

Date: May 25, 2016

To: Board of Directors

From: Neil McFarlane *Neil McFarlane*

Subject: RESOLUTION 16-05-33 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING MODIFICATION OF THE 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 a modification to the Streetcar Operating Agreement with the City of Portland (“City”), authorizing TriMet funding to the City for Streetcar operations for fiscal year 2017.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- 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 2017 (beginning July 1, 2016). The amount of TriMet funding to the City for Streetcar operations for fiscal year 2017 is set forth in the following table, which also includes fiscal year 2016 figures, for comparison.

		FY2016		FY2017	
A.	Streetcar Operating Budget	\$ 13,052,066		\$ 13,583,001	
B.	Portion of Streetcar Operating Budget as City Reimbursement to TriMet for Operating Personnel & Other Services	7,575,093		7,803,350	
C.	Streetcar Fare Sales and Sponsor Revenues	1,600,000		1,709,000	
D.	TriMet Fare Sales Reciprocity to Streetcar	1,000,000		1,000,000	
E.	Streetcar Net Operating Cost = A - C - D	10,452,066		10,874,001	
F.	NS Line Portion of E	4,479,457		4,660,286	
G.	A & B Loops Portion of E	5,972,609		6,213,715	
H.	TriMet Funding Share of F	73.33%	3,284,786	73.33%	3,417,388
I.	City Funding Share of F	26.67%	1,194,671	26.67%	1,242,898
J.	TriMet Funding Share of G	50.00%	2,986,304	50.00%	3,106,857
K.	City Funding Share of G	50.00%	2,986,305	50.00%	3,106,857
L.	Total TriMet Funding to Streetcar sum of D, H, and J	\$ 7,271,090		\$ 7,524,245	

The TriMet and City funding share amounts (lines H and J) are determined pursuant to provisions of the Streetcar Master Agreement, based on growth in Streetcar ridership and Streetcar-related property and economic development.

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 which 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.

The increase in the Streetcar operating budget (line A) shown in the above table, from fiscal year 2016 to fiscal year 2017, is 4%, reflecting:

- an increase in TriMet personnel at Streetcar, from 68 to 70, comprised of 2 more operators;
- an increase in the City's Streetcar employees from 23 to 24, comprised of 1 additional utility worker;
- full-year effectiveness of a 3% wage increase effective December 1, 2015 (during fiscal year 2016) for TriMet represented employees under the current Working and Wage Agreement between TriMet and the Amalgamated Transit Union; and
- commensurate wage adjustments from fiscal year 2016 to fiscal year 2017 for City Streetcar employees.

TriMet and the City have agreed to include a provision in the fiscal year 2017 modification to the Streetcar Operating Agreement for “true-up” of TriMet funding to the City for Streetcar operations, following fiscal year-end. Following each June 30, the City and TriMet will conduct an annual audit and reconciliation of actual Streetcar operating costs and revenues for the fiscal year just ended. If the results show that the actual Streetcar operating cost net of fares is less than was projected for that fiscal year at the time the TriMet funding to City for Streetcar operations was determined for that fiscal year, then such TriMet funding amount shall be reduced accordingly, credited against the amount of TriMet funding to City for Streetcar operations in the following fiscal year.

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 2017 budget, proposed to be adopted by the Board by Resolution 16-05-32, includes the specific amount of \$7,524,245 for TriMet funding to the City for Streetcar operations in fiscal year 2017, as set forth in the foregoing section.

7. Impact if Not Approved

The Streetcar Operating Agreement provides 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, 2016 current expiration of the Streetcar Operating Agreement, as amended to-date.

RESOLUTION 16-05-33

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

WHEREAS, TriMet has authority under ORS 267.200 to enter into a Streetcar Operating Agreement with the City of Portland (“Agreement”); and

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 City for Streetcar operations has been determined for fiscal year 2017, pursuant to provisions of the Streetcar Master Agreement, as well as fare reciprocity 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; and

WHEREAS, the Streetcar Operating Agreement is modified annually, effective July 1, to specify TriMet funding to City for Streetcar operations for the next fiscal year; and

WHEREAS, the fiscal year 2017 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 Modification shall be in conformance with applicable laws.
2. That the fiscal year 2017 amount of TriMet funding to City for Streetcar operations shall not exceed such amount provided for this purpose in the TriMet fiscal year 2017 budget, as adopted by the Board.
3. That the General Manager is authorized to execute the Modification.

Dated: May 25, 2016

Attest:

Presiding Officer

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department