

Date: May 27, 2015

To: Board of Directors

From: Neil McFarlane *Neil McFarlane*

Subject: RESOLUTION 15-05-24 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING MODIFICATIONS 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 modifications to the Streetcar Operating Agreement with the City of Portland (“City”), authorizing TriMet funding to the City for Streetcar operations for fiscal years 2016, 2017, and 2018.

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 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.

TriMet funding to the City for Streetcar operations for fiscal years 2013, 2014, and 2015 (to June 30, 2015) was authorized by the Board by Resolution 12-07-64. At this time, Board authorization is required for modification of the Streetcar Operating Agreement to authorize TriMet funding to City for Streetcar operations for fiscal year 2016 (beginning July 1, 2015).

Amounts of TriMet funding to the City for Streetcar operations have been determined for fiscal year 2016, and projected for fiscal years 2017 and 2018, pursuant to provisions of the Streetcar Master Agreement, as well as pursuant to fare reciprocity provisions of an Intergovernmental Agreement between TriMet and the City of Portland authorized by the Board October 22, 2014 by Resolution 14-10-53, regarding participation in the regional eFare system. By this Resolution 15-05-24, staff requests that the Board authorize the General Manager to execute modifications to the Streetcar Operating Agreement with the City specifying TriMet funding to the City for Streetcar operations for fiscal years 2016, 2017, and 2018, not to exceed the following amounts, or amounts provided for this purpose in the TriMet budget for the respective fiscal year, as adopted by the Board (whichever is less). The basis for the following FY2016 – FY2018 Streetcar budget amounts is the current level of service for Streetcar operations of 14 to 15 minute headways during most operating hours, extended by start-up of the Close-the-Loop segment of the Streetcar system from OMSI over the Tilikum Crossing bridge to SW Clay St., beginning September 2015.

		FY2016	FY2017 (Projected)	FY2018 (Projected)
A.	Streetcar Operating Budget	\$ 13,052,066	\$ 13,342,768	\$ 13,748,416
B.	Portion of Streetcar Operating Budget as City Reimbursement to TriMet for Operating Personnel & Services ¹	7,575,093	7,814,843	8,056,153
C.	Streetcar Fare Sales and Sponsor Revenues	1,600,000	1,620,000	1,726,650
D.	TriMet Fare Sales Reciprocity to Streetcar ²	1,000,000	1,211,958	1,500,000
E.	Streetcar Net Operating Cost = A - C - D	10,452,066	10,510,810	10,521,766
F.	NS Line Portion of E	4,479,457	4,504,633	4,509,328
G.	CL Line (Loop) Portion of E	5,972,609	6,006,177	6,012,438
H.	TriMet Funding Share ³ of F	73.33% 3,284,786	73.33% 3,303,247	85.00% 3,832,929
I.	City Funding Share ³ of F	26.67% 1,194,671	26.67% 1,201,386	15.00% 676,399
J.	TriMet Funding Share ³ of G	50.00% 2,986,304	50.00% 3,003,089	50.00% 3,006,219
K.	City Funding Share ³ of G	50.00% 2,986,305	50.00% 3,003,089	50.00% 3,006,219
L.	Total TriMet Funding to Streetcar • for FY2016, sum of D, H, and J ² • for FYs2017 and 2018, sum of H and J ²	\$ 7,271,090	\$ 6,306,336	\$ 6,839,148

1. Under the Streetcar Operating Agreement, the City reimburses TriMet for wages, benefits and overhead for 68 TriMet personnel in Streetcar operator, superintendent, and mechanic positions, as well as for maintenance of way and scheduling services provided by TriMet to Streetcar.
2. After FY2016, the TriMet fare sales reciprocity to Streetcar amount is to be received by the City, via the "e-Fare" system and will reflect actual revenue share. For FY2016, such amount is included in TriMet's funding disbursement to City for Streetcar operations.
3. Respective TriMet and City funding shares of Streetcar net operating cost are determined pursuant to the Streetcar Master Agreement, based on growth in Streetcar ridership and Streetcar-related property and economic development.

6. Financial/Budget Impact

TriMet's fiscal year 2016 budget, proposed to be adopted by the Board by Resolution 15-05-23, includes the specific amount of \$7,271,090 for TriMet funding to the City for Streetcar operations in fiscal year 2016, as set forth above. This is an increase of \$3,039,369 from TriMet's \$4,231,721 funding for Streetcar operations in FY2015, which is comprised of:

\$ 127,736	This amount is what TriMet's share of the regular inflation costs of operating the FY2015 Streetcar system would be in FY2016, at the FY2015 TriMet funding share of 44% of operating cost net of fares.
1,177,549	This amount reflects increases in the TriMet funding share of operating cost net of fares for the FY2015 Streetcar system as of FY2016, pursuant to the Streetcar Master Agreement, from 44% to 73% for the NS line, and from 44% to 50% for the CL line.
734,084	This amount is TriMet's 50% share of the FY2016 operating cost net of fares for the "Close the Loop" extension of the CL line from OMSI over the Tilikum Crossing bridge to SW Clay St., beginning September 2015.
1,000,000	This is the FY2016 amount of TriMet fare sales reciprocity to Streetcar, beginning FY2016 pursuant to the eFare IGA between TriMet and the City of Portland. This is a one-time direct funding disbursement by TriMet to the City for FY2016 only; for FY2017 and later, the TriMet fare sales reciprocity to Streetcar amount is to be received by the City via the "e-Fare" system, and will reflect actual revenue share.

The Streetcar fare revenues shown in row C of the table on the preceding page reflect Portland Streetcar's proposed increase in the cost of the "Streetcar Only" fare from \$1.00 to \$2.00 beginning September 1, 2015.

This Resolution 12-05-24, as well as 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.

7. **Impact if Not Approved**

The Streetcar Operating Agreement provides funding, personnel and other services for day-to-day ongoing operations of the Streetcar system, which need to be continued beyond the June 30, 2015 expiration of the Streetcar Operating Agreement, as amended to-date.

RESOLUTION 15-05-24

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING MODIFICATIONS 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 2016, and projected for fiscal years 2017 and 2018, 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 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, each of the fiscal years 2016, 2017, and 2018 modifications of the Streetcar Operating Agreement (“Modifications”) shall exceed \$500,000; and

WHEREAS, the TriMet Board of Directors (“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 shall be in conformance with applicable laws.
2. That the fiscal years 2016, 2017, and 2018 amounts of TriMet funding to City for Streetcar operations shall not exceed such amounts provided for this purpose in the TriMet budget for the respective fiscal year, as adopted by the Board.
3. That the General Manager is authorized to execute the Modifications.

Dated: May 27, 2015

Attest:

Recording Secretary

Presiding Officer

Approved as to Legal Sufficiency:



Legal Department