

Date: May 24, 2017
To: Board of Directors
From: Neil McFarlane *Neil McFarlane*
Subject: **RESOLUTION 17-05-43 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING MODIFICATIONS OF THE STREETCAR MASTER AGREEMENT AND STREETCAR OPERATING AGREEMENT WITH THE CITY OF PORTLAND**

1. Purpose of Item

The purpose of this item is to request that the TriMet Board of Directors (Board) authorize the General Manager to execute modifications to the Streetcar Master Agreement and to the Streetcar Operating Agreement with the City of Portland (City).

2. Type of Agenda Item

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

3. Reason for Board Action

Board approval is required for intergovernmental agreements obligating TriMet to pay in excess of \$500,000.

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 TriMet and City shares of Streetcar operating funding, net of fare revenue. 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.

At this time, Board authorization is required for modification of the Streetcar Operating Agreement to authorize TriMet funding to the City for Streetcar operations for fiscal year 2018 (beginning July 1, 2017). In addition, TriMet and the City have agreed to modify the Streetcar Master Agreement, so that beginning in fiscal year 2019, 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 hour basis, to incorporate the following:

- Increases or decreases in Streetcar system vehicle hours (e.g., service frequency) for the upcoming fiscal year, if any;
- Adjustments to TriMet represented employee wage rates for the upcoming fiscal year, if any, resulting from TriMet's Working & Wage Agreement with the Amalgamated Transit Union; and
- Adjustments to the TriMet/City funding share ratios for the upcoming fiscal year, if any, which under provisions of the Master Agreement may be "triggered" by growth in Streetcar ridership and Streetcar-related property and economic development.

TriMet sought the change in the Master Agreement for determining the annual amount of TriMet funding to the City for Streetcar operations, beginning in fiscal year 2019. Under the new methodology, the starting point for cost sharing is the FY2018 budget which includes Portland Streetcar's 93 direct operating personnel, 23 of which are City personnel (e.g., managers, supervisors, and utility workers) and 70 of which are TriMet personnel (e.g. vehicle operators and mechanics). Going forward, cost sharing separate from growth triggers will be directly related to changes in the cost of operations based on changes to vehicle hours (e.g., service frequency) and labor costs of operators and mechanics. Starting in FY2019, the City will be fully responsible for changes in Streetcar operating costs related to the number of City personnel and City-related overhead for Streetcar operations.

The amount of TriMet funding to the City for Streetcar operations for fiscal year 2018 is set forth in the following table, which also includes fiscal year 2017 figures for comparison.

		FY2017		FY2018	
A.	Streetcar Operating Budget	\$ 13,583,001		\$ 13,907,315	
B.	Portion of Streetcar Operating Budget as City Reimbursement to TriMet for Operating Personnel & Other Services	7,803,350		7,854,118	
C.	Streetcar Fare Sales and Sponsor Revenues	1,709,000		2,368,270	
D.	TriMet Fare Sales Reciprocity to Streetcar	1,000,000		500,000	
E.	Streetcar Net Operating Cost = A - C - D	10,874,001		11,039,045	
F.	NS Line Portion of E	4,660,286		4,731,019	
G.	A & B Loops Portion of E	6,213,715		6,308,026	
H.	TriMet Funding Share of F	73.33%	3,417,388	85.00%	4,021,366
I.	City Funding Share of F	26.67%	1,242,898	15.00%	709,653
J.	TriMet Funding Share of G	50.00%	3,106,857	50.00%	3,154,013
K.	City Funding Share of G	50.00%	3,106,857	50.00%	3,154,013
L.	Total TriMet Funding to Streetcar sum of D, H, and J	\$ 7,524,245		\$ 7,675,379	

The TriMet fare sales reciprocity to Streetcar amount (line D) is pursuant to provisions of an Intergovernmental Agreement between TriMet and the City of Portland authorized by the Board on October 22, 2014, by Resolution 14-10-53, regarding participation in the regional eFare system. After the eFare system is fully operational—expected during fiscal year 2018—the TriMet fare sales reciprocity to Streetcar amount will be received by the City directly from the eFare system, and will reflect actual revenue share.

Line B shows the portion of the City's Streetcar operating budget that the City pays to TriMet for wages, benefits and overhead for TriMet personnel in Streetcar operator, superintendent, and mechanic positions, as well as for maintenance of way and scheduling services provided by TriMet to Streetcar.

6. Financial/Budget Impact

Provisions in both the Streetcar Master Agreement and Streetcar Operating Agreement require that the amount of TriMet funding to the City for Streetcar operations may not exceed the amount provided for this purpose in the TriMet budget for the respective fiscal year, as adopted by the Board.

TriMet's fiscal year 2018 budget, proposed to be adopted by the Board by Resolution 17-05-42, includes the specific amount of \$7,675,379 for TriMet funding to the City for Streetcar operations in fiscal year 2018, as set forth in the foregoing section.

7. Impact if Not Approved

The Streetcar Operating Agreement provides the City with TriMet funding, personnel, and other services for day-to-day ongoing operations of the Portland Streetcar system, which need to be continued beyond the June 30, 2017, current expiration of the Streetcar Operating Agreement, as amended to-date.

If the modification to the Streetcar Master Agreement is not approved, TriMet funding for Streetcar operations after fiscal year 2018 will remain exposed to potential growth in Streetcar operating costs related to the number of City personnel assigned to Streetcar operations, or related to City overhead rates for such personnel.

RESOLUTION 17-05-43

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING MODIFICATIONS OF THE STREETCAR MASTER AGREEMENT AND STREETCAR OPERATING AGREEMENT WITH THE CITY OF PORTLAND

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, TriMet funding to the City for Streetcar operations has been determined for fiscal year 2018, under current provisions of the Streetcar Master Agreement; and

WHEREAS, TriMet funding to the City for Streetcar operations for fiscal year 2019 and later, will be determined under provisions of the Streetcar Master Agreement as modified pursuant to this Resolution; and

WHEREAS, the fiscal year 2018 modification of the Streetcar Operating Agreement (Modification) shall exceed \$500,000; and

WHEREAS, the Board, by Resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve intergovernmental agreements obligating TriMet to pay in excess of \$500,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the modifications to the Agreements shall be in conformance with applicable laws.
2. That the fiscal year 2018 amount of TriMet funding to City for Streetcar operations shall not exceed such amount provided for this purpose in the TriMet fiscal year 2018 budget, as adopted by the Board.
3. That the General Manager is authorized to execute the modifications to the Agreements.

Dated: May 24, 2017

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department