look to cut. Any additional cuts would focus on our lower-ridership lines and the potential to reduce frequency and hours of operation. We are also considering eliminating parts of certain bus routes that overlap with other routes.

WHAT ARE OTHER TRANSIT AGENCIES DOING?

Like TriMet, transit providers around the country are facing similar budget challenges, and are taking action to preserve as much service as possible for riders. In the past year, many saw decreases in state and local funding and were forced to cut service, raise fares, lay off employees and implement hiring freezes.

U.S. Transit Agencies

According to a recent American Public Transportation Association survey

71%

saw flat or decreased local funding

83%

saw flat or decreased state funding 80%

were forced to cut service and/or increase fares

OUR INITIAL PROPOSAL

We designed this proposal to minimize cuts to service and the overall impact on riders. Still, some of these changes are significant and we want to know how you would be affected. You can provide your feedback using the form on the back.

| Revenue-Generating Measures | | | Cost-Saving Measures | | |
|-----------------------------|--|----------------------|----------------------|---|---------------------|
| Α | Increase fares and eliminate zones | \$6.0 million/yr | Ε | Reconfigure bus routes and cut segments with overlapping service; cut low-ridership bus trips | \$2.0 million/yr |
| В | Make single-ride tickets one-way, create new round-trip day pass | \$3.0 million/yr | F | Reduce MAX frequency (except rush hours) | \$1.5 million/yr |
| C | Eliminate the Free Rail Zone | \$2.7 million/yr | G | Run MAX Red Line between Airport and SW 11th Ave only (except rush hours) | \$0.9 million/yr |
| D | Sell ads on TriMet websites and TransitTracker by Phone | \$0.3 million/yr | Н | Cut programs and staff as part of ongoing internal efficiencies | \$0.5 million/yr |
| | | | I | Adjust LIFT paratransit service boundary to match regular bus/MAX service | \$0.4 million/yr |
| | | | J | Reduce annual contribution to Portland Streetcar | \$0.4 million/yr |
| Total: \$12 million | | Total: \$5.7 million | | | |

Total of proposed revenue-generating and cost-saving measures: $\$17.7\ million$

WHY WE ARE PROPOSING THIS:

Many riders told us they would prefer a fare increase if it meant fewer cuts to service. In addition, many said they want a simpler system without zones. We are proposing a fare increase, but implemented as part of a shift to a simpler "flat fare" system, where all rides cost the same no matter where you are traveling. Many transit agencies have adopted a flat fare because it is easier to use and more consistent for riders and operators, and because it reflects how riders use the system. Changing to a flat fare would also help prepare us for electronic fare collection in the future.

WHAT THIS MEANS FOR RIDERS:

Fares would increase for most riders (except Honored Citizens) and you would pay the same fare regardless of your destination. There would no longer be fare zones, so the system would be much simpler and easier to use. In this proposal, an Adult single fare costs \$2.50, Youth \$1.65 and Honored Citizen \$1. In each case, a round-trip day pass would cost twice the single fare amount. (See proposal "B" and the fare chart below for details.) These changes would take effect September 1, 2012.

В

Make single tickets *one-way* (good for two hours) and create a new *round-trip* day pass (good for unlimited rides all day long)

\$3.0 million/yr

WHY WE ARE PROPOSING THIS:

A number of transit agencies have already made the switch to one-way tickets and round-trip day passes. This change would provide the convenience of an all-day pass for riders who currently buy single fares, and it would make the system simpler to understand and easier to use for everyone.

WHAT THIS MEANS FOR RIDERS:

All fares would increase in September 2012, except for Honored Citizen fares. Instead of purchasing two separate tickets to get to your destination and back, you would buy just one round-trip day pass (at twice the cost of a one-way ticket), good for unlimited rides all day long. With a one-way ticket, you would be able to transfer between buses and trains for up to two hours, but making a return trip is not allowed (you would need to buy a round-trip day pass). Most riders make return trips, so the round-trip day pass would provide the convenience and value of unlimited trips all day long,

TRI®MET

TRI®MET

Please make your selection below.

Round-Trip One-Way Day Pass

2-Hour Ticket

at no additional cost. These changes would also reduce the uncertainty around making your connection or completing your trip on a single fare. *These changes would take effect September 1, 2012*.

| | One-Way * 2-Hour Ticket | Round-Trip Day Pass | 1-Month Pass |
|-----------------|-----------------------------------|----------------------------|--------------|
| Adult | \$2.50 | \$5 | \$100 |
| Youth | \$1.65 | \$3.30 | \$30 |
| Honored Citizen | \$1 | \$2 | \$26 |

This table shows how the new one-way/round-trip fares would be priced, under the proposed fare increase and a "flat fare" system. Note that the price of an Adult all-day pass would not change. The price of an Honored Citizen ticket would not change, and the price of Honored Citizen and Youth all-day passes would actually decrease.

^{*} Transfers would be valid for two hours in one direction (no round trips).

WHY WE ARE PROPOSING THIS:

Our region has changed dramatically since "Fareless Square" (free service on buses) was first introduced in Downtown Portland back in 1975. We no longer have the air quality issues that prompted the creation of the free-fare zone, and our transit system has expanded significantly. Service has improved in the suburbs, where communities of color and low-income populations have become more concentrated. While free transit has become a hallmark of Portland's tourist-friendly city center, TriMet aims to provide equitable service throughout the region and the Free Rail Zone is a benefit exclusive to Downtown Portland and the Lloyd District.

WHAT THIS MEANS FOR RIDERS:

You would have to pay your regular fare to ride MAX Light Rail in Downtown Portland, the Rose Quarter and the Lloyd District. *This change would take effect September 1, 2012.*

D

Sell ads on TriMet websites and TransitTracker by Phone

\$0.3 million/yr

WHY WE ARE PROPOSING THIS:

There is potential to generate revenue by placing advertising messages on certain high-traffic *trimet.org* and *m.trimet.org* pages, such as schedules, Trip Planner itineraries and TransitTracker arrival results pages, and on 503-238-RIDE. We understand there is a delicate balance between making the online experience easy and inviting for riders, and using it as an effective advertising platform.

WHAT THIS MEANS FOR RIDERS:

In addition to seeing ads on TriMet websites, riders would hear brief advertising messages prior to arrival times on TransitTracker by Phone at 503-238-RIDE. *These changes would begin in fall 2012*.

Reconfigure bus routes and cut segments with overlapping service; cut low-ridership bus trips and some weekend service

\$2.0 million/yr

WHY WE ARE PROPOSING THIS:

We can save money by reconfiguring certain bus routes to eliminate overlapping service, and by cutting some low-ridership bus trips. The route changes would occur in areas where routes run relatively close together, such as Northwest Portland, North/Northeast Portland and Beaverton. We would reconfigure the routes so that they do not compete with each other for the same riders, and so that spacing between routes (and thus the maximum walking distance) is more consistent. The other cuts would involve running buses less often (eliminating low-ridership trips) on certain lines.

Service is our core business, and, of course, it's the last place we look to cut. With a goal of minimizing the impact on riders, this proposal takes into account ridership, the availability of alternative service, the use of service for work and school trips, and the operating efficiency of the proposed changes. We also look at transit equity issues to make sure that the changes would not disproportionately affect low-income populations and communities of color.

WHAT THIS MEANS FOR RIDERS:

We are proposing changing the routes on 17 bus lines and eliminating low-ridership trips on 26 bus lines. While reconfiguring routes would save TriMet money and simplify the system somewhat, these are still in fact cuts that affect some riders. Cutting trips would result in reduced hours of operation and service frequency, and some riders may need to make additional transfers. On three lines, Saturday and/or Sunday service would be eliminated. For details, see the enclosed "Bus Service Reductions" brochure or visit trimet.org/busreductions, or call 503-238-RIDE (7433). These changes would take effect September 2, 2012.

Reduce MAX frequency (except during rush hours)

\$1.5 million/yr

WHY WE ARE PROPOSING THIS:

We can save money by reducing MAX frequency at times of the day when ridership is lower.

WHAT THIS MEANS FOR RIDERS:

MAX Blue, Green, Red and Yellow lines would run every 20 minutes in the middle of the day, in the evening and on weekends. Frequency during weekday morning and afternoon rush hours would not change. *This change would take effect September 2, 2012.*

G

Run MAX Red Line between Airport and SW 11th Ave only (except during rush hours)

\$0.9 million/yr

WHY WE ARE PROPOSING THIS:

MAX Red Line currently provides direct service to Portland International Airport from anywhere between Beaverton Transit Center and PDX (no transfers are required). Although it is very convenient service, relatively few riders catch the Red Line to the airport between Beaverton and Downtown Portland. The Red Line serves this area mostly because rush-hour ridership is so high that extra trains are needed to avoid overcrowding. By trimming the Red Line back to SW 11th Avenue downtown outside of rush hours, trains are still there when needed for capacity, but not at times of the day when they often run with lower ridership.

WHAT THIS MEANS FOR RIDERS:

You would not be able to catch a Red Line train in the area between Beaverton and Downtown Portland except during weekday morning and afternoon rush hours. Outside of rush hours, airport-bound riders coming from the west side would need to take a Blue Line train and transfer to the Red Line anywhere between Downtown and the Gateway Transit Center. With four fewer trains per hour, this change would also reduce east-west MAX frequency between Beaverton and Downtown outside of rush hours. This change would take effect September 2, 2012.



Cut programs and staff as part of ongoing internal efficiencies

\$0.5

In addition to reducing costs by \$80 million between 2001 and 2011 through various internal efficiencies, we have cut 200 positions, used stimulus money, and delayed new bus purchases and other investments, in order to weather budget shortfalls caused by the last two recessions. Our non-union employees (which include management) are in their fourth year of a salary freeze and are now paying more out-of-pocket for health care. Non-union retirement benefits have also been trimmed. We propose that our management and employees identify greater savings through efficiencies in departments, programs and functions, while minimizing the direct impact on riders. This includes further reducing staff and program hours, reducing printing and material costs, and finding ways to maximize existing resources.

Adjust LIFT paratransit service boundary to match regular bus/MAX service

\$0.4 million/yr

WHY WE ARE PROPOSING THIS:

We can save money by reducing the LIFT paratransit service boundary, in accordance with Americans with Disabilities Act (ADA) regulations. This change would align LIFT hours of operation to complement nearby bus and MAX service. TriMet's current LIFT service exceeds ADA requirements.

WHAT THIS MEANS FOR RIDERS:

There would be six LIFT paratransit service boundaries: weekdays, weekday evenings, Saturdays, Saturday evenings, Sundays, and Sunday evenings. As allowed under the ADA, LIFT trips would only be provided if there is complementary bus or rail service in operation during that time. *This change would take effect September 2, 2012.*

Reduce annual contribution to Portland Streetcar

\$0.4 million/yr

We are proposing to reduce our annual financial contribution toward the operation of the Portland Streetcar by 10%.

JOIN US AT AN OPEN HOUSE

Want to learn more and share your feedback in person? Join us at an open house in February.

Saturday, February 11

Beaverton Library Conference Room

12375 SW 5th St.

1-3 p.m.

Monday, February 13

Multnomah County East County Health Center, Sharron Kelly A&B

600 NE 8th St., Gresham

4:30-6:30 p.m.

Wednesday, February 15

Portland Building Room C

1120 SW 5th Ave.

4:30-6:30 p.m.

Thursday, February 16

Clackamas Town Center Community Room Lower Level

12000 SE 82nd Ave.

4:30-6:30 p.m.

PUBLIC HEARINGS

In early March, we'll release a refined proposal based on the feedback we receive from riders and the community. Later that month, we will be taking official public comments at hearings around the metro area.

Monday, March 19

Clackamas Town Center Community Room Lower Level

12000 SE 82nd Ave.

4:30-6:30 p.m.

Tuesday, March 20

Beaverton Library Conference Room

12375 SW 5th St.

1-3 p.m. & 4:30-6:30 p.m.

Wednesday, March 21

Portland Building Auditorium

1120 SW 5th Ave.

4:30-6:30 p.m.

Thursday, March 22

Multnomah County East County Health Center, Sharron Kelly A&B

600 NE 8th St., Gresham

4:30-6:30 p.m.

Tuesday, March 27

Multnomah County Library North Portland Branch 2nd Floor Meeting Room

512 N. Killingsworth St.

5:30-7:30 p.m.



trimet.org/budgetupdates



SHARE YOUR FEEDBACK:

Do you have feedback about this proposal? We want to know how the proposed changes would affect you and people you know. **We will be accepting feedback through 5 p.m. on Friday, March 2, 2012.**

Write in your comments below:

Mail this page to Budget Feedback, TriMet MK2, 4012 SE 17th Ave., Portland, OR 97202

Submit your feedback online:

trimet.org/choices



Contact us:

Email *comments@trimet.org*

Phone 503-238-RIDE (7433), option #5

Fax 503-962-6451 TTY 503-962-5811

Available in other formats. 503-238-7433 · trimet.org



120152 • 4M • 2/11