

TriMet 2020-21 Hearing Minutes

Wednesday, May 27 2020

8:00 a.m.
Virtual Meeting

Present:

TSCC:

Chair David Barringer, Vice Chair James Ofsink, Commissioner Mark Wubbold, Commissioner Margo Norton, Commissioner Harmony Quiroz Executive Director Craig Gibons and Budget Analyst Tunie Betschart (all via virtual meeting using Web X Meeting)

Absent: None

TriMet:

Board Members: President Bruce Warner, Vice President Travis Stovall, Ozzie Gonzalez, Lori Irish Bauman, and Dr. Linda Simmons

Staff: General Manager Doug Kelsey, Executive Director of Public Affairs Bernie Bottomely, Executive Director of Finance and Administration Dee Brookshire, Budget Director Nancy Young, and Voice Systems Engineer Geoffrey Carroll

Chair David Barringer opened the public hearing to consider TriMet's 2020-21 Approved Budget and asked the Commissioners and staff to introduce themselves. He then asked if any of the Commissioners have business relationships with the district that could be perceived as a conflict of interest. There were none. He commended the district for stepping up to meet the current public health crisis. He acknowledged that it is difficult forecasting the budget for next year in the current environment of constant change. He encouraged them to continue to monitor the budget as the year unfolds. He asked the district to introduce staff and any board members present, make brief introductory remarks about the budget and then the commissioners would ask a few questions. Following the questions, testimony from the public would be taken.

After introductions were completed, President Warner thanked commissioners for their public service. He said he would like to make a few remarks about the fiscal year 2021 budget before turning it over to Doug Kelsey. He said TriMet's budget as it was drafted earlier has changed quite a bit as COVID-19 has brought deep declines in ridership and employment, which of course impacts payroll and fare revenues, which are the major source of revenue for operations. Looking at the budget with the changes, they anticipate is probably going to take a couple of years before the agency is prepared to move back into considering a service expansion.

He went on to say that they realized there's a potential that the economic recovery could be slower. Their approach to funding this next year and beyond will be conservative at best. Over the past many weeks the budget and financing team have been hard at work making significant adjustments to TriMet's anticipated revenues and expenditures. The agency is also considering how to allocate the C.A.R.E.S. Act funds of which TriMet received \$185 million. It is clear that a lot is dependent upon the duration of his pandemic, the speed of the economic reopening and the return of ridership and payroll tax revenue. So TriMet while is trying to remain flexible and adaptable, there are a lot of unknowns at this particular time.

He then asked General Manager Doug Kelsey to give some additional detail and provide an update on the projects and the initiatives the agency plans to move forward during this next fiscal year and beyond.

Mr. Kelsey shared the principles that are guiding them and the revisions to the process TriMet will use as they look to the immediate future. He said the overarching rules here are firstly, maintaining flexibility financially as much as possible; secondly, edit service levels to the degree possible. Thirdly, is to protect jobs to the degree possible. And fourthly is safety. Safety is not something within the operating or capital budgets TriMet would consider compromising here. He went on to explain they did adjust service levels on April 5th reducing service hours on the bus by 20% reduction; on the Wes Commuter Rail, 37%; MAX light rail by 9% and lift service was reduced. The operating service expansion TriMet originally planned pre-COVID for fiscal year 20 and 21 have been suspended as the focus shifts to restoring service to previous levels before expansion will be considered.

The agency is hiring more than a hundred additional cleaning personnel right now. So at a time when costs are tight TriMet is benefiting from the \$185 billion of the Federal C.A.R.E.S. Act. They are adding a hundred more cleaners on top of approximately 145 cleaners, almost 250 cleaners to make sure that the public trusts TriMet and that they can deliver service safely. Under the current circumstances presented by the pandemic TriMet will be providing masks to all customers if they don't have their own to travel on the system.

In terms of service, it will be restored as finances allow and ridership dictates for balancing essential services with supplemental supply and demand principles; with an emphasis on supporting communities of color and low income communities; while minimizing the overcrowding to ensure a healthy safety standard and support the Oregon Health Authorities. The agency is doing all of that with the appropriate cleaning measures in place and providing the social distancing needed that is necessary on board.

He went on to say that while there's uncertainty they looking forward to the future. There's a short, medium and long term lens; and they can't lose track of all of those or short term challenges here, particularly in a highly capitalized environment as long-term capital cycles.

Construction of the division transit project is well every way. That project is about \$175 million. Another example is the Better Red project. That's the Red Line Expansion project. This project is approximately \$215 million; expands out to Fairplex; adds rail cars; includes double tracking to the airport; and fixing some of the rail configurations around their very complex gateway area. The agency is very optimistic that that project will continue to proceed with significant federal funding.

Also in fiscal year 21, TriMet will embark on a major MAX Improvement Project on the Steel Bridge. He said they will be doing a significant upgrade to it for safety; for signaling, to make sure they can actually speed the trains up; every one of the trains pass through that bridge. That project will probably be the most complex State of Good Repair project the agency has ever undertaken. He explained that they will be shutting down the rail portion of the bridge for one month in August. It's approximately a \$20 million project.

For the eighth year in a row TriMet will not be increasing fares. The agency will continue to absorb what has historically been inflation into the existing businesses. He said they are managing it the best they possibly can.

He concluded his opening remarks by saying through the years of hard work by the existing board and previous boards, management, and staff, TriMet is well positioned. They are grateful for the \$185 million C.A.R.E.S. Act funding. TriMet is committed to staying on course; to regain the long-term fiscal stability; and keep these commitments of the capital projects as well as the operating adjustments the agency will need to make to get there.

He thanked TSCC for holding this hearing.

Commissioner Ofsink asked Mr. Kelsey about the increase he mentioned in cleaning staff and other sanitation procedures of the system. Can you help put that 250 additional cleaners into perspective? How many were there before this addition?

Mr. Kelsey explained that they had about 145 so they are adding 100 to 150 range. What is really important here is the agency needs to gain the public's trust and confidence and meet the standards needed to meet the governor's order. TriMet is maintaining that they will be updating all these standards to four hours or less throughout the system. He said they are going to see how it goes and they will probably learn as they move through this.

Commissioner Norton said she too was interested in the cleaning process but more with an eye to the future. As everyone emerges from this, the public will expect a higher level of sanitation so will this become a part of TriMet's future?

Mr. Kelsey said he believes it is important to always be listening to the customers. There is a degree that may remain. The cleaners are part of the strategy. That's the human part. The agency has invested just under a quarter of a million dollars recently to bring in foggers. These are basically hydrogen peroxide foggers that fog the bus at night and they would sterilize it to 99.9%. So there's a combination of people and technology that TriMet is applying. They just brought in 36 foggers to help manage the standards. That is going to continue. The degree that it's needed, when the bus is outside in the lines once in service every day, the agency is going to have to monitor that, but it needs to be done in a cost effective way, but still maintaining the standards that are necessary for the problems they are trying to solve.

The agency is in the process of moving to this next level. They are working closely with the Oregon Health Authorities to determine what is the health standard needed and then TriMet will manage the cleaning with that degree or more.

TSCC questions:

Chair Barringer asked the following questions:

In the current year ending June 30, is the district expecting any year-end budgetary problems arising from revenue shortfalls or unanticipated expenditures due to the COVID-19 situation? What impact will this have on the district's ending fund balances that are not yet reflected in upcoming budget?

Ms. Brookshire answered saying, the answers are yes. The agency does expect to have budgetary problems. Ridership has declined by 70% with corresponding losses in fare revenue since mid-March. Payroll tax receipts are also expected to be less than expected, possibly by as much as \$12 million just for the last quarter of fiscal year 20. There've been both gives and takes on the budget since the approved budget and the adjustments have been many, but thanks to the C.A.R.E.S. Act TriMet has been able to maintain fund balances with the incoming relief funds in line with the board's strategic financial guidelines. TriMet does

not anticipate taking action to promote additional ridership until after social distancing restrictions are lifted. TriMet does not have the additional capacity on buses or light rail to accommodate ridership demand above the current levels while social distancing recommendations are in place.

Commissioner Norton asked these follow-up questions:

What is the cycle of payroll tax turnover? What's the frequency; is it quarterly?

Ms. Brookshire answered that they record payroll taxes receipts monthly but self-employment taxes are received a little more sporadically.

Commissioner Wubbold asked the following question:

These first two questions are actually questions we've been asking all of our districts. So 70% decline in ridership, a decrease in payroll taxes, cost increases for cleaning, et cetera. Many, many, challenges and some vulnerabilities. Could you tell us, should the economy remain stalled, and it feels very installed right now, where are the district's greatest vulnerabilities and how will the district monitor and respond timely if revenue collections go off track or if unanticipated service requirements continue?

Ms. Brookshire responded saying TriMet's greatest financial vulnerability is in potential declines in payroll tax and passenger revenues beyond the current expected level.

As President Warner indicated, the agency is being extremely conservative in estimates, but it could still goes beyond that. TriMet is monitoring revenue receipts from all sources carefully. Since the payroll tax is typically a lagging indicator in a recessionary event such as this, the agency will be able to see it coming and can plan for the next phase of cost reduction measures. Changes in passenger revenue are felt quicker. TriMet is evaluating the service through the tri-county region. Currently TriMet has cut service by approximately 20%, keeping all lines available even if frequency has changed.

While social distancing regulations are in effect, TriMet is in the early stages of exploring technology that would give the agency the ability to monitor real-time passenger counts on specific buses. This would allow TriMet to direct customers to buses that are below capacity and avoid pass ups.

Once social distancing restrictions are lifted, TriMet will look to restore service on those lines where the greatest demand is seen. This should result in more efficient allocation of services, boosting rides per hour.

Director Kelsey, you mentioned C.A.R.E.S. Act funds and it wasn't clear to me that these are guaranteed. If they do come in are there restrictions on how you can spend them?

Mr. Kelsey said that currently they're not guaranteed, but they're not anticipated to be withdrawn, not only for the agency but across the nation as it has all been allocated. The purpose of them is, because of the unique circumstances that exist right now, they are really there for most all purposes that the agency may have to tap into related to this emergency. It can be used for capital expenditures like the purchases like the foggers, but it can be used to retain jobs, and service levels as well and other expenditures. So there are not really limitations on it currently.

Ms. Brookshire added that they cannot use the C.A.R.E.S. Act funding to replace lost revenues. Staff is tracking all of the costs because of the pandemic. So the agency is able to fore and collect a hundred percent of the C.A.R.E.S. Act funding that's been allocated to TriMet.

Commissioner Ofsink asked the follow-up question:

Executive Director Brookshire was talking about customer shaping or the traffic shaping and how you would direct customers to lines that were below capacity. I was just trying to understand what that looks like. Can you give some detail about this?

Mr. Bottomely explained that they are exploring that technology. This would be tied to the Hop Program and the ability to customize communications to their customer base. He said they have potentially, with some upgrades, the opportunity to use the real time counters that are on the bus that track the number passengers that are getting on and off. They have the potential to be able to use that to identify lines or buses that are under capacity and then pairing that with the Hop data, target information to the folks that typically use that line and let them know that there's space there or not. So they can avoid that if it's already overcrowded. But that's still in the future. TriMet would have some technological upgrades to do before they could get there.

Commissioner Norton asked this follow-up question

To go back to the opening remarks about having nimbleness during this period of uncertainty and how you must adjust to these things. My question is directed toward the board members. I'm interested in the frequency in which the board receives financial updates. How do you expect to manage the finances of the agency in a more nimble fashion than perhaps you have done previously?

Ms. Brookshire fielded this question stating they have accelerated the notifications to the board through the finance and audit committee. They are having special education sessions for the board to update them on changes in the budget or what the adjustments mean and could mean going forward. Staff is also planning to do quarterly updates to the board on progress going forward.

President Warner pointed out that they receive monthly detailed financial information about how the agency's doing on everything from ridership to revenues to expenditures. They monitor those quite carefully and Ms. Brookshire has mentioned as a result of the COVID-19 and the changes here, the board is going to be looking for some additional updates to just see how TriMet is doing and progressing and the trends. He concluded by saying he thinks the board is getting the information it needs to help the organization manage this downturn and position TriMet for the future as things start to recover.

Mr. Kelsey added that they had a finance and audit committee session a couple of weeks ago. They have board educational sessions as well. He said they are having another round of those finance and audit committee session June 8th. So the board has been informed every three or four weeks or less over the last short period of time. Staff has really shortened that conversations, over the last say month or so in particular. As Ms. Brookshire talked about quarterly meetings with the board these are actually quarterly or before. If there is a need to do them even sooner based on if the dynamics are outside of a reasonable tolerance level or significant impacts, then they will accelerate those communications up informally and formally.

Commissioner Norton asked the following questions:

TriMet differs from many of the municipal jurisdictions in that they have General Obligation Bonds that is paid with property taxes. TriMet does not have GO bonds but you do have a lot of debt including revenue bonds, payroll bond. The question is whether any of the debt service sources of funds are vulnerable, what coverage you have, and what assurance you can give us that you are positioned to have adequate resources to pay these obligations?

Ms. Brookshire said TriMet does have quite a bit of debt, but their debt service is rated for the most part are rated AAA by three agencies. The exception is the GARVEE bonds which are secured by funds from Metro, and not at risk. The senior lien payroll tax bonds are at risk because they're supported by payroll tax revenue. Payroll taxes are key revenues, but TriMet has exceptionally strong debt coverage thanks to its low debt ceiling, currently seven and half percent of continuing revenues. So the agency expects to have more than adequate levels of revenue to pay all debt service. TriMet was recently reviewed by Moody's and they felt that the coverage was sufficient and adequate to see the agency through the recessionary downturn and did not recommend any sort of further investigation. So the AAA rating from Moody's are not at risk.

Commissioner Quiroz asked the following questions:

I want to talk a little bit about the means of collecting fare revenue, how this has been changing significantly over the last two years. The low-income fare program, the Hop Pass, temporarily eliminating cash fares, and decreased ridership have all impacted fare revenue. Some changes are good for customer service but have adverse impacts on fare generation. What is working well and benefiting TriMet and the riders and what has had an adverse impact? How has not accepting cash effected the district's targeted Equity & Inclusion groups? Is TriMet forecasting any changes in the means of collecting fares or the amount of fares collected?

Mr. Bottomley responded saying he would field this question. He said so if there's a silver lining in this period, it may be the performance of the Hop electronic fare program. It has allowed TriMet to continue to collect fares during this period, even though no cash is accepted because cash has a lot of hands touching it. That is significant potential factor for the virus. Many other transit districts have had to suspend collecting any fares because they don't have an alternative like the Hop program.

He went on to say that the agency is fortunate in that there was about a 50% market penetration for Hop before the crisis hit. So about half of the revenue was coming in via the Hop a pass system. It's a non-contact or very light contact systems. It's easy to clean the Hop readers. It's very difficult to clean money when it comes in. Hop reduced the opportunity for transmission. It is a much quicker way of collecting fares. The operator on the bus is farther from the rider. So as people are pausing to tap their card, they're not within that six foot, social distancing envelope which is helpful as well. And then adoption of the Hop card allowed the agency to implement the low income fare program. It really wasn't manageable before that. TriMet has about 30,000 folks signed up under the low income fare program. It really has allowed the agency to continue to serve those folks who have income limitations and for whom it's difficult to come up with a full cash fare on a regular basis. TriMet does expect to start accepting cash fares again in the relatively near future. He said they are still waiting for the healthcare professionals to give them guidance on that. They also do expect that Hop Pass adoption will be accelerated even more than it already has been by this period where only the Hop cards are accepted on the system.

One of the other benefits of the Hop implementation and the low income fare program is that TriMet has developed a significant relationships with a lot of community based organizations.

TriMet does not make the low income fare determinations but partners with other organizations that serve low income communities. These organizations make the determination on behalf of TriMet. That's created a really good network of folks that help communicate to the community that there are free Hop cards for folks who can't afford the normal Hop program and would normally pay with cash. They can access those free Hop cards and continue to use the system.

On the equity issue, TriMet does not think there's too much of an issue there because the agency has been distributing the free Hop cards because of the low income fare program.

Another shift is the agency not doing fare enforcement on the buses. Fare enforcement and the operators are instructed that they're fare informers not fare enforcers. So they let folks know that the agency does expect them to pay a fare. Riders are told of the outlets where they can get free Hop cards, but the operators continue to allow them to ride. TriMet continues to serve the community and have not heard concerns from those community based organizations they work with.

President Warner added as they watch daily what other transit agencies are doing they are starting to see the early signals of some transit agencies moving back to collecting cash. TriMet is going to hold off, for at least some period of time here. He said they are really appealing to the users to use the system and please pay. Help keep the services going. There's a bit of a conscience here.

Have you spent additional time expanding that network of agencies and community groups for the low income fare program? I'm curious about how that might expand over the economic downturn and how you can reach out or what you're doing to reach out to additional groups to make sure that that access is clear.

Mr. Bottomely explained that they have about 400 community based organizations throughout the region now that they are partnering with on the low income fare program. TriMet is working with them currently to identify groups or individuals that may not qualify for the low income fare under the traditional measures, which has to do with the federal poverty level and so forth and require a certain amount of time. Staff is trying to identify those folks who are expected to be temporarily unemployed and may not qualify under the federal guidelines and working to get cards out into their hands as well.

I appreciate the distinction between fare informer and fare enforcer. Then that probably follows the distribution of masks and things like that or the offering and masks. How are you protecting your employees and also community members if there's conflict around wearing masks as we move to this next phase?

Mr. Kelsey explained that whether it be charging for \$2.50 or \$5, COVID-19 or no COVID-19, it's not worth the conflict. The agency does not want to have people harmed on the system by assaults and things of that nature. That is why TriMet made the decision to put bus barriers on all buses. He said he just authorized about \$2.8 million to implement full bus barriers on all buses. Protecting operators was really foundational here, not only for physical but also from the virus. These barriers are having unintended benefits now and TriMet is seeing many agencies throughout the country moving in this direction. TriMet has undertaken the distribution of masks because they want the surety that the agency does not spread this virus.

He went on to say that TriMet's team has been really creative. They are creating these special boxes; over a million masks; and creating dispensers near the front of the bus including hand sanitizers that will be installing on all buses and trains, for people for self- distribution. The operator won't be handing them out.

TriMet does not know how rampant this will be, but has decided to go all in to make a place where people go to be safe including masks. There are exceptions to masks. There are children under two; or individuals who have medical conditions who may not be allowed. Everyone needs to be careful to not be racing to judgment should someone not have a mask. Part of the governor's foresight is if someone shows up with a significant cough or are looking as if they are on the way to the hospital, TriMet is going to undertake getting them to the hospital. It may not be on the bus. It may be a different form of district transportation for them to protect the agency from spreading and being a conduit for this. There's quite a number of layers to this. The mask is the physical symbol and a physical transaction, but there are other steps behind the scenes the agency is undertaking as well. But if confrontation happens then the agency has failed. This is about ensuring that people are considerate of each other and are creating an environment where people are looking out for themselves, and the consideration for others as well. There's a delicate balance in this, but the organization is treating the masks as inform and supply not inform and restrict.

Commissioner Ofsink asked the following questions:

The proposed budget included \$300 million of capital project and capital equipment spending; new and replacement vehicles, state of good repair projects, and system expansion and enhancements. It included projects to decrease the district's carbon footprint. The number of projects and the amount of spending is the highest in many years. Is the planned funding for these capital expenditures still viable? If funding is or becomes limited, how will TriMet prioritize projects?

Mr. Kelsey said TriMet has now conducted its first internal carbon baseline audit. They need to understand where they are today. There are a number of things that they are doing to adjust the projects. As the agency transitions out of diesel, they have made a decision that they are going to be moving to R99 diesel, which really reduces the footprint. Many of the buses are funded through the FTA and have about a 16 year life cycle. TriMet does not get rid of the bus until it's finished its life cycle. So the diesel investment has been deferred by about six months. This is one example of adjustments. The price differential between base diesel and R99 is a lot more favorable right now. Staff anticipates in about four months that transition to reduce the carbon footprint will begin.

That's not a capital expenditure, but it's an example of how the agency will manage the footprint, and the speed of some of these capital programs within the severity of this economy. TriMet is also bringing in North America's very first recycled, fully articulated bus that was almost thrown away, rebuilding it from a diesel bus into North America's first recycled electric bus. So some of these expenditures are already in play. The agency will manage the trajectory and will still achieve by 2040 or before being out of diesel buses. So what that trajectory looks like, the agency will accelerate some of these expenditures. Hopefully through third party funding's if the T-2020 bond measure goes through there'll be a contribution of a number of millions of dollars hopefully into that.

TriMet will continue to pursue federal funding, that helps convert some of the fleet over in an accelerated way. The agency is also piloting retrofitting some of the existing buses. However, the electric industry and the bus industry are still not mature yet in this performance. TriMet is

even considering converting some existing rebuilt diesel buses over to electric now. So there are a number of those going on to continue to move toward the reduction of the district's carbon footprint.

Some of the other capital projects: Looking at the MAX system, the agency is now at the tail end of the first generation using the rail network. Now they are having to move to a State of Good Repair where the agency will have to rebuild the railway while they are running it. The Steel Bridges is great example. The agency has to spend to stay in the game. What TriMet is not going to do is compromise safety. So there are elements in the capital portfolio that are in the year in question; a few years out; and long term. A number of capital projects are at the high point now of cash flow. TriMet is rebuilding the Powell garage right now. It is about a \$130 million project. This is being done because the building is old. Some of the projects are absolutely just going to get done.

The Division Transit is another example where the agency is investing for the long term with their strong partnership with the FDA. TriMet will continue to do those based on affordability. The Southwest corridor is another example of a very long term project, but that would be triggered through a set of complex hoops including the T- 2020 ballot, which is coming up this fall. So TriMet divides short, medium, and long-term capital, which these different streams of expenditures that are underway right now. TriMet has a complex portfolio. Some of the State of Good Repair has more flexibility. When does an elevator get replaced? It doesn't have to be that year. You have flexibility. There are means at the agency's disposal to manage the timeliness of their performance, whether it be a vehicle replacement for basically a Ford EcoBoost vehicle or a rail car, which is about \$150 million expenditures that are flowing through right now.

Do you feel like, given that the circumstances are changing so quickly right now do you feel comfortable that you're able to ramp up and ramp down these capital projects in order to stay in line with the expected funds?

Mr. Kelsey said that the challenge is trying to anticipate longevity of lead time. Because sometimes like the Steel Bridge for example, TriMet was actually at a decision to go ahead on the project or not this week. Some parts of rail, are manufactured overseas with a year and a half lead time just to have them manufactured. So there is some flexibility on timing. The supply chain has to be managed with each project. That is going to continue to be a challenge. Those where there is latitude, TriMet is already holding back.

So as soon as COVID-19 kicked in, mid to late March, the agency immediately started a review of every single capital project to see where they could defer the scope. They started peeling back the obvious ones. Some that were underway could not be stopped. Ones that had flexibility before they were activated were put on hold immediately. He said it's going to be an imperfect dance while they manage the long lead times on some of those. There are new things that have emerged that weren't even anticipated. The agency has some IT expenditures that were not anticipated but must be done.

Chair Barringer asked the following questions:

In four of the last five years, ridership has decreased, but this year ridership was increasing significantly. Then came the pandemic, which caused a huge loss of ridership. Has the district contemplated the long-term effects of this decreased ridership? How will the district lure riders back to the bus following this pandemic?

Mr. Kelsey said TriMet will continue to behave like a customer centered organization but as semi-utility type of approach. They are going to have look at managing the customer segments in different ways. He gave an example of actually activated a ridership recovery group. The agency needs to understand and listen to customers. Many folks are going to be working from home more on a continuous basis than ever before. So those are customers TriMet may not see on the system on a Monday to Friday basis. There may be one, two, three days where they're now working from home. Conversely, there's some other folks due to the pain of the economy may not want to drive their cars. This could mean opportunities for the agency that were not there before. This is where the Hop card will pay significant dividends for this agency. With this data now the agency is going to have to be evolving in their sophistication to understand the customers more and look at the value packaging more.

He said he is optimistic that like any business, when you put more service out, it takes a while for service to recover. HB17 money has not been spoken about this morning. That's a really important decision by the legislature of the state. That's a revenue stream that will help the agency in its recovery for putting new services back out there. TriMet is going to have to learn to probably market more; plus coming up with new products. The agency is exploring things like Wi-Fi on the system. TriMet is actually piloting right now a headset tour in potentially multiple languages to get to a different segment when there is actually capacity available. The Southwest Corridor Project if it goes, is the largest greenhouse gas reducer and that's about 37,500 rides a day once maturity is reached. The Division Transit Project is going to reduce travel time by 20%.

TriMet is closing train stations to speed the system up. Looking at TriMet's existing portfolio, what do they need to do with what they have today to make these assets produce more, to bring a better experience in its totality?

That's very perceptive of you. But how do you know that you're not a large department store on that path versus a Walmart or an Amazon on the other side of the path? How do you know where you are ultimately heading?

Mr. Kelsey explained saying there's history that's unfolding right now. TriMet is a combination of service and policy. The agency is at the intersection of a solution for reduction of greenhouse gases for this world and for the planet. As vehicles come under more and more pressure, there's a wonderful opportunity for the top tier group of how you get around in your life with mobility, cycling, walking and public transportation. The board had great vision a few years ago. They moved the agency from the mindset of just a transit authority to mobility agency. How does the agency connect and remove the friction?

TriMet has to come up with better products where you can enter. They are doing a partnership right now with visa and through the FDA and FDA grant and other partners to come up with some kind of a plan, book, pay to remove the frictions like retailing typically struggles with. That's why online has dominated because the frictions have been removed; items just arrive on the doorstep. TriMet has to remove the frictions and reinvent on an asset base that favor healthy choices of mobility over the single occupant vehicle congestion.

TriMet is going to have to fight harder than they have in the past to tilt the playing field for all those reasons to making sure the agency is relevant. Things like Wi-Fi. He said he believes there will be things like congestion pricing. If you start to unbundle the real cost of a roadway and consumption of it, that tilts the playing field where people have ridden for free, on the road system. He said he thinks we are going to see more conversations like that, not only here but in other parts of the world. That allows people to make other value proposition choices of cost

and services as well. It is a complex subject. The agency has a five year plan that gets to those types of things to increase the experience and increase ridership.

It is encouraging that you're thinking about important issues.

Mr. Kelsey went on to say the board is going to talk about transit oriented development later today. This region needs to become more assertive in its application of moving, leveraging these amazing distribution channels of service that TriMet has with bus, train or other, and leveraging their real estate footprint around the stations to not just spread this way; but the have got to go up to allow all types of people to live in those communities where they may in fact not need a car, because the services work on their terms.

Part of the strategy TriMet embarked on several years ago was they can't have transit oriented development on a system aggressive basis in this region around transit if they do not have on time performance so people can rely on the system. So this has moved from the average of 75% on time performance for max to over 90% so this has come up over fifteen full percentage points. The bus systems moved from 80% to the high 80s percentile on a public road network system. So they have to add bus rapid transit lines, reconfiguring the speed of the system and provide a better experience.

Commissioner Norton asked this follow-up questions:

Chair Barringer asked about luring rides back and you talked about cash, Hop as if we're talking, exclusively about a rider like me, an individual person. You mentioned the long-term effect of different work place behaviors. My question is, what is your outlook for the relationship with employers who provide annual transit passes to workers who now maybe they are only going to be in the office one or two days a week? What is your strategy for returning to the employers as well?

Mr. Kelsey explained that TriMet has an employer pass program, and are literally in discussions with them now around what that might look like in the future. In this environment over the next year, the agency will have to put a program in place for the next year to get them through. He said he has asked his team to go back and strategically look at what the program of the future needs to look like. He said so your question is timely but he does not have the answer on how they will move through that dynamic until they can get to a new relationship place.

Mr. Bottomely added, that they need to be flexible and adapt to the reality that many of the employers are experiencing two challenges. One is just the number of employees that have been furloughed or laid off is not an ongoing situation; and it is going change over the course of a year; typically the agency establishes the big customers on an annual contract. TriMet will have to find some way to be flexible around that.

And then the other is that lot more of their employees are telecommuting, than they have historically. So reflecting that as well in how TriMet puts together the contracts with the employers is going to be important. This is being negotiated right now.

Thank you. I did not expect the answer, but I appreciate that you're thinking about it.

Chair Barringer said this is the end of the formal questions by the Commissioners. He asked Executive Director Gibons if there was anyone in the audience who would like to speak. Mr. Gibons said there were 21 people attending via conference call and three via video.

Mr. Carroll explained how the phone audience would need to join the meeting if they would like to speak. None were wanting to speak. He assisted Mr. Gibbons with accommodating the two speakers in the use of Web-X Meeting.

First to speak was Lee Helfand who said the following:

Thank you for taking my public comment. My name is Lee Helfand. I use they them pronouns. I grew up, riding transit and in and around the Portland Metro area, so long time rider here. I am extremely concerned as many people are about how Portland and my communities are going to be recovering from this pandemic and how folks are going to be getting around as we come out of the pandemic as well. I think it's pretty clear that TriMet and transit agencies around the country have urged riders to stay off of buses except for essential trips. But I think as has been articulated earlier, that message definitely needs to be balanced by a clear communication plan. Movement around the entire city depends on people riding transit once testing and a vaccine are available.

I'm super concerned about potentially impending gridlock in the city. I know gridlock is something we've experienced before, but I think people are going to be extremely scared to be riding transit. I am nervous that there's not clear communication plan. I am extremely nervous that Wi-Fi has entered the discussion as part of a potential incentive to ride on transit as opposed to thinking about how we can reduce fares and expand low income ridership. I think it's also been said that leaders and staff are focusing on low income communities and communities of color. But I really question what the engagement has looked like. This national money is coming down to TriMet. I don't know what a community engagement plan looks like in order to have a participatory community led process for how those dollars are spent. I have lots of concerns, but I think what's clear is there needs to be a campaign to not only get ridership back up to where it was but to increase it. I think as Portland continues to expand, that's going to become more important. I think that folks on this call today have kind of alluded to that, but I don't think it's clear that we necessarily have the same ways of thinking about how we go about that.

I would just ask that you engage community and be super transparent about how community can help shape this messaging about how to get back onto transit and clearly communicate to the public that especially in this time, you will not be enforcing fares. You're calling them fare informers, but I don't know that that's been widely heard by the community. I think folks are still under the impression that fares may be enforced and I think it's more important than ever to put people before profits in this case, even though we do need to acknowledge monetary needs. Please clearly communicate to the public that you will not be enforced fares at least till the end of this year.

Thank you.

Chair Barringer thanked Mr. Helfand for his comments and asked for the next speaker to begin.

The next person to speak was David Daley who said the following:

Thanks for the opportunity. I'm Dave Daley. I'm a member of the Aging Services Advisory Council at Multnomah County. Yesterday we had a special meeting of our council, together with the Disability Services Advisory Council, to talk about an item in the policy and planning department's budget that has to do with the ride source or ride connection support. They've budgeted a very large decrease for ride connection services and we're concerned because it looks, from what we can tell that that was done without a lot of consultation with human services community and especially Washington County and Multnomah County. I'm not

familiar with Clackamas. Consideration was not given to the fact that these ride connection services were designed to provide service to people who really have no other options. They do a lot of work out on the fringes of the TriMet system and those people don't have a fixed route option. They don't have a paratransit option. And if that service is taken away, they're going to have absolutely no way to have freedom of movement where they live. What we're asking, we know this is going to be a difficult period the next couple of years. We have the same problem at the County as we've got tons of very painful cuts to make in the coming months. But I think it's very important that we identify people who don't have any other option. And this is the only way we can actually serve them. We submitted a letter asking that TriMet, in this period before the budget becomes locked in stone, really take some time to assess the impact of that ride connection cut on these very vulnerable people and to make sure that we're properly balancing their needs in this overall approach. Thanks.

Chair Barringer asked if TriMet would like to respond to the previous comments. The following are the comments voiced by TriMet's General Manager.

Mr. Kelsey's responses were as follows:

I'll take the second one first and I'll work my way back up to number one.

To the ride connection discussion; firstly, the budget is about \$2.75million. As I've indicated earlier we've cut back the rest of our transit agency by 20%. The impact here that we're talking about is about 18% reduction. We have some flexibility here. We actually don't know what ridership is going to come back like. I don't think anybody does including ride connection or paratransit service. So part of this is maintaining flexibility. If we put it in the existing agreement, we may lose that flexibility. So we want to keep flexibility available to us across the pallet of our services, not knowing the significance of the ups, downs, sideways of where our economies are going to be, let alone of ridership.

Right now we're contemplating about an 18% reduction. Again, less than the transit service, reduction of essential service, but we will be monitoring this throughout the year. I have anticipated in the budget a larger than normal contingency and that's part of the conservation that Dee Berkshire referred to earlier to monitor how this goes. We will work with ride connection. We also have a lot of paratransit service that reduced by 85%. And so we're a lot of those are higher costs, for paratransit service than say a ride connection trip. But our fixed costs on the paratransit we have a lot of capacity to fill up there as well as well as a primary source. We will be watching this and monitoring this and it will depend on the economy and the uptick of demand and ridership. But to put the money in and just leave it there when we may in fact need parts of it for other parts of the organization is far too restrictive at this point in time. So I think flexibility is going to be crucial here.

That's the first point. The second point Mr. Helfand, if I understood his name correctly, he covered a quite a lot of topics there. I'll try and talk about the ones that I am able to. Firstly is customers are afraid to come back on transit and I think that's true. In fact the survey recently showed that 75% across the country were nervous about coming back to transit. So it's not just here in the Portland metropolitan region. So this is one of the real underpinnings at a time where funding is even at the most precious state where we're actually investing in the cleaning. If people don't feel safe, in my opinion, even if you gave it away free, they're not going to come. And so part of this is really ensuring and doubling down on the investment of the cleaning standards four hours or better, signage, putting signage on our seats that we will be requiring masks, not only requiring masks, but we're actually going to provide them. We're going to have sanitizers on a perpetual basis, actually at the front of our buses that as you tap that smart card, there will be a hand pumper or however it's going to work. So everyone's

going to have a role in the cleanliness of the environment that we have, not just the bus operators, or our cleaning staff behind the scenes. So we're investing somewhere around \$10 million more in funding across our system. That's a target number, it could be \$8-12 million to ensure the system is clean for everybody. So that to me is the foundation of which we have to move these other things.

The reference to Wi-Fi was only an example whether we do, but it gets to providing products and services to attract people that bring value to them and increase the experience beyond the transit trip. So, that's going to work through our procurement processes. The goal is not for us to have to spend, but to get third party expenditures to actually write the check if we give them access to a whole bunch of other things of value that they may see. So we're working behind the scenes to look at concepts like that.

The free fare conversation is a conversation I personally am of the belief is no free. Someone has to pay, it comes out of one tax payer pocket or another. So free is a relative thing. The user may be free. But if we look at house bill 2017, the previous pre COVID revenue stream was about \$55 million a year. If we move to a free transit system, you're looking well over double that to pay for all the service, all the capital and all the questions asked today. That's a significant amount of money. So someone is going to have to generate that because it won't come from the fare box. That's just nowhere close to being enough. The same folks don't want any fare increase, let alone they want it free.

So he at a time when the state has asked for reduction to their own budgets by up to seventeen and a half percent, I think that's going to be a tall order to get to free; and free doesn't guarantee ridership. I am actually personally of the belief that investing in more services for the same dollar versus free actually drives more ridership. Giving people choices will actually get people out of their cars who have a choice to drive or take transit or walk cycle. So I think that needs a lot of discussion in the community. Happy to have that. I know the youth pass is part of the T-2020 Bond.

Chair Barringer thanked TriMet staff and board members for their attendance and contributions to the hearing. He then closed the public hearing and opened a meeting of the Tax Supervising and Conservation Commission. He asked if there were any comments on the budget. There were none. So he asked Executive Director Gibons to give a review of the budget and staff's recommendations.

Executive Director Gibons thanked TriMet's finance staff for their help with the budget and the hearing process during this unique time. He said TSCC staff recommend that the budget be certified with no recommendations or objection to TriMet's budget and budget process.

Chair Barringer asked for any comments from the commissioners. Commissioner Ofsink thanked TriMet's board for attending and participating during the hearing under the circumstances. He said the discussion today was good and TSCC appreciates their comments.

Commissioner Ofsink moved to approve the certification letter as presented by staff. Commissioner Norton seconded the motion which passed with a unanimous vote.

Chair Barringer asked for any comments from anyone. There were none.

The meeting was adjourned.