

Date: June 24, 2020

To: Board of Directors



From: Doug Kelsey

Subject: RESOLUTION NO. 20-06-28 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING AN AMENDMENT TO 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, or his designee, to execute an Amendment No. 11 to the Intergovernmental Agreement (IGA) with the City of Portland (City) for Streetcar Operations.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other: Amendment to 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 amendments to the Streetcar Operating Agreement, effective each July 1 for the new fiscal year.

Funding for streetcar operations for FY2021 (July 1, 2020 through June 30, 2021) was considered during the December 3, 2019, meeting of the Streetcar Permanent

Executive Group (PEG).

The PEG consists of TriMet’s General Manager, Chief Operating Officer, Executive Director for Finance, and other TriMet executives and managers; the Director of Portland’s Bureau of Transportation (PBOT), City Commissioner Chloe Eudaly; PBOT Streetcar managers; plus the Executive Director of Portland Streetcar, Inc.

Previously, the PEG agreed that the City would reimburse TriMet for the cost of TriMet’s operating personnel and related services, and TriMet agreed that it would pay the City between 61% and 85% of the cost of streetcar revenue hours. These percentages are subject to the PEG’s annual review and agreement. Amendment No. 11 to the Streetcar Operating Agreement for FY2021 incorporates those percentages, pending final approval of the specific payment amounts by the TriMet Board and the City Council.

At this time, TriMet staff recommends that the Board approve Amendment No. 11 of the Streetcar Operating Agreement to authorize TriMet funding to the City for Streetcar operations for FY2021 (beginning July 1, 2020), as explained below.

Explanation of Streetcar Operating Agreement Funding

TriMet payments to the City for Streetcar operations for FY2021 are shown in the following table, and explained below. The table also includes FY2020 figures for comparison.

	Item	Formula	FY2020	FY2021
A.	City’s total cost of the operating budget, per the Agreement. The City’s total operating budget for FY2021 is approximately \$15.5MM.		\$ 15,490,169	\$ 15,490,169
B.	Portion of City’s Streetcar Operating Budget as City’s Reimbursement to TriMet for Operating Personnel & Other Services		\$ 8,846,308	\$ 8,846,308
C.	TriMet funding to City for Streetcar operations per vehicle revenue hour		\$ 175.21	\$175.21
D.	N/S Line vehicle revenue hours		32,773 hr	32,773 hr
E.	A/B Loops Line vehicle revenue hours		37,831 hr	37,831 hr
F.	TriMet funding share of N/S Line vehicle revenue hours (85%)	$D \times 0.85$	27,857 hr	27,857 hr
G.	TriMet funding share of A/B Loops Line vehicle revenue hours (61.67%)	$E \times 0.6167$	23,330 hr	23,330 hr
H.	Total TriMet funding portion of Streetcar vehicle revenue hours	$F + G$	51,187 hr	51,187 hr
I.	TriMet funding to City for ongoing Streetcar operations	$C \times H$	\$ 8,968,623	\$ 8,968,623
J.	TriMet 12 equal monthly payments to City during fiscal year 2021	$I / 12$	\$ 747,385	\$747,385

Row A above shows the City’s 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's estimated vehicle revenue hours.

In FY2017, Amendment No. 7 to the Streetcar Operating Agreement established that, as of FY2018 and later, the annual amount of TriMet funding to the City for Streetcar operations would 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's and the City's funding share percentages, if any, related to the AB and NS lines, for the upcoming fiscal year, determined by growth in Streetcar ridership, Streetcar-related development in residential and commercial units, and payroll tax income from the area around Streetcar lines.

As shown in Row C, for FY2021, TriMet's payment to the City for Streetcar operations is \$175.21 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 FY2021, vehicle revenue hours are the same as FY2020.

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 Streetcar ridership, Streetcar-related development in residential and commercial units, and payroll tax income from the area around Streetcar.

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.

Fare Reciprocity Payment

In addition to the above described FY2021 funding for Streetcar operations, TriMet also provides to the City an annual payment in recognition of Streetcar fares collected by TriMet ("fare reciprocity payment"). In FY2021, the TriMet's fare reciprocity payment to the City is forecast not to exceed \$500,000, which will be paid in one lump sum payment by January 15, 2021.

By FY2020, TriMet transitioned more than \$16 million in Institutional Fare sales to the HOP Fastpass system and HOP use rates exceeded 50% of rides in the region. (Typical monthly institutional program fare sales range between \$1.1 and \$2.4M.)

HOP Institutional Program rider revenue is not currently shared with Portland Streetcar. Future HOP data will be evaluated to determine the level at which TriMet institutional riders are riding Streetcar. This HOP Institutional Program data will be the basis for consideration of future fare reciprocity or revenue sharing, as a result of institutional riders that are riding Streetcar.

In the Fall of 2020, the TriMet/City Permanent Executive Group (PEG) will determine and agree on the amount of the Fare Reciprocity or other revenue sharing to be paid to City. The PEG will also determine the key milestone targets in order to identify the predetermined cost sharing percentages for the A/B and N/S lines. The PEG will use the predetermined cost sharing percentages and any potential Fare Reciprocity Payments to determine the total amount that TriMet will pay the City in the subsequent Fiscal Year.

These payments will be based on the following criteria from the Master Agreement:

1. Ridership
2. Development Growth: Number of Residential and Commercial Units
3. Development Growth: Square Feet of New Residential and Commercial Units
4. Payroll Tax Income from area around Streetcar

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. 11, the financial impact to TriMet for ongoing FY2021 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 no more than \$500,000 as an annual Fare Reciprocity Payment, that reflects streetcar fares collected by TriMet. The total cost of this IGA has been included in the FY2021 Transportation Division 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 current Streetcar Operating Agreement will expire as of June 30, 2020. The arrangement between TriMet and the City has worked well since the 2012 inception of the Portland Streetcar system. Staff recommends that the Resolution be approved so that the Streetcar Operating Agreement may be renewed by Amendment No. 11.

RESOLUTION NO. 20-06-28

**RESOLUTION NO. 20-06-28 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING AN
AMENDMENT TO 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 an annual Streetcar Operating Agreement with the City of Portland (City); and

WHEREAS, the current Streetcar Operating Agreement, as amended, will expire on June 30, 2020, 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 FY2021, in accordance with a proposed Amendment No. 11 to the Streetcar Operating Agreement; and

WHEREAS, the proposed Amendment No. 11 reflects TriMet's total payment of \$9,468,623 to the City, which includes an \$8,968,623 annual payment plus a \$500,000 Fare Reciprocity Payment, and these amounts are included in TriMet's FY2021 budget as TriMet's projected share of funding for Streetcar operations; 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; and

WHEREAS, Amendment No. 11 to the Streetcar Operating Agreement for FY2021 exceeds \$1,000,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That Amendment No. 11 to the Streetcar Operating Agreement shall conform with applicable law.
2. That in accordance with Amendment No. 11 to the Streetcar Operating Agreement, the FY2021 amount of TriMet funding to City for Streetcar operations shall not exceed the amount of \$9,468,623, which includes \$8,968,623 in annual funding for ongoing operations and not more than \$500,000 as a Fare Reciprocity Payment.
3. That the General Manager, or his designee, is authorized to execute Amendment No. 11 to the Streetcar Operating Agreement for FY 2021.

Dated: June 24, 2020

Attest:

Presiding Officer

Recording Secretary

Approved as to Legal Sufficiency:

Gregory E. Skillman

Legal Department