

**City Contract 30002872
Amendment No. 11**

**Intergovernmental Agreement Related to the
Operations & Maintenance of the Portland Streetcar System
Between the Tri-County Metropolitan Transportation District of Oregon
And the City of Portland**

This Amendment No. 11 to the Intergovernmental Agreement Related to the Operations & Maintenance of the Portland Streetcar System (“Agreement”) is made and entered into between the Tri-County Metropolitan Transportation District of Oregon (TriMet) and the City of Portland (City) (collectively referred to as “the Parties”), effective July 1, 2020.

RECITALS

- (A) The Parties executed the original Master Agreement on August 8, 2012, with an effective date of September 1, 2012.
- (B) The term “Agreement” refers to annual agreements by both Parties that apply to TriMet and to City for Streetcar operation for the upcoming fiscal year. Since its initial execution on August 8, 2012, the Agreement has been amended 10 times.
- (C) In Amendment No. 6, the entire Agreement was restated to include the original Master Agreement and revisions set forth in Amendments No. 1 through No. 6. Subsequently, Amendment Nos. 7, 8, 9 and 10 updated and revised the Agreement.
- (D) This Amendment No. 11 includes the following revisions to Section II of the Agreement titled: **“Funding for Streetcar Operations & Maintenance, Subsection A, Funding Process and Amounts”** to revise TriMet’s funding for Streetcar operations for FY2020 (July 1, 2019 through June 30, 2020), to specify TriMet’s share of the funding for Streetcar operations for FY2021 (July 1, 2020 through June 30, 2021), and clarify fare reciprocity for FY2021:

AMENDMENT NO. 11 TO THIS AGREEMENT

A. Section II of the Agreement, Funding for Streetcar Operations & Maintenance, Subsection A, Funding Process and Amounts, is revised and replaced in its entirety with the following:

II. Funding for Streetcar Operations & Maintenance

A. Funding Process and Amounts

The City and TriMet will each contribute operations and maintenance funding to the Portland Streetcar during the period of this Agreement, based on a July 1 - June 30 fiscal year 2021.

The City will determine its funding level through its normal budget process, as approved by the City Council and will coordinate with TriMet regarding development of that budget. TriMet's contribution will be developed during its annual budget development process, as approved by the TriMet Board of Directors, and will coordinate with the City regarding development of that budget.

Operating costs for Streetcar are determined as set forth in the table below for FY2019, FY2020 and FY2021. This method of calculating operating funding is based on an hourly cost per Streetcar hour of service, applied to TriMet's share of annual operating costs per the 2012 Master Agreement between the City of Portland and TriMet, and an update to Amendment 7 of this agreement.

Previously, the Parties approved TriMet's payment of \$8,641,740 to the City for FY2019 Streetcar operations based on TriMet's adjusted cost per hour of Streetcar service of \$174.37, which was applied to 85% of the City's total cost of the NS Line and 61.67% of the City's total cost of the A/B Loops.

The Parties approved TriMet's payment of \$8,968,623 to the City for FY2020 Streetcar operations based on TriMet's adjusted cost per hour of Streetcar service of \$175.21, which was applied to 85% of the City's total cost of the NS Line and 61.67% of the City's total cost of the A/B Loops, for the planned 70,604 total hours of FY2020 service.

For FY2021, TriMet's cost per hour of Streetcar service is \$175.21, which will be applied to 85% of the City's total cost of the NS Line and 61.67% of the City's total cost of the A/B Loops, for the planned 70,604 total hours of FY2021 service. Therefore, the Parties have approved TriMet's payment of \$8,968,623 to the City for FY2021, reflecting TriMet's share of Streetcar's operating costs. This amount will be disbursed in twelve (12) equal monthly payments in the amount of \$747,385.

Table 1. Summary of Fiscal Year Portland Streetcar Operations

	Fiscal Year		
	FY2019	FY2020	FY2021
NS Service Hours	32,020	32,773	32,773
A/B Service Hours	36,230	37,831	37,831
Total Service Hours	68,250	70,604	70,604
NS @ 85%	27,217	27,857	27,857
A/B @ 61.67%	22,343	23,330	23,330
Total Hours to TriMet	49,560	51,187	51,187
TriMet Rate	\$ 174.37	\$ 175.21	\$ 175.21
	Total Cost to TriMet		
NS	\$ 4,745,772	\$ 4,880,874	\$ 4,880,874
A/B	\$ 3,895,968	\$ 4,087,749	\$ 4,087,749
Total	\$ 8,641,740	\$ 8,968,623	\$ 8,968,623

TriMet's payments to the City will be made on or after the 1st day of the month to which they are attributable. Any payments received by the City later than ten days from the time they are due will accrue interest at a rate of 0.75% per month.

In addition to the above described FY2021 funding for Streetcar operations disbursed by TriMet to City in twelve equal monthly payments during FY2021, TriMet also provides to the City the following annual payment in recognition of Streetcar fares collected by TriMet ("fare reciprocity payment"). In FY2021, the TriMet's fare reciprocity estimate payment to the City will be forecasted not to exceed \$500,000, which will be paid in one lump sum payment due 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 a predetermined cost sharing percentage on the A/B and N/S lines.

The PEG will use the predetermined cost sharing percentages and any potential for increased Fare Reciprocity payments to determine the amount that TriMet will pay the City in the subsequent Fiscal Year. These payments will be based on the following criteria in 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

On an annual basis, each September, the City and TriMet shall conduct a review and reconciliation of actual Streetcar operating hours for the preceding fiscal year in two steps with multiple tasks:

Step 1: Determine the Reduction or Increase in Payment to City.

- 1.1 Confirm the total cost of labor that TriMet assigned to Streetcar for the fiscal year, adjusting as necessary for any significant deviations.
- 1.2 Confirm the total service hours scheduled by Portland Streetcar, by line.
- 1.3 Divide the actual cost of TriMet labor only taking into account changes to labor by the actual total scheduled service hours for the previous fiscal year to give the actual rate per service hour.
- 1.4 Compare the forecasted costs of labor and service hours with the actual labor cost and service hours to create a ratio of actual cost and forecasted costs.
- 1.5 If the result of this ratio is greater than 2.0%, then TriMet is owed a credit equivalent to the difference including the 2%. If the ratio is less than or equal to 2.0%, then no credit is owed to TriMet. With the COVID 19 Pandemic occurring, FY2020 and FY2021 have become atypical years in which the parties are working in close coordination to adjust service and staffing, as such, there will be no presumption of a credit.
- 1.6 Calculate the cost of any credit by subtracting the forecast cost of service with the actual cost of scheduled service. See Tables 2 and 3 for examples. This credit will be applied to reduce the amount owed to the City in the following fiscal year.

Table 2. Example where there are fewer service hours but no change to TriMet staffing

Less Service Hours/No Labor Change			
	Projected	"Actual"	
NS Service Hours	32,020	32,773	
A/B Service Hours	42,404	37,831	
Total Service Hours	74,424	70,604	<i>Change to Hours</i>
NS @ 85%			
	27,217	27,857	
A/B @ 61.67%			
	26,151	23,330	
Total Hours to TriMet	53,368	51,187	
TriMet Rate	\$ 168.05	\$ 175.21	
Total Cost to TriMet			
NS	\$ 4,573,816.85	\$ 4,880,873.89	
A/B	\$ 4,394,599.39	\$ 4,087,749.11	
Total	\$ 8,968,623.00	\$ 8,968,623.00	
Ratio	0%	No Credit	

Table 3. Example where there are fewer service hours AND change to TriMet staffing

Less Service Hours/Labor Change			
	Projected	"Actual"	
NS Service Hours	32,020	32,773	
A/B Service Hours	42,404	37,831	
Total Service Hours	74,424	70,604	<i>Change to Hours</i>
NS @ 85%			
	27,217	27,857	
A/B @ 61.67%			
	26,151	23,330	
Total Hours to TriMet	53,368	51,187	
TriMet Rate	\$ 168.05	\$ 171.30	
Total Cost to TriMet			
NS	\$ 4,573,816.85	\$ 4,772,030.56	<i>1 Less Operator</i>
A/B	\$ 4,394,599.39	\$ 3,996,592.44	<i>1 Less Operator</i>
Total	\$ 8,968,623.00	\$ 8,768,623.00	
Ratio	2.23%	\$ 200,000.00	<i>Credit due to TriMet</i>

If the results show that the actual scheduled Streetcar revenue vehicle operating hours and actual costs were greater than, or less than, projected during the annual Fall Permanent Executive Group budget meeting, the Parties will review the data and determine whether TriMet is due a reduction, or if the City is due additional payments. Only variances greater than 2.0% will result in payment increases or reductions.

Step 2: Forecast costs for the next budget cycle with the following tasks

- 2.1 Start with the rate calculated in Step 1.3 above
- 2.2 Confirm the total scheduled hours by line
- 2.3 Confirm the total hours of labor needed to operate the future service
- 2.4 Apportion the hours based on current fiscal year funding levels
- 2.5 Make adjustments to the rate from Step 1 based on changes to the TriMet Working & Wage Agreement, other labor or changes to the composition of the labor.
- 2.6 Multiply the rate in step 2.5 by the hours in step 2.2.

The value calculated in step 2.6 will be divided by 12 to calculate the monthly payments that TriMet will make for operation of Portland Streetcar.

In addition, on an annual basis the Parties shall review the cost per hour associated with TriMet's contribution. The cost per hour in FY2021 of \$175.21 shall be adjusted to the upcoming fiscal year in proportion to the change in TriMet's represented employees' wage rates from FY2021 to the upcoming fiscal year, as per TriMet's Working & Wage Agreement with the Amalgamated Transit Union, Local 757. The Parties agree to adjust the net operating cost per Streetcar service hour based on changes in TriMet personnel assigned to Streetcar based on actual scheduled service hours.

In the event TriMet does not have a ratified Working & Wage Agreement with the Amalgamated Transit Union, TriMet reserves the right not to escalate the rate in step 2.5 and to apply the adjusted wage rate to the overall operating cost per hour at a future date. In such situations, the Parties will conduct an additional reconciliation to ensure that the rate is adjusted in accordance with the Working & Wage Agreement.

The City and TriMet agree that TriMet will retain all federal formula revenues attributable to the Portland Streetcar system. This includes but is not limited to Urbanized Area Formula Grants (5307), Enhanced Mobility of seniors and Individuals with Disabilities (5310), and State of Good Repair Funds (5309).

- B. All other provisions of the Agreement, as previously amended through Amendment No. 10, remain unchanged.
- C. The individuals signing below represent and warrant that they have authority to bind the Party for which they sign.

City of Portland

TriMet

By: _____
Chloe Eudaly, Commissioner-in-Charge

By: _____
Doug Kelsey, General Manager

Dated: _____

Dated: _____

By: _____
Dee Brookshire, Chief Financial Officer

Dated: _____

Approved as to Form:

By: _____
Tracy Reeve, City Attorney

By: _____
Shelley Devine, General Counsel