


Date: June 26, 2019

To: Board of Directors

From: Doug Kelsey 

Subject: **RESOLUTION NO. 19-06-41 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING MODIFICATION OF THE INTERGOVERNMENTAL AGREEMENT (IGA) WITH THE CITY OF PORTLAND FOR STREETCAR OPERATIONS**

1. Purpose of Item

This Resolution requests that the TriMet Board of Directors (Board) authorize the General Manager to execute a modification to the Intergovernmental Agreement (IGA) with the City of Portland (City) for Streetcar Operations.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other: Modification of Intergovernmental Agreement

3. Reason for Board Action

Board approval is required for IGAs obligating TriMet to pay in excess of \$1,000,000.

4. Type of Action:

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

On July 25, 2012, the Board approved Resolution 12-07-64 authorizing the General Manager to execute a Streetcar Master Agreement and a Streetcar Operating Agreement with the City of Portland.

The Streetcar Master Agreement covers understandings between TriMet and the City for their respective shares of annual funding for Streetcar operations. Actual amounts of TriMet funding to the City for Streetcar operations each fiscal year are specified in annual modifications to the Streetcar Operating Agreement, effective each July 1 for the new fiscal year.

Funding for streetcar operations for FY2020 (July 1, 2019 through June 30, 2020) was considered during the November 6, 2018, the Streetcar Permanent Executive Group (PEG). The PEG consists of TriMet's General Manager, Chief Operating Officer, Executive Director for Finance, and other executives and managers; and City Commissioner Eudaly, the Director of Portland's Bureau of Transportation (PBOT) and PBOT Streetcar managers, plus Portland

Streetcar, Inc.'s Executive Director. At that meeting, the PEG estimated that the Streetcar's FY2020 operating cost would be approximately \$15.5 million, and renewed the City's commitment to reimburse TriMet for operating personnel and related services, and TriMet's commitment to pay the City between 61% and 85% of the cost of streetcar revenue hours. The PEG determined that these amounts would be reflected in Amendment No. 9 to the Streetcar Operating Agreement for FY2020, pending final approval of the payment amounts by the TriMet Board and the City Council.

At this time, TriMet staff recommends that the Board approve Amendment No. 9 of the Streetcar Operating Agreement to authorize TriMet funding to the City for Streetcar operations for FY2020 (beginning July 1, 2019), as explained below.

The amount of TriMet funding to the City for Streetcar operations for FY2020 is set forth in the following table, which also includes FY2019 figures for comparison.

	Item	Formula	FY2019	FY2020
A.	City's Streetcar Operating Budget		\$ 14,606,013	\$ 15,490,169
B.	Portion of City's Streetcar Operating Budget as City's Reimbursement to TriMet for Operating Personnel & Other Services		\$ 8,433,889	\$ 8,846,308
C.	TriMet funding to City for Streetcar operations per vehicle revenue hour		\$ 161.93	\$ 168.06
D.	N/S Line vehicle revenue hours		32,020 hr	32,020 hr
E.	A/B Loops Line vehicle revenue hours		42,404 hr	42,404 hr
F.	TriMet funding share of N/S Line vehicle revenue hours (85%)	$D \times 0.85$	27,217 hr	27,217 hr
G.	TriMet funding share of A/B Loops Line vehicle revenue hours (61.67%)	$E \times 0.6167$	26,150 hr	26,150 hr
H.	Total TriMet funding portion of Streetcar vehicle revenue hours	$F + G$	53,367 hr	53,367 hr
I.	Ongoing TriMet funding to City for Streetcar operations	$C \times H$	\$ 8,641,740	\$ 8,968,623
J.	TriMet 12 equal monthly payments to City during fiscal year	$I / 12$	\$ 736,812	\$ 747,385

Row A above shows the total annual Streetcar operating budget. Row B shows the portion of the City's Streetcar operating budget which the City pays to TriMet for wages, benefits and overhead for TriMet personnel in Streetcar operator and mechanic positions, as well as for maintenance of way and scheduling services provided by TriMet to Streetcar.

Row C shows the TriMet operating funding cost per Streetcar vehicle revenue hour. In FY2017, Amendment No. 7 to the TriMet / City Streetcar Operating Agreement established that, as of FY2018 and later, the annual amount of TriMet funding to the City for Streetcar operations will be determined by adjusting the prior-year TriMet funding rate on a per Streetcar vehicle revenue hour basis, according to:

- Increases or decreases in Streetcar system vehicle hours (e.g., service frequency) for the upcoming fiscal year.
- Adjustments to TriMet represented employee wage rates for the upcoming fiscal year, if any, resulting from TriMet's Working & Wage Agreement (WWA) with the Amalgamated Transit Union (ATU).

- Adjustments to the TriMet / City funding share ratios, if any, for the upcoming fiscal year, which may be determined by growth in Streetcar ridership and Streetcar-related property and economic development, under provisions of the Master Agreement.

As shown in Row C, for FY2020, TriMet's payment to the City for Streetcar operations is \$168.06 per vehicle revenue hour. This rate reflects adjustments to TriMet represented employee wage rates under the current WWA with ATU, effective December 1, 2016 through November 30, 2019.

Rows D and E show the total annual vehicle revenue hours for each Streetcar line. In FY2020, vehicle revenue hours are the same as FY2019.

Rows F and G show the TriMet funding portion of vehicle revenue hours for each Streetcar line. The percentages were established in the Master Agreement provisions and reflect growth in Streetcar ridership and Streetcar-related property and economic development. Row H is the total TriMet funding portion of vehicle revenue hours.

Row I shows the total TriMet annual funding amount for Streetcar operations, and Row J shows the even monthly payment amounts.

In addition to the above described FY19/20 funding for Streetcar operations disbursed by TriMet to City in twelve equal monthly payments during FY19/20, TriMet also provides to the City the following annual payments in recognition of Streetcar fares collected by TriMet ("fare reciprocity payments"). Once the HOP Institutional Program is fully operational and HOP Fastpass™ system adoption and use rates exceed 50% of rides in the region, Hop data will be evaluated to determine the level at which TriMet institutional riders are riding Streetcar. This data will be the basis for consideration of future fare reciprocity.

In FY2020, TriMet fare reciprocity payments to City include:

- \$500,000 in direct fare reciprocity
- \$500,000, less HOP revenue and capital and operating expenses as specified by Amendment 8 to the Agreement

6. Procurement Process

The IGA is processed through TriMet's Budgeting and Finance and the Legal Department.

7. Diversity

The Portland Streetcar is operated by TriMet operators and maintenance personnel, under the overall direction of the City. TriMet is an equal opportunity employer, committed to developing an organization that is reflective of and sensitive to the needs of the diverse community we serve, including minorities, women, veterans, the elderly and people with disabilities.

8. Financial/Budget Impact

Under proposed Amendment No. 9, the financial impact to TriMet for FY2020 Streetcar operations is \$8,968,623. This amount will be distributed to the City in twelve (12) monthly payments of \$747,385 each. In addition, TriMet will pay the City between \$500,000 and no more than \$1,000,000 in annual fare reciprocity payments that reflect streetcar fares that are collected by TriMet. The operating services are budgeted within the FY20 Transportation Division's operating budget.

9. Impact if Not Approved

Under the Streetcar Operating Agreement, TriMet and the City share funding, personnel and other services for day-to-day operations of the Portland Streetcar system. Unless updated and renewed, the Streetcar Operating Agreement will expire as of June 30, 2019. The arrangement between TriMet and the City has worked well since the 2012 inception of the Portland Streetcar system, and staff recommends that the Resolution be approved so that the Streetcar Operating Agreement, as amended by Amendment No. 9, may be renewed.

RESOLUTION NO. 19-06-41

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TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING
MODIFICATION OF THE INTERGOVERNMENTAL AGREEMENT (IGA)
WITH THE CITY OF PORTLAND FOR STREETCAR OPERATIONS**

WHEREAS, on July 25, 2012, the TriMet Board of Directors (Board) approved Resolution 12-07-64 authorizing the General Manager to execute a Streetcar Master Agreement and a Streetcar Operating Agreement with the City of Portland (City); and

WHEREAS, the current Streetcar Operating Agreement, as amended, will expire on June 30, 2019, unless updated and renewed; and

WHEREAS, joint agreements by the Streetcar Permanent Executive Group (PEG) committed the City and TriMet to share the projected costs of funding Streetcar operations for the coming FY2020 pursuant to an Amendment No. 9 to the Streetcar Operating Agreement, and

WHEREAS, the amount of \$8,968,623 was adopted by the Board in TriMet's FY2020 budget as TriMet's projected share of the FY2020 funding for Streetcar operations pursuant to the Streetcar Operating Agreement; and

WHEREAS, the FY2020 modification of the Streetcar Operating Agreement by Amendment No. 9 exceeds \$1,000,000; and

WHEREAS, by Resolution dated October 25, 2017, the Board adopted a Statement of Policies requiring it to approve intergovernmental agreements obligating TriMet to pay in excess of \$1,000,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That Amendment No. 9 to the Streetcar Operating Agreement shall conform with applicable law.
2. That in accordance with Amendment No. 9 to the Streetcar Operating Agreement, the FY2020 amount of TriMet funding to City for Streetcar operations shall not exceed the amount of \$9,968,623, which includes \$8,969,623 in annual funding amount for Streetcar operations and not more than \$1,000,000 in fare reciprocity.
3. That the General Manager is authorized to execute Amendment No. 9 to the Streetcar Operating Agreement.

Dated: June 26, 2019

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department

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