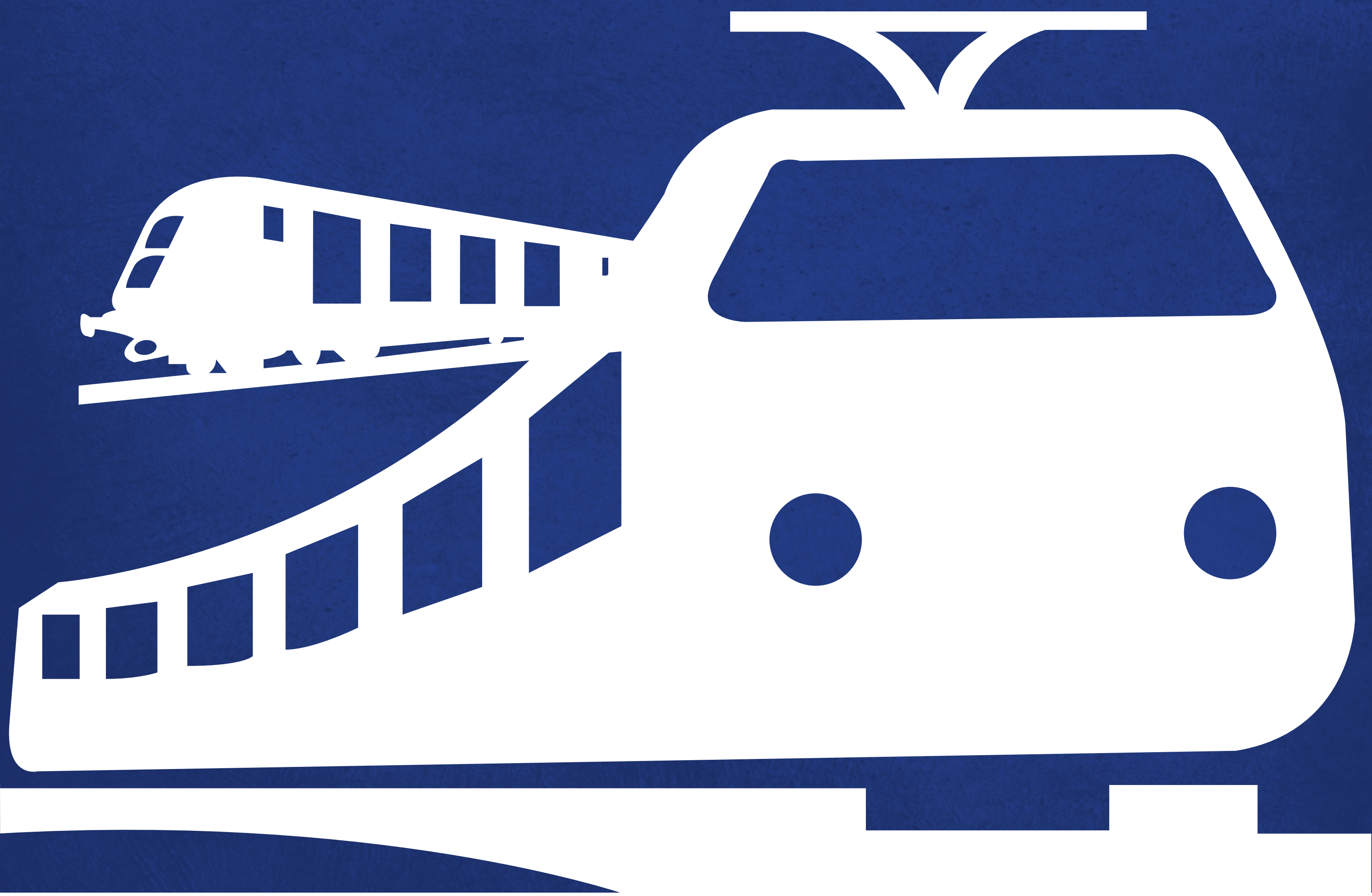
WHY CITIES AND COUNTIES SHOULD CONSIDER LEAVING TRIMET



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WHY CITIES AND COUNTIES SHOULD CONSIDER LEAVING TRIMET

John A. Charles, Jr., January 2014

SUMMARY

TriMet has been the public transit provider for most of the Portland region for the past 44 years. The agency provides fixed-route service through bus, light rail, and commuter rail operations; door-to-door service for qualifying elderly and disabled riders; and both operating labor and financial support to the Portland Streetcar, which is owned by the City of Portland.

Unfortunately, the agency's operations costs have become unsustainable, primarily due to the high cost of employee fringe benefits. TriMet has reduced service five times since 2009 and forecasts much deeper cuts beginning fiscal year (FY) 17 if the union contract is not significantly changed. On its current course, the annual gap between operating revenues and expenses likely will reach $200 million by 2030.

This poses a concern for jurisdictions within the TriMet service territory. Employers from each community pay wage taxes to subsidize TriMet, yet levels of service inevitably will shrink. However, there is an escape route for affected communities: State law allows political jurisdictions to opt-out of TriMet. Six have already done so: Wilsonville, Molalla, Sandy, Canby, Damascus, and Boring. Four of the six communities now operate their own local transit districts. The experience of these cities provides a good opportunity to learn about other ways of doing business.

In addition, much can be learned from other nearby transit districts serving Salem-Keizer, the Eugene-Springfield region, and Vancouver, WA.

This paper explores the cost, service, and performance differentials between TriMet and other local transit providers. The comparisons show that by most metrics, other transit agencies offer more service at less cost than TriMet does. For the four cities that withdrew from TriMet and formed their own transit districts, all have lower payroll tax rates, lower costs of labor, lower passenger fares, and better service than previously had been provided by TriMet.

Based on these comparisons, the paper recommends that jurisdictions within the TriMet service territory undertake feasibility studies to consider leaving TriMet and setting up their own transit districts.

INTRODUCTION

TriMet is the public transit provider for Portland and much of the metro tri-county area. The agency was formed in 1969 by the state legislature to take over the functions of Rose City Transit (RCT), a private bus company whose operating franchise had been terminated by the City of Portland. TriMet opened for business on October 14, 1969, with its service territory including all of Multnomah, Clackamas, and Washington counties.

TriMet's enabling statute allowed it to collect funds from a variety of methods, including general obligation bonds, revenue bonds, user charges, a sales tax, and an employer payroll tax. For its initial budget, regional political leaders opted to rely on two primary methods – user fees and a regional payroll tax. In subsequent decades, TriMet would come to rely heavily on revenue bonds and general obligation bonds for debt financing of large capital projects.

TriMet adopted a payroll tax rate of 0.5% to subsidize operations, effective January 1, 1970. According to an in-house historical account, the tax rate was initially seen by TriMet as transitional, *"hopefully to be reduced to 1/10 or 2/10 of one percent as soon as possible"*[1] (emphasis in original). However, hope was soon replaced by change, mostly in the other direction. The rate was reduced to 0.3% for the period of 1972-1974, and then raised to 0.35% for 1975, 0.45% for 1976, and 0.5% for 1977-78. In 1979 it was raised again to 0.6%.

However, this was just the "base rate." TriMet is also authorized to raise the rate if jurisdictions leave TriMet, in order to maintain the same amount of tax revenue. Between 1989 and 2002, five jurisdictions left (Molalla, Wilsonville, Damascus, Sandy, and Canby), so by 2003 the tax rate had been raised to 0.6218%.

This process was quite beneficial to TriMet since the agency was able to shed more than 360 square miles of low-density service territory (including Boring, which left in 2013), without any loss of tax revenue. To put that number in perspective, TriMet's total service territory today is 570 square miles, so the agency has successfully downsized itself by some 39% since 1988, while incrementally raising its payroll tax rate. The vast majority of the population, however, remained within the TriMet District.

In 2003, TriMet and Lane Transit District (which is covered by the same statute) jointly sought legislative authority to raise the base payroll tax rate by 0.1% to 0.72%, implemented over a 10-year period. The legislature approved the tax rate increase. TriMet and LTD have been implementing the tax increase since 2005 and 2007, respectively.

TriMet's stated rationale for the increase was that it was necessary to successfully operate new, federally subsidized light rail projects for 20 years, as required by federal law.[2] Agency managers promised that all new revenues would be used to pay for increased service such as the Green Line MAX, more LIFT service for paratransit passengers, expanded Streetcar service, and Westside Express Service (WES) commuter rail.

In 2009, TriMet and Lane Transit sought another tax rate increase of 0.1%, to 0.82%. The legislature again approved it. However, neither agency has yet implemented the increase. Both agencies must make findings that the economy has recovered sufficiently to bear the tax hike. If approved, the increase will need to be phased in over a 10-year period.

1 *TriMet*, a legislative history, 3. Author unknown. Originally found in the TriMet library.

2 Testimony of TriMet General Manager Fred Hansen regarding SB 549, Oregon Senate Revenue Committee, March 11, 2003, 3.

The tax rate increase authorized in 2003 has generated significant funds for TriMet. The total amount of "new" revenue generated for TriMet since the rate began rising in January 2005 has been approximately $131 million. Unfortunately, the new revenue has not led to a net increase in service, as was promised to the legislature. In fact, total annual fixed-route service hours peaked in FY 2005 at 2,278,800 and dropped to 2,032,908 by FY 12 (a decline of 11%).[3]

During that time, fixed route boardings on TriMet have grown 15% from 88,863,600 to 102,238,070, and new rail lines such as the MAX Green and WES did open. However, bus customers – who represent two-thirds of all daily TriMet boardings – saw service levels drop by 14%.

THE OPT-OUT CITIES

In 1987 the state legislature amended the TriMet statute to allow jurisdictions within TriMet to withdraw from the district. Four of the opt-out cities now run their own transit systems, which provide local service as well as connections to other districts including TriMet. Below are profiles of the four transit districts.

Molalla

The Molalla region was the first area to withdraw from TriMet. The area was rural in nature and received very limited bus service from TriMet, despite paying the same payroll tax rate as more urban areas. The region had a thriving forest products industry, and that sector took the lead in organizing to withdraw. A group of employers approached Shirley Lyons, president of the Molalla Chamber of Commerce, and asked her to direct the opt-out effort. She did; and after negotiations with TriMet, the withdrawal was approved in 1988.[4]

The South Clackamas Transportation District (SCTD), as the new agency was known, covers approximately 100 square miles and is geographically the largest of the four transit districts that have been formed since 1987. The District has a seven-member Board of Directors elected for terms of four years each.

During the first transitional year, SCTD contracted with TriMet to provide transit service.

Voters of the District approved a payroll/self-employment tax in August 1990. This created a general fund revenue stream that was used to subsidize the new local service. The tax rate was 0.5%, which was lower than TriMet's tax rate of 0.6%.

Today, SCTD runs buses Monday through Friday, from 7:30 a.m. to 5:35 p.m. There are two basic types of service: intra-city, deviated-route service; and fixed-route service to Clackamas Community College (CCC) and Canby. For the intra-city service, the route is deviated upon request of elderly or disabled riders to accommodate individual needs. The bus will deviate up to a mile from the normal route, and the request must be made at least 24 hours in advance with the district office.

The intra-city route covers major businesses, City Hall, the Molalla Adult Community Center, three assisted living centers, and areas with high populations of non-English speaking residents. There is no charge to riders. Timed transfers to the Molalla Clackamas Community College and

3 TriMet Financial Forecast, FY 12 Budget and Financial Analysis, Exhibit 1 (updated August 2013 by TriMet). TriMet concedes that service levels have dropped, but argues that total service "capacity" has actually gone up due to the increased seating available in new light rail, commuter rail, and streetcar lines compared with previous bus service. However, since most TriMet vehicles have a surplus of seating available at most hours of the day, trading more empty seats in larger rail vehicles for a 14% loss in frequency and coverage of bus service is not a net gain for most riders or taxpayers.

4 Shirley Lyons, electronic message to Kevin Sharp, Cascade Policy Institute, August 2013.

the Molalla-Canby routes are available at City Hall. There is a $1 fare for fixed-route service outside the city to Canby or CCC.

Total ridership for SCTD was 92,851 boardings in 2012. For intra-city service, the operating costs in 2012 were $5.61 per ride and $54.33 per hour.

A mini-bus used to serve the South Clackamas Transit District territory.

Wilsonville

In 1988, a group called the Wilsonville Innovative Transportation Association was formed to look at alternatives to TriMet. At the time, TriMet service consisted of one bus route that operated only on weekdays during peak periods. The Association successfully petitioned TriMet to withdraw and formed an independent transit district, known as Wilsonville Area Rapid Transit, or WART. The district was authorized to implement its own payroll tax and did so with a tax rate of 0.3%. The service territory covered Wilsonville and nearby unincorporated parts of Clackamas County, an area of 80 square miles.

Wilsonville signed a contract in 1989 with Buck Ambulance to provide door-to-door transit service, primarily for elderly and disabled riders. The city also contracted with TriMet to extend the #96 bus line to Wilsonville, to ensure fixed-route transit service to downtown Portland.

In 1991 the first passenger van was purchased, and in 1993 the first local fixed-route service began. All service was free, paid for by the payroll tax and other sources such as state/federal grants.

In 1994 the district was renamed South Metro Area Rapid Transit (SMART), and then was re-named again in 2007 as South Metro Area Regional Transit (SMART). In 2006, the payroll tax rate was raised to 0.33% in anticipation for the need to pay SMART's share of the Beaverton-to-Wilsonville commuter train TriMet was planning, eventually known as Westside Express Service (WES).

A SMART transit vehicle at the North Wilsonville transit center.

New routes were added in 1993, 1995, 1996, 1998, 2003, 2008, and 2013. Currently, SMART operates 8 fixed routes plus Dial-a-Ride, medical trips, and special services for the elderly and disabled. Riders can reach downtown Portland (via SMART service to TriMet's Barbur Transit Center or WES to Beaverton Transit Center), Salem, Canby, and Tualatin, as well as many locations within Wilsonville. A bus route initiated in August 2013 also provides limited, express bus service to Beaverton Transit Center (paralleling the WES route), at hours when WES is not operating.

Riders 60 years of age and older and youths under 18 are eligible for 50% discounts on fares. Current one-way fares to Salem are $3, and $1.50 to Tualatin Park & Ride, Barbur Transit Center, and Canby. Fares were first introduced in 2005 on the Salem route for $1.00, and in 2006 on all other out-of-town routes.

Ridership has grown steadily with the addition of more service. Total annual rides were only 20,000 in 1992, but they reached 160,000 in 2000; 306,421 in 2010; and 370,526 in 2012. In addition, TriMet continues to serve North Wilsonville (Commerce Circle) with the #96 route, providing express service to downtown Portland at the peak periods on weekdays.[5]

SMART also employs mini-buses, common among small districts serving relatively low-density neighborhoods.

For its first decade, Wilsonville maintained a clear cost advantage over TriMet: Its 0.3% payroll tax rate was *less than half* the TriMet rate of 0.6176%, even with its increased service levels. However, in the mid-1990s local leaders made the conscious decision to give up part of that advantage by partnering with Washington County, Metro, TriMet, and others in planning for WES. Civic leaders knew that this would be costly to operate and planned on raising the payroll tax rate to subsidize it.

In 1999 the Washington County Commuter Rail Study Phase II was released, and political momentum for a new rail line grew. Over the next decade, the proponents would secure capital construction funds from Congress, the state legislature, Metro, and TriMet; and in February 2009 (after years of delay and cost overruns) WES began daily operation. Because the service operates mostly on Portland & Western Railroad track, which uses the trackway for freight during the rest of the day, this is only peak-hour service, with 8 trains operating at 30-minute headways in the morning and 8 more in the afternoon, on weekdays. A new park-and-ride was built to accommodate WES, and timed-transfers to bus service were established.

Of the eight peak-hour runs, four are designed to connect to the 1x Salem run. SMART provides half the Salem bus service, and the other 50% is provided by Cherriots of Salem-Keizer.

SMART signed a contract with TriMet promising to provide annual operating subsidies to WES in the amount of $300,000 per year for the first five years. It is expected that future amounts will be adjusted upwards. Unlike most commuter rail lines in America, WES has a low base fare of $2.50 and the price does not increase by length of trip. Also, WES is a suburb-to-suburb line, bypassing the largest downtown in the region. Though ridership has grown from about 1,100 daily boardings to 1,800 boardings since opening in February 2009, WES is the most expensive fixed-route service that TriMet operates, with operating costs of $14.83 per ride in FY 13.

According to Wilsonville's 2008 Transit Master Plan, the payroll tax rate was to be increased from 0.33% to 0.5% to pay for WES and various other improvements. That rate increase went into effect in October 2008. The Master Plan also estimated that the rate would be increased to 0.55% by 2011 to extend the Barbur Boulevard service to downtown Portland, at an annual cost of $400,000. That has not yet occurred. An additional payroll tax rate increase to 0.62% is predicted for service to the planned community of Villebois, at an estimated cost of $600,000 annually.

SMART maintains a fleet of 35 transit vehicles, including 30-foot buses, 35-foot buses, 40-foot

5 SMART website, www.ridesmart.com.

buses, minibuses, vans, minivans, and a bus trolley. Operations are provided by city employees.

Sandy

During the mid-1990s, Sandy was served by one TriMet bus route from downtown Sandy to Gresham Transit Center, operating only at the peak commuter periods; there was no weekend service. Dissatisfied with this level of service, the Sandy City Council and concerned citizens took an interest in forming their own district, and the community worked to persuade TriMet staff that a new district would be mutually beneficial. After many meetings over a period of years, the TriMet staff agreed, and the opt-out was approved in late 1999.

The new service began in 2000 as Sandy Area Metro (SAM), with a service territory of 78.5 square miles. The district was subsidized by a local payroll tax of 0.60%, which was slightly lower than TriMet's. Fixed-route bus service to TriMet's Gresham Transit Center was increased from peak-hour only to all-day service, and Saturday service was added as well. Also, fares were abolished, with service paid for completely by payroll tax receipts and various types of grants.[6]

SAM bus at the Gresham Transit Center.

The city dedicated one FTE position to manage the system and took competitive bids for daily operations, allowing market forces to keep costs down. Since Sandy receives federal money from various sources, it is required to re-bid the operating contracts at least once every five years. The initial contract was very low-cost. For subsequent bids, the City Council decided to create a wage floor by requiring bidders to provide "livable wages," so some of the advantages of market competition were lost.[7] Nonetheless, the costs of labor at SAM are still about 50% below the labor costs at TriMet, when current and post-employment benefits are included.

Initially the new district had just one bus which offered fixed-route service to Gresham. However, gradually the district cobbled together funds to purchase additional buses, and also bought smaller vehicles that were used to offer door-to-door service to elderly and disabled citizens living within a quarter-mile of the city limits. By the ninth month of service, SAM began offering additional runs to Gresham during peak hours and extended the basic route to the east edge of the city. In 2003 the City was able to expand fixed-route service to Estacada.

Annual ridership on SAM in 2000 was 77,000 rides. By 2008 it had grown to 273,000 rides. Boarding rides for FY 12 were 255,986, of which 235,842 were fixed-route rides. The vehicle fleet now includes 11 buses. Despite the steady growth in ridership and route coverage, the city has never assigned more than two FTE positions to manage the system, because services are contracted-out.

Sandy has no long-term obligations for the costs of pensions or other retiree benefits for transit workers. The City has never sold bonds for transit and has no long-term transit debt.

While fixed-route service has been free to riders since 2000, that changed effective October 2013.

6 The author was a regular transit commuter from Sandy to Portland from 1995 to 2003 and was personally involved in the local effort to establish an independent transit district.

7 Interview with Julie Stephens, Sandy Transit Director, August 2013.

The base fare is now $1 for both fixed route and door-to-door service.[8] This is necessary because payroll tax receipts in FY 12 were $491,775 while total system costs were $1,082,589.

Canby

Prior to January 1, 2002, TriMet provided public transit services for the city of Canby. Local citizens were aware that other cities had withdrawn from TriMet, and a political effort was formed to do likewise. TriMet approved the withdrawal in 2001, and Canby Area Transit (CAT) was formed as a result. The new district included 52 square miles of territory.

After withdrawing from TriMet, a locally assessed transit payroll tax was introduced on behalf of CAT, at a rate of 0.60%. Canby's exit caused another bump in the TriMet payroll tax rate, to 0.6218% beginning 2002.

CAT replaced the southern parts of two TriMet lines and added expanded service in the area. CAT also offers a "Dial-A-Ride" service, where the commuter makes a reservation, and a CAT vehicle picks the person up and takes them wherever they need to go within the Canby Urban Growth Boundary, between the hours of 8:00 a.m. and 6:00 p.m., Monday-Friday. Both the Dial-A-Ride and fixed-route service have fares of $1. CAT operates a third transportation option called the "Shopper Shuttle" which moves commuters between a number of fixed points. This service is free of charge.

Canby bus service operated by CAT.

8 Stephens, August 2013.

Canby Area Transit connects to TriMet at the Oregon City Transit Center. It also connects to SMART and SCTD at the Canby Transit Center.

MV Transportation, Inc. subcontracts with Canby to operate the bus system. MV is responsible for hiring the drivers and dispatchers for the city. Information about the operating costs of MV Transportation is limited, but it is the largest private transportation firm in the United States.

CAT's total ridership (fixed-route and dial-a-ride) totaled 84,013 in the opening year, 2002. Ridership peaked at 249,252 in 2007. After a cut in service, ridership dropped; and after the implementation of the $1 fare, ridership dropped again. In 2012, total ridership was 124,878.

TRIMET'S CONTRACTING-OUT EXPERIENCE

The four opt-out cities have clearly shown that alternative service delivery models can benefit consumers. However, TriMet itself has conducted experiments showing similar results, through contracting out. One such experiment is discussed below.

The Cedar Mill Shuttle

The Cedar Mill Shuttle was a short-term use of private taxis to provide door-to-door service in a low-density part of TriMet's service territory. In 1999 TriMet initiated the shuttle on Portland's west side. Cedar Mill is a low-density area with many hills and cul-de-sacs, making it impractical for traditional fixed-route bus service. TriMet contracted with Sassy Cab Company to use two vans to provide specialized service within the neighborhood, originating at the Sunset Transit Center. Riders were required to call a day ahead of time to make reservations, and they would be provided door-to-door transit anywhere within the neighborhood. The price was the same fare required for a TriMet bus or light rail ride.

Sassy received $12,700 a month, for which they provided service throughout the Cedar Mill region for 14 hours a day, five days per week. The company made a small profit from this work.

Although the private sector service was working well, TriMet brought the work in-house in September 2002. This was a requirement of its labor contract with the Amalgamated Transit Union (ATU). The expenses immediately increased by 18 percent, and service was cut by 50 percent. Under Sassy the service was all-day, door-to-door. After it was brought in-house, it was cut to five scheduled runs in the early morning and four in the late afternoon, on a fixed loop route (now known as the #50 line). The Sassy service cost $24 per driver-hour; the unionized service jumped to $49 per driver-hour.[9]

The cost differential between TriMet's in-house labor and market-rate labor was not surprising because the agency had a similar experience in the mid-1990s with the Sunnyside Shuttle on Portland's east side. In that case, the contracted-out per vehicle-hour was $22, while the TriMet unionized cost was $44.[10]

COMPARING TRIMET WITH OTHER LOCAL TRANSIT DISTRICTS

By most common metrics of efficiency and financial sustainability, TriMet does not match up well with other local transit districts. In particular, the smaller opt-out agencies have lower labor costs and lower capital investment needs, requiring fewer public subsidies. Tables 1-3 below summarize the comparisons.

TABLE 1

Comparative Costs of Service Willamette Valley Transit Districts and Vancouver, WA

	Operating expense per revenue-mile	Operating expense per revenue-hour
TriMet commuter rail	$ 43.74	$ 949.84
Portland Streetcar*	$ 38.65	$ 218.36
TriMet light rail	$ 11.96	$ 175.18
TriMet bus	$ 11.49	$ 136.19
Lane Transit District	$ 9.99	$ 130.00
Cherriots (Keizer-Salem)	$ 9.17	$ 128.00
SMART	$ 7.96	$ 118.00
CTRAN (Vancouver)	$ 7.60	$ 116.00
Sandy Area Metro	$ 2.57	$ 62.70

Source: National Transit Data Base; TriMet monthly performance reports; personal communication with various agencies.

**The Streetcar is a project of the City of Portland and is managed by Portland Streetcar, Inc., but TriMet has been a funding partner. TriMet provides unionized labor to operate it, makes annual cash contributions to subsidize it, has passed through grant funds, and is making room for the Streetcar on its new Willamette River light rail bridge.*

9 Michael L. Barton, Ph.D., "Can We Afford TriMet?", Cascade Policy Institute, 2003, http://cascadepolicy.org/pdf/env/2003_15.pdf.

10 Anthony M. Rufolo, James G. Strathman, Eric Kuhner, and Zhongren Peng, "Assessment of Demand-Responsive versus Fixed-Route Service: TriMet Case Study," Center for Urban Studies, Portland State University, January 1996, 26.

TABLE 2

Annual Ridership and Cost per Unlinked Trip

District and type of service	Annual Ridership	Cost per unlinked trip*
TriMet bus	59,626,800	$3.08
TriMet light rail	44,512,567	$1.61
Lane Transit District	11,400,000	$3.19
CTRAN	6,614,724	$4.45
Cherriots	4,000,000	$4.04
Portland Streetcar	3,712,762	$2.03
SMART	370,526	$12.24
TriMet commuter rail	326,910	$14.45
SAM	235,842	$3.65

**An unlinked trip is one transit trip with no transfers. If a rider transfers from one transit vehicle to another, the ride would be counted as two unlinked trips or one linked trip.*

Source: NTDB; TriMet monthly performance reports; personal communication with various agencies.

Public transit districts usually have exclusive monopolies over certain territories, which means there are few opportunities to compare costs of different transit districts on a head-to-head basis. However, recently SMART began operating an express bus from Wilsonville to Beaverton that parallels the route of TriMet's Westside Express Service commuter rail. The numbers for that comparison show the substantial cost premium for heavy rail service:

TABLE 3

Express Service from Wilsonville Station to Beaverton Transit Center

	Operating cost/mile	Operating cost/hour
TriMet Express Rail	$43.74	$949.84
SMART Express Bus	$ 1.30	$ 83.17

Admittedly, this one comparison does not tell the whole story. A commuter rail car has more potential carrying capacity than a SMART bus, and rail has speed advantages over the bus alternative because it is allowed to stop traffic at more than 20 intersections (imposing time delays on motorists traveling east-west in that corridor).

TriMet WES commuter line crossing HW 10 in Beaverton. A hidden cost of this service is the delay imposed on thousands of motorists who cross the WES route each day.

However, there is little need for high transit capacity in this corridor. The average daily ridership of 1,975 boardings (988 riders) on WES is still far below the opening-year forecasts of 2,500 that were made when TriMet was promoting the idea to federal and state politicians. And the express bus travel-time is 25 minutes with two stops, compared with 27 minutes for WES with four stops, so the speed differential is not substantial.

COMPARATIVE LABOR COSTS

The metrics above related to cost per hour/mile/boarding are largely driven by the cost of labor. In this regard TriMet is at a severe disadvantage. Over a period of more than 20 years, TriMet has agreed to some of the most one-sided labor contracts in the transit industry, imposing substantial burdens on the district, as noted in Table 4.

TABLE 4

Transit Drivers' Union Wage Rates in ATU Local 757 Agreements As of May 2012

System	Job Title	Top Hourly Wage Rate	Top Rate With 35-Year Longevity Bonus
TriMet	Operator	$25.13	$27.43
C-TRAN	Coach Operator	$23.79	$23.79
Cherriots	Operator	$21.98	$22.83
Lane Transit	Bus Operator	$21.72	$22.12
Rogue Valley Trans.	Bus Operator	$20.32	$21.32
TriMet LIFT	Operator	$21.23	$21.23
Portland Public Schools	Bus Driver	$16.40	$19.93
OHAS (Canby)	Driver	$17.27	$17.67
Tillamook County TD	Bus Driver	$16.98	$16.98
First Student (Portland)	Driver	$15.76	$15.76

Source: TriMet and John A. Dash & Associates, 2012.

Although these wage rate differentials are significant by themselves, the most unsustainable aspect of TriMet's compensation structure is the additional cost of **fringe benefits**. This can be seen in Table 5.

TriMet's light rail line servicing the Beaverton Round.

TABLE 5

TriMet 30-Year Bus Operator Annual Compensation Rates Compared with Peer Agencies as of June 2010 (Adjusted for geographic cost-of-living differences)

Comparators	Base Wages	Holiday Pay	Vacation Pay	Geographic Differential	Total (incl. all benefits)	Compensation/ Base hour
Dallas	$38,913	$2,358	$4,898	82.6%	$67,219	$36.217
Denver	$36,048	$1,747	$4,764	92.7%	$48,241	$26.565
Eugene	$41,466	$2,394	$3,547	98.7%	$63,674	$33.583
Oakland	$46,635	$3,082	$6,163	124.9%	$67,368	$37.097
Sacramento	$43,573	$2,314	$5,784	104.4%	$68,713	$38.005
Salt Lake City	$35,513	$1,360	$3,778	90.5%	$55,534	$29.539
San Diego	$38,445	$2,032	$5,081	118.8%	$47,093	$25.932
San Francisco	$52,927	$3,126	$4,466	147.3%	$41,525	$21.901
San Jose	$52,380	$3,508	$7,015	140.3%	$64,173	$35.811
Santa Ana	$44,204	$2,679	$4,593	131.5%	$46,167	$24.982
Seattle	$52,157	$2,733	$6,833	109.0%	$58,049	$37.575
Comparator Average	**$43,842**	**$2,485**	**$5,174**	**112.8%**	**$58,049**	**$31.564**
TriMet	**$45,435**	**$3,124**	**$6,463**	**100.0%**	**$86,578**	**$47.886**
TriMet Premium	**+ 3.6%**	**+ 25.7%**	**+ 24.9%**	**11.3%**	**49.1%**	**51.7%**

Source: TriMet.

The cost of fringe benefits is identified each year in TriMet's audited financial statements. When all costs are considered, including the costs of servicing retirees, TriMet spent $1.56 in fringe benefits for every $1.00 in wages in 2012, far above other local transit agencies.

TABLE 6

Cost of Fringe Benefits as a Percent of Wages

	2009	2010	2011	2012
TriMet	128%	152%	163%	156%
SMART	50%	47%	52%	53%
CTRAN	65%	68%	50%	50%
SAM	46%	46%	44%	44%*
CAT	31%	37%	34%	36%**

Source: Audited financial statements, various years.

**Applies to 1.8 FTE on City payroll; all other personnel costs of operations are contracted-out.*
***Applies to 1.9 FTE on City payroll; all other personnel costs of operations are contracted-out.*

Outside actuaries also calculate the long-term, unfunded actuarial accrued pension liability for transit districts. These annual measurements help show whether transit districts have adequate revenue to cover all cost of operations, including promised retiree benefits. Table 7 compares TriMet's pension funds with those from Lane Transit and Cherriots.

TABLE 7

Unfunded Actuarial Accrued Liability for Pensions
(dollars in thousands)

District	Valuation Date	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as % of covered PR
TriMet (mgmt)	6/30/13	$ 34,593	72%	$ 14,200	244%
TriMet (union)	6/30/13	$ 239,348	59%	$125,143	191%
Lane Transit (union)	1/1/12	$ 14,221	55%	$ 10,934	130%
Lane Transit (mgmt)	6/30/11	$ 5,194	69%	$ 4,653	112%
Cherriots (union)	7/1/11	$ 4,946	64%	$ 5,903	84%
Cherriots (mgmt)	7/1/11	$ 2,355	60%	$ 3,478	68%
CTRAN, SAM, CAT, SMART*	n/a	n/a	n/a	n/a	n/a

Source: Audited financial statements, various years.

**These districts do not administer their own pension programs; they participate in their respective state retirement systems. All are required to make annual payments to cover the normal costs and unfunded actuarial liabilities.*

This has become a serious issue for TriMet. During the 2012 union mediation hearing, TriMet CFO Beth deHamel testified that "TriMet's union defined benefit plan would be placed on critical status and under federal oversight if it were a private pension plan subject to ERISA." She also stated that unless something is done to shore up the plan, "TriMet could be forced to default on its pension obligations or its other financial obligations in the future."[11]

OPEB – The Second Wave of the Fiscal Tsunami

In addition to pension liability, employers must be concerned about any other benefits promised to employees upon their retirement. In accounting jargon, such obligations are known as Other Post-Employment Benefits (OPEB). In the public sector, OPEB became paramount when the Governmental Accounting Standards Board (GASB) mandated that such liabilities be calculated and stated in audits, beginning December 15, 2006 for entities with total annual revenues exceeding $100 million.

OPEB liabilities of local transit districts are shown in Table 8.

11 Adam S. Collier, "Employer's Post-Hearing Brief," Amalgamated Transit Union 757 and TriMet Interest Arbitration, June 25, 2012.

TABLE 8

Unfunded Actuarial Accrued Liability for Other Post-Employment Benefits (OPEB) (dollars in thousands)

District	Valuation date	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	UAAL as a % of covered payroll
TriMet	1/1/13	$852,355	0%	$ 151,180	564%
Cherriots	1/1/11	$ 3,951	0%	$ 9,698	41%
Lane Transit	1/1/12	$ 7,210	0%	$ 15,381	47%
CTRAN*	n/a	n/a	n/a	n/a	n/a
SAM, CAT, SMART**	n/a	n/a	n/a	n/a	n/a

Source: Audited financial statements.

**CTRAN does not offer any post-employment benefits besides pensions; thus, it has no unfunded liabilities for OPEB.*
***These districts are subsets of their respective cities. The cities are required to make annual payments to Oregon PERS and Oregon Retiree Health Insurance Account (RHIA), designed to cover the normal cost each year and cover any unfunded actuarial liabilities of the respective plans over a period of time not to exceed 30 years.*

Percentage of Transit District Employees Who Drive Transit Vehicles

One way to compare transit districts is to ask how many of each district's full-time equivalent employees (FTE) actually operate a transit vehicle. Since the mission of any transit agency is to provide transit service, it should concern taxpayers when the percent of total district FTE employees who move riders is relatively low.

As Table 9 indicates, TriMet has the worst percentage among local transit districts. Perhaps more importantly, TriMet is trending in the wrong direction. In TriMet's early years, more than 70% of the agency's FTE employees drove a bus. Since then, the percentage has been steadily shrinking, due to the growing bureaucracy of security officers, lobbyists, grant-writers, human resource administrators, and public affairs people.

TABLE 9

Transit Drivers as a Percent of Total System FTE

	Total FTE employees	Total FTE operators	% operators
CAT	19	15	79%
SAM	13	10	77%
SMART	36	26	72%
LTD	310	184	59%
CTRAN	376	179	48%
TriMet	2,375	1,096	46%

Source: TriMet monthly performance reports; personal communication with various transit districts.

This chart actually understates the imbalance at TriMet, because it does not fully account for hundreds of expensive workers associated with construction of the Milwaukie light rail project, most of whom are outside contractors. During the period of roughly 2011-2015, TriMet will spend some $1.5 billion of public funds on this project. None of that money will be spent on transit vehicle operators, and no riders will be served.

TriMet's Operations Costs Are Understated

TriMet's calculation of "operating cost" for its monthly performance reports does not include debt service or depreciation.[12] These are significant omissions. The adopted TriMet FY 14 budget forecasts debt service for the current fiscal year of $38.3 million. Total accumulated depreciation as of June 30, 2013 was $1.2 billion, with a depreciation charge of $79 million taken in FY 13.[13]

Most of these expenses are related to the ongoing construction and maintenance of TriMet's rail system. Although the expenses are stated in TriMet's financial reports, by ignoring them in the monthly calculation of "operating cost," the per-boarding costs of light rail appear relatively low. These are the numbers widely cited in public discussions about transit investments,[14] and they have created the impression that rail operating costs are low. The all-in costs to the public are much higher.

Payroll Tax Rates

All four jurisdictions that have left TriMet and established their own transit districts impose a payroll tax to subsidize transit operations. None of them have a higher payroll tax rate than TriMet (Table 10). Not only does TriMet have the highest rate in the state, it has increased by 0.01% every year since 2005. It likely will go up again by 0.1%, pursuant to legislative authorization granted in 2009.

12 TriMet Monthly Performance Report, August 2013, i.
13 TriMet 2013 Annual Report, 16.
14 For example, TriMet General Manager Neil McFarlane told the TriMet board in a public meeting during 2011 that the operating cost advantages of rail were so favorable that "we can't afford not to build the Milwaukie line."

TABLE 10

Comparative Tax Rates for Local Transit Agencies with Payroll Tax Authority

	Effective date of taxing district	Current Payroll Tax Rate
TriMet	1/1/71	0.007218
Lane Transit District (LTD)	1/1/71	0.0069
Sandy (SAM)	1/1/00	0.0060
Canby (CAT)	1/1/02	0.0060
Molalla (SCTD)	1/1/89	0.0050
Wilsonville (SMART)	1/1/89	0.0050

Source: Audited financial statements and various planning documents.

UNDERSTANDING TRIMET'S BUSINESS MODEL

As the foregoing charts demonstrate, TriMet is a relatively high-cost agency. In order to understand whether this is a *temporary* condition or a *permanent* one, it is necessary to review a bit more history of the agency.

Approval of the transit payroll tax in 1969 represented a major new policy direction for Portland transit. Prior to that time, transit was provided by private bus companies that paid for all expenses out of fares. Those revenues had to pay for both operating and capital costs, as well as local property taxes and dividends to shareholders. With no public subsidies, fiscal discipline was imposed by the market.

Abandonment of this model in Portland was part of a growing national movement to wrest control of transit from private providers and create public monopolies. The assumption among transit advocates was that with steadily declining ridership, transit could no longer be viable as a for-profit enterprise, and needed to be run as a welfare service by the government. It was widely believed that a large, subsidized transit agency would achieve "economies of scale," leading to more service for a larger number of riders.

Unfortunately, the promoters of this policy failed to anticipate the consequences of creating a subsidy mechanism for TriMet that was independent of labor productivity or service efficiency. The payroll tax provided TriMet with a large and growing amount of money each year based simply on the tax rate and the level of regional employment. As the economy grew, TriMet received more revenue, regardless of whether or not the service they provided was efficient or effective. This incentivized both management and labor to steadily abandon fiscal prudence. It also made riders less important to the financial success of TriMet (since the agency was losing money on every boarding), which meant that there were fewer reasons to satisfy them.[15]

These incentive problems were made worse when the federal government began offering grants in the 1960s to pay for at least 50% of rail transit projects. This distorted local decision-making and incentivized TriMet to plan for expensive rail projects that never would have been considered if they had been financed entirely with local dollars.

In fact, the federal incentives turned traditional benefit-cost analysis on its head. Normally, proponents of an expensive capital project would want to be assured that the forecasted benefits exceeded the likely costs. However, because of quirks in the financial allocation process that allowed for substantial federal cost-sharing of rail projects (in excess of 50%), proponents essentially concluded that the high cost of rail **was** a benefit – because it brought in more federal dollars to the local economy.

TriMet's rail construction program bears this out. The first MAX line was 83% federally-funded, the Hillsboro extension was 74% federally-funded, the Interstate line received 81% federal funding, and the Milwaukie MAX line now under construction will be 71% federally financed (including both capital grants and federal flex-funds received by Metro that could have been appropriated for other transportation purposes).

If the Columbia River Crossing project is successfully revived by its proponents in the Oregon legislature, the 2.9-mile extension of the Yellow Line will cost roughly $331 million/mile (the most expensive light rail project in Oregon to date), with 91% of the cost coming from federal taxpayers through an expected FTA grant of $850 million.

This federal money was (and continues to be) irresistible to local transit officials and politicians, even though rail transit makes little sense. Light rail is a high-cost, low-speed, low-capacity technology. What is needed are low-cost, higher-speed technologies (various forms of bus service) that can be flexibly deployed to handle all kinds of consumer demand, including the occasional time/places where true high-capacity transit is required.

TriMet managers are fond of stating that the district has paid for just 5% of the capital costs of the 30-year regional rail program, but 5% of a big number is still a relatively big number. In this case, it's $211 million, plus interest. All of that money came from TriMet's General Fund in one way or another.

15 For a broader discussion of this problem in the U.S. transit industry, see *Urban Transit*, Charles Lave, Ed., 1985.

TriMet's costly light rail line to Milwaukie required the destruction of most private buildings on SE 17th Avenue in Portland between Powell and Holgate, even though the neighborhood has been – and continues to be – well-served by several TriMet bus routes.

THE EFFECT OF LIGHT RAIL CONSTRUCTION ON UNION NEGOTIATIONS

After the successful launch of light rail in 1986, expanding TriMet's rail system became the top transportation priority for both TriMet and Metro. In order to smooth the waters, TriMet sought to "buy labor peace" with its unionized workers in the early 1990s by agreeing to a series of one-sided contracts with the Amalgamated Transit Union (ATU), beginning in 1994. These contracts dramatically increased the cost of both wages and fringe benefits.[16]

The Board chair in 1994, Loren Wyss, recognized the long-term problem that these contracts would cause and strenuously objected. But in a well-publicized[17] power struggle with TriMet General Manager Tom Walsh, Mr. Wyss lost. In August 1994, Gov. Barbara Roberts forced Mr. Wyss off the Board,[18] and the die was cast. From then on, each union contract renewal was rubber-stamped by the TriMet board, and the rapidly rising costs of labor quietly compounded, out of sight of the general public.

By 2008 the total cost of fringe benefits began exceeding the cost of wages. TriMet began having cash flow problems. During the next five years, TriMet repeatedly cut service.

Past decisions have created a legacy business model that is now destroying TriMet, much as it did the big auto manufacturers. In February 2013, General Manager Neil McFarlane released a long-term forecast showing a cumulative revenue-expense imbalance of some $1.5 billion by 2030.[19]

Every building on this SE Portland street was demolished by TriMet at taxpayer expense for the Milwaukie light rail project, even though Milwaukie is already well-served by both express and local bus routes.

TRIMET'S UNSUSTAINABLE COST OF EMPLOYEE HEALTH INSURANCE

Health insurance for both current workers and retirees is the major fringe benefit that has made ATU labor too expensive. Under the expired collective bargaining agreement (CBA),

16 Gordon Oliver, "Who's running TriMet anyway?", *The Oregonian*, November 8, 1995.
17 See, e.g., "Memos shed more light on conflict at TriMet," *The Oregonian*, August 13, 1994; "Walsh set to answer questions on costs," *The Oregonian*, August 23, 1994.
18 Gordon Oliver, "Tri-Met board President Wyss resigns," *The Oregonian*, August 3, 1994.

19 Presentation by Neil McFarlane to the TriMet Board, February 2013; see Appendix B.

TriMet offered two health insurance plans to its bargaining unit employees and retirees – a Regence PPO plan and a Kaiser HMO plan. According to TriMet testimony given during a 2012 mediation hearing, "the current Regence plan is one of the most generous health insurance plans (if not **the** most generous) in existence and costs more than $30,000 per year for individuals with full family insurance coverage."[20]

Under the terms of the expired CBA, TriMet is required to provide retirees (ages 55 to 65) with a 100% company-paid health insurance benefit that is the same as the active employee plan. Spouses and dependents are included. In addition, TriMet entirely pays the cost of a Medicare risk plan for those retirees over 65 (along with spouses). Employees become eligible for this benefit after just ten years of service. TriMet currently has over 1,200 covered retirees and is projected to have 2,050 covered retirees and surviving spouses by 2030.

The cost of the TriMet health insurance plan as of late 2012 was $2,580.75 per month (nearly $31,000 per year) for those employees with full family coverage and $2,807.85 per month (more than $33,000 per year) for retirees with full family coverage. However, if TriMet's last best offer becomes the new standard, the monthly premium would still be $2,202 for employees with family coverage and $2,357 for retirees with family coverage. Thus, despite the tremendous amount of time and effort TriMet put into revising the contract, the victory was too small.

The Cavalry Isn't Coming

The TriMet board has been attempting to scale back the cost of employee fringe benefits since at least 2008 through protracted negotiations with ATU. These efforts have mostly been unsuccessful. The union has many tools at its disposal, including delay, arbitration, mass protests, and legal challenges – and has used them all. While TriMet management did win a modest arbitration ruling last year, it was a band-aid. Labor costs continue to be too expensive.

The reason why these efforts have failed is that the Board has no leverage. Testimony from the arbitration hearing in 2012 reinforces this observation. The main witness for ATU was Ron Heintzman, who served as president of Local 757 from 1988 to 2002, before becoming a Vice President of the International Union and then President. Heintzman acknowledged that the Union's goal from the beginning was simply to extend the collective bargaining agreement and continue all of the existing terms.

Heintzman testified that he does not believe TriMet has financial difficulties and that "an employer can always afford to give the union what it is asking." In addition, Heintzman testified that the Union worked hard over the years to get the many favorable terms in the labor contract, and that *he was not about to give up any of the benefits the Union had bargained for in the past.*[21]

As a result of all these problems, TriMet had to reduce service in September 2009, December 2009, June 2010, September 2010, and September 2012. TriMet has eliminated 14% of bus service hours since 2009 and 10% of rail service on its three pre-existing lines (Blue, Red, and Yellow). Its originally planned service level on the Green line was cut by approximately 33% before the line ever opened.[22] TriMet is also in violation of its Full Funding Grant Agreement (FFGA) with FTA for insufficient service at peak hours on the Yellow MAX line[23] because the agency cannot afford it.

20 Collier, 2.

21 *Id.*, 50-52.

22 *Id.*, 13.

23 According to the FFGA, TriMet is supposed to be running the Yellow line at 10-minute headways at peak periods, improving to 7.5-minute headways by 2020. Peak-hour service currently operates at 15-minute headways, and has for years.

TABLE 11

TriMet operating resources, ridership, and vehicle hours of service
1992-2012

	1992	1997	2002	2007	2012	% change
Total oper. Resources*	117,149,000	192,858,000	273,931,000	375,162,000	488,360,000	**+317%****
Originating rides	43,996,000	51,432,000	69,367,000	75,870,000	80,043,000	**+82%**
Fixed-route vehic. hours	1,643,218	1,879,068	2,232,132	2,206,416	2,032,908	**+24%**

**Includes passenger fares, grants, and payroll tax revenue.*
***Percent change is 155% after adjusting for inflation.*

Although the TriMet board has repeatedly talked for years about the need for a financial "strategic plan" that will set the agency on a path towards financial sustainability, such a plan has yet to be produced. The outlines of a plan have been posted recently on TriMet's website for comment, but the outline clearly reveals that the board has no way to reduce labor costs to sustainable levels other than continued bargaining with the union. However, for the past two decades, collective bargaining has been the problem, not the solution.

TriMet does not even have the option of filing Chapter 9 bankruptcy, as Detroit did; such filings are illegal in Oregon. Thus, there is no obvious way to alter union contracts.

IT'S NOT A REVENUE PROBLEM

If the solution to TriMet's shrinking service was simply to "throw money" at it, the problem would be solved already, because the agency's operating budget increased by 317% between 1992 and 2012. However, as seen in Table 11, levels of service and total ridership did not rise at the same rate as the budget. In fact, they lagged by a considerable margin. Total hours of fixed-route transit service are lower today than they were in 2002, despite a large influx of new money from the payroll tax rate increases.

TriMet admits in its most recent long-range forecast that the ongoing financial crisis is "not caused by TriMet's revenue base." The report states:

- TriMet's operating revenues per capita are 70% higher than peer agencies.
- The payroll tax is a reliable and growing source of revenue.
- Passenger fares have grown by an average of 6.8% annually for the past 10 years.[24]

The entire problem is on the expense side. TriMet is the highest-cost transit provider in the state.

During the 2013 session of the Oregon legislature, TriMet's top priority was getting legislative assistance to reduce labor costs, but they received no help. The agency's one legislative proposal – mysteriously designed to allow union workers to strike (a right the ATU is not seeking) – never even received a hearing.

24 TriMet Long-range forecast, December 2012, 6.

To the contrary, a bill was passed[25] which requires the Oregon Secretary of State to conduct a performance audit of TriMet by February 2014.

THE OPT-OUT ALTERNATIVE

Jurisdictions served by TriMet may petition for a withdrawal of service under ORS 267.250. Those choosing this method must submit a petition to TriMet seeking withdrawal, and the petition must be signed by at least 15% of registered voters in the "affected area." The process then requires a lengthy public hearing and fiscal impact analysis prescribed in statute.

Although there is no requirement to establish substitute transport service, that factor likely would weigh heavily in the final decision. The TriMet board must consider the effects of withdrawal on district riders, including the possibility that alternative service will be provided.

Petitions may be filed only during the period from January 1 to August 30 in calendar year 2001 and in every fifth calendar year thereafter.[26] Therefore, no more petitions will be accepted until January 2016.

Although previous opt-out cities have successfully left TriMet under ORS 267.250, this path is unlikely to be used in the future. The primary reason is that the statutory definition of "affected areas" excludes any portions of the TriMet district that are within cities that exceed a population of 10,000, so many areas would be categorically ineligible.

In addition, the TriMet board makes the final decision; and given the agency's financial problems, any city with a substantial base of employment (and thus tax revenue) probably would not be allowed to leave.

An alternative path would be a withdrawal of **territory** from TriMet under ORS 267.207 (4). This requires a district-wide vote throughout the TriMet service territory to approve any jurisdiction seeking to leave. The advantage of this option is that a jurisdiction could initiate it on its own; and the final decision would be up to district voters, not the TriMet Board.

CONCLUSION

In December 1994, ousted TriMet Board Chair Loren Wyss warned the public about the long-term effects of the new ATU contract: "If there is one predictable reason for transit to fail its mission it is the burden of fixed costs, which this contract guarantees."[27]

Today, the agency has the most expensive unionized labor among peer agencies; unfunded post-employment liabilities of more than $1.1 billion; and a capital projects program that constantly requires general fund money for debt service. TriMet's only proposed solution is to negotiate a better deal with the ATU, despite abundant evidence that the ATU will not agree to significant changes.

In comparison, the four opt-out cities have *lower labor costs, lower payroll tax rates, no long-term debt, virtually no unfunded liabilities for retirees, and better service than they previously had under TriMet*. None of them have petitioned to rejoin TriMet, which suggests that they perceive themselves to be better off with locally controlled transit districts.

25 HB 3316, p. 1; http://www.pamplinmedia.com/go/42-news/155888-legislature-oks-trimet-audit.
26 ORS 267.253(2).

27 Loren L. Wyss, letter to the editor, *The Oregonian*, December 1994.

The former long-time mayor of Sandy, Linda Malone, noted recently, "Leaving TriMet and forming SAM was the best thing we ever did during my tenure."[28]

As Portland satellite cities such as Sherwood, Tualatin, Tigard, Oregon City, West Linn, and Lake Oswego grow in future years, business owners will send ever-larger amounts of payroll tax revenues to TriMet, while transit service will stagnate and then decline. All of those cities likely could provide their constituents with superior levels of transit service at lower cost if they left the TriMet district. The same would be true for the unincorporated parts of counties.

Ultimately, shrinking the TriMet service territory is not just a strategy for making individual cities better off; it's a *strategy for saving TriMet*. Since the TriMet board has no authority to unilaterally reduce the cost of union employee and retiree compensation, the labor force needs to be pared back. One way to do that is to reduce the size of the service territory and spin off new, lower-cost districts.

With major TriMet service cuts projected for FY 17 and every year thereafter, jurisdictions still paying the TriMet payroll tax should begin investigating options for leaving the district.

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28 Linda Malone, personal communication with the author, July 2013.

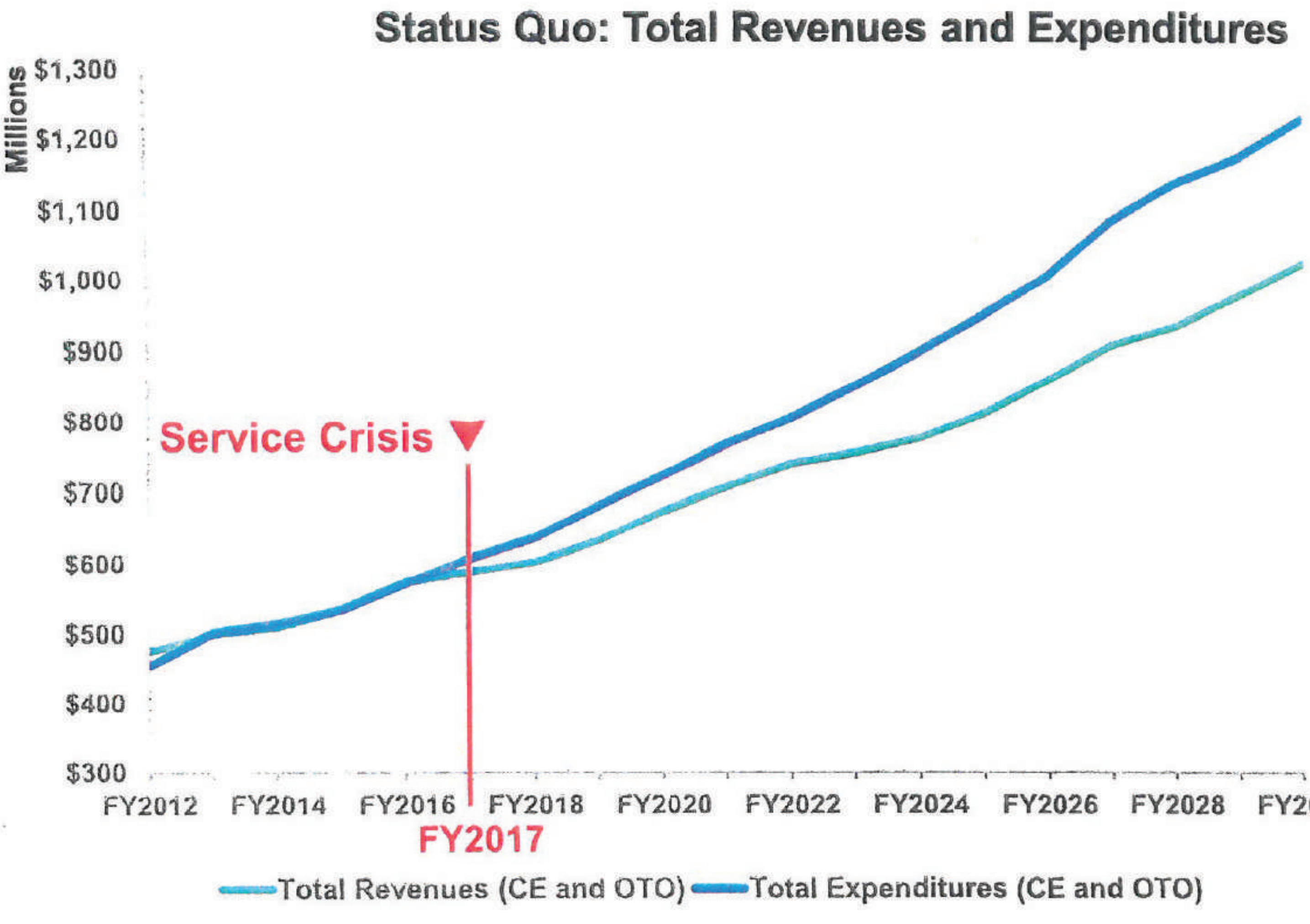
APPENDIX A: TRIMET BY THE NUMBERS

Fiscal Year	Employer Tax Rate	Employer Tax Per Capita	Ops Costs/Veh Hr (Unadj. CPI)
71			$9.04
72	0.3000%	$6.64	$9.42
73	0.3000%	$7.05	$10.28
74	0.3000%	$7.88	$11.50
75	0.3500%	$9.57	$12.68
76	0.4500%	$13.01	$16.83
77	0.5000%	$17.61	$19.31
78	0.5000%	$19.73	$21.67
79	0.6000%	$26.39	$24.68
80	0.6000%	$31.22	$27.74
81	0.6000%	$32.92	$32.26
82	0.6000%	$35.14	$33.86
83	0.6000%	$34.15	$32.98
84	0.6000%	$35.60	$35.33
85	0.6000%	$38.64	$39.24
86	0.6000%	$40.48	$38.48
87	0.6000%	$42.09	$38.21
88	0.6000%	$44.25	$40.45
89	0.6125%	$48.02	$42.94
90	0.6176%	$51.10	$44.29
91	0.6176%	$54.36	$45.84
92	0.6176%	$55.93	$47.82
93	0.6176%	$59.82	$50.27
94	0.6176%	$62.92	$50.65
95	0.6176%	$67.72	$54.07
96	0.6176%	$73.85	$54.67
97	0.6176%	$81.97	$58.14
98	0.6176%	$87.14	$58.94
99	0.6176%	$91.08	$68.43
00	0.6176%	$94.97	$73.88
01	0.6195%	$102.92	$76.66
02	0.6218%	$98.73	$77.71
03	0.6218%	$96.73	$81.59
04	0.6218%	$95.98	$84.47
05	0.6243%	$101.03	$93.73
06	0.6343%	$110.75	$100.79
07	0.6443%	$117.69	$102.62
08	0.6543%	$123.91	$108.01
09	0.6643%	$122.68	$107.44
10	0.6743%	$118.57	$113.64
11	0.6843%	$125.47	$117.38
12	0.6943%	$135.59	$123.58

APPENDIX B: APPROACHING TRIMET'S SERVICE CRISIS

Projected Post Arbitration Revenue Expenditure Imbalance
revenue-expenditure imbalance
- ($19) million 2017
- ($48) million 2020
- ($142) million 2025
- ($200) million 2030

An imbalance ahead:
Our expenditures are greater than our revenues.



Source: TriMet.