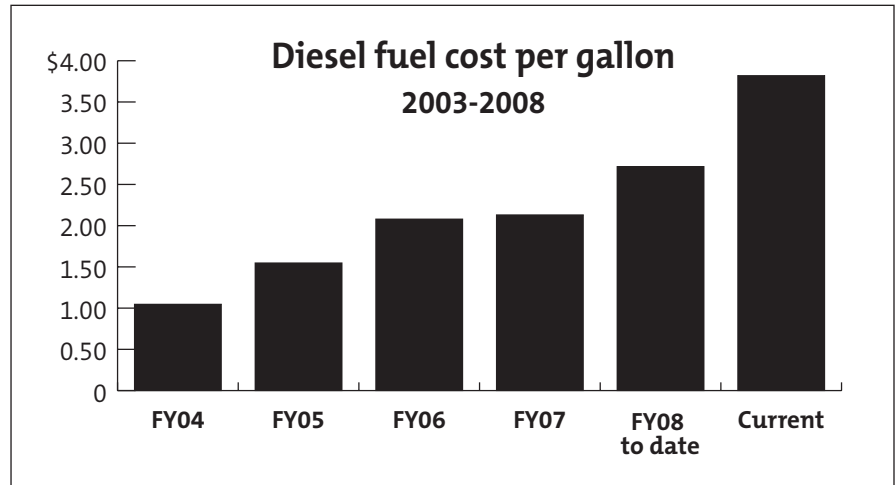


Fuel and fares on the rise

TriMet and the rest of the world have seen unprecedented increases in the cost of diesel fuel. In response to record high prices, TriMet has reduced the impact of fuel on the budget by implementing internal efficiencies, making budget cuts throughout the agency, dipping into reserve funds, and continuing to focus on fuel efficiency measures. Such actions alone, however, are not enough and an additional fare increase is required to balance the budget.



Diesel prices rising

TriMet consumes approximately 6.6 million gallons of diesel annually, and the agency's initial FY07-08 budget for diesel fuel was approximately \$15.2 million. When the current fiscal year began on July 1, 2007, TriMet was paying \$2.12 per gallon for diesel fuel, and had budgeted \$2.31 per gallon for the year. As of May 21, 2008, TriMet was paying \$4.00 per gallon, an 89% increase from the start of the fiscal year.

Covering the cost

TriMet has taken steps internally to reduce other operating expenses in order to offset higher fuel costs. This includes improving gas mileage for the bus fleet by adjusting transmissions and suspensions; closely monitoring tire pressure; significantly reducing idling time; strictly adhering to preventive maintenance schedules; and implementing state-of-the-art software that decreases the time

bus transmissions spend in lower gears during acceleration. These efficiencies are estimated to save TriMet over \$600,000 each year.

To achieve internalized savings, TriMet has eliminated 18 positions that were included in the FY07-08 budget. In addition, the agency transferred \$2.5 million from contingency.

A major fare increase will help bring the budget into balance. TriMet is recommending a 25 cent fare increase in September 2008 to cover inflation and the budget gap caused by diesel prices:

- 25 cents for Adult cash fares
- 10 cents for Youth/Student, Honored Citizen and LIFT cash fares

While TriMet riders are accustomed to fare increases of at least five cents annually, the exceptional rise in global fuel prices requires a fare increase at a higher level than is customary.