

Date: June 25, 2025

To: Board of Directors

From: Sam Desue, Jr.



Subject: **RESOLUTION NO. 25-06-33 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AMENDING THE STRATEGIC FINANCIAL PLAN**

1. Purpose of Item

This Resolution requests that the TriMet Board of Directors (Board) approve the Strategic Financial Plan, amended and restated as of June 25, 2025.

2. Type of Agenda Item

- ☐ Initial Contract
- ☐ Contract Modification
- ☒ Other: Approving the amended Strategic Financial Plan

3. Reason for Board Action

Strategic Financial Plan amendments must be approved by the Board.

4. Type of Action

- ☒ Resolution
- ☐ Ordinance 1st Reading
- ☐ Ordinance 2nd Reading
- ☐ Other

5. Background

TriMet's current Strategic Financial Plan must be updated and approved by the Board to ensure alignment with existing policies, incorporate new financial policies, and provide a clear, organized, and transparent framework to guide the District's long-term financial planning and decision making.

In 2014, TriMet's Strategic Financial Plan was developed and adopted by the Board via Resolution No. 14-07-37. In October of 2019, a number of key financial policies were approved by the Board via the following Resolutions:

- Resolution No. 19-10-79, Amending Pension Funding Policies to account for asset growth over time;
- Resolution No. 19-10-80, Amending TriMet's Debt Management Policy to increase the Senior Lien debt ceiling from 6.0% to 7.5%; and
- Resolution No. 19-10-81, Amending TriMet's Unrestricted Fund Balance and Contingency Policy to change the minimum unrestricted fund balance reserve to a range of 2.0 months to 2.5 months of operating expenses, allowing for more budget flexibility.

These Resolutions then were incorporated into the Strategic Financial Plan in December 2019 via Resolution No. 19-12-89.

Since the amendment of the Strategic Financial Plan in 2019, the Board has approved a number of key financial policies through the following Resolutions:

- Resolution No. 23-06-24, Amending the Funding Policy for the TriMet Defined Benefit Plan for Management and Staff Employees;
- Resolution No. 23-09-41, Amending the Funding Policy for the Pension plan for Bargaining Unit Employees of TriMet;
- Resolution No. 24-03-15, Adopting a Revised Investment Policy;
- Resolution No. 24-03-17, Authorizing Establishment of the Other Post-Employment Benefits (OPEB) Trust for Eligible Union and Non-union Participants; and
- Resolution No. 25-02-05, Amending TriMet's Debt Management Policy.

The above policies have been incorporated into the proposed Strategic Financial Plan. In addition, the proposed Strategic Financial Plan includes the following financial policies:

- Use of Restricted Assets (Section 4.2). This Section states that restricted assets will be used strictly for their designated purpose, as required by external regulations, contracts or funding agreements. When both restricted and unrestricted resources are available for an expenditure, restricted funds will be used first. This policy is disclosed in the notes to the annual audited financial statements.
- Reserves (Section 4.5). This Section declares that when unrestricted revenues exceed operating expenditures in a fiscal year, Finance will evaluate funds in excess of the unrestricted minimum fund balance and set aside funds for future economic downturns or capital needs. Funds set aside in reserves will be invested in accordance with TriMet's Investment Policy. Reserves are a critical financial tool that function as a safeguard against revenue volatility or unanticipated expenses and provide the District with stability, flexibility and resilience during uncertain times. Reserves will be reviewed as part of the annual budget process and established through sound financial analysis to address evolving risks, operating conditions and changing external factors such as the economic outlook. This is a new financial policy.
- Fare Policy (Section 4.7). This Section reiterates that TriMet strives for a sustainable balance of growth in ridership and passenger revenue. To achieve this, not less than every two years the District will evaluate fares in light of rising costs of service and make a recommendation to the Board. Except in exceptional circumstances, the District will plan to increase fares at least every four years to help ensure pricing keeps pace with the cost of service, taking into consideration other factors. TriMet may leverage electronic fare collection to reduce costs and improve efficient fare enforcement. This is a restated financial policy.

The proposed Strategic Financial Plan as amended and restated is attached as Exhibit A to this Resolution. A copy of this amended and restated Strategic Financial Plan was provided to the Board on May 29, 2025 to give the Board sufficient time to review, ask questions, and provide input.

The Strategic Financial Plan not only documents the existing Board-adopted financial policies, it introduces several new policies and guidelines, with enhanced organization, clarity and readability throughout the Plan.

6. Financial/Budget Impact

If approved by the Board, the amended and restated Strategic Financial Plan will help guide the District's financial decisions, ensure annual budgeting complies with policies, and promote long-term fiscal sustainability.

7. Impact if Not Approved

Without approving the proposed changes to the Strategic Financial Plan, the outdated Plan would remain in place and would not reflect the District's current practices and policies.

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**RESOLUTION NO. 25-06-33 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) AMENDING
THE STRATEGIC FINANCIAL PLAN**

WHEREAS, in July of 2014, via Resolution No. 14-07-37, the TriMet Board of Directors (Board) adopted TriMet's Strategic Financial Plan; and

WHEREAS, in December of 2019, via Resolution No. 19-12-89, the Board approved the amended and restated Strategic Financial Plan, incorporating key financial policies approved by the Board since 2014; and

WHEREAS, the Board subsequently adopted or amended several financial policies as shown in the amended and restated Strategic Financial Plan, attached as Exhibit A, which incorporates key financial policies adopted or amended since 2019 along with important new financial policies, while enhancing the Plan's clarity and organization; and

WHEREAS, the Board desires that the Strategic Financial Plan, as amended and restated in the attached Exhibit A, will help guide the District's financial decisions, ensure annual budgeting complies with policies, and promote long-term fiscal sustainability;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board hereby approves the Strategic Financial Plan, as amended and restated in the attached Exhibit A.

Dated: June 25, 2025

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department