

Date: February 22, 2023

To: Board of Directors

From: Sam Desue, Jr.

Subject: RESOLUTION NO. 23-02-08 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING AMENDMENT NO. 14 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 Amendment No. 14 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 any IGA that obligates TriMet to pay in excess of \$1,000,000.

4. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

A viable Streetcar system is part of TriMet’s and the City’s shared vision for public transit service within the downtown area, and both have worked to jointly operate the Streetcar since its inception in 2001. The Streetcar makes a significant contribution to the regional transit system and is an important component of Metro’s 2040 regional growth plan. The Streetcar provides circulation within the central City, connects to MAX and bus to allow easy transfers, contributes to TriMet’s frequent fixed-route bus service downtown, and supports housing and urban development with walkable, transit-supported areas. It provides essential service to the City’s downtown core by the North/South Line, and by the A and B Loops that connect the east and west sides of the City. The Streetcar’s operational cost is equal to or less than TriMet’s frequent fixed-route bus service in the central City.

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, which restructured and formalized the Parties’ agreements pertaining to

Streetcar. The Streetcar Master Agreement is an overarching IGA covering the policy, coordination and decision-making structure of Streetcar. The Streetcar Operating Agreement is a supporting annual IGA that governs operations, personnel and related details of operating and maintaining the Streetcar system, including the Parties' respective shares of annual funding for Streetcar operations.

Pursuant to these IGAs, the City pays for all Streetcar rolling stock, equipment and maintenance, provides managers and supervisors, schedules and operates the Streetcar lines and pays the wages (but not the benefits) of Streetcar operators and maintenance personnel. TriMet assigns its unionized employees to work as Streetcar operators and maintenance personnel.

For each fiscal year, TriMet pays the City a share of annual Streetcar operating costs, with the specific amount of funding determined in annual amendments to the Streetcar Operating Agreement. The amount TriMet pays the City each fiscal year is jointly determined by the Permanent Executive Group (PEG), a group consisting of TriMet's General Manager, Executive Director for Finance, other TriMet executives and managers, the Director of Portland's Bureau of Transportation (PBOT), PBOT Streetcar managers, and the Executive Director of Portland Streetcar, Inc. (a private entity under contract to the City to manage the Streetcar).

During its November 30, 2022 annual meeting, the PEG mutually agreed that TriMet's share of Streetcar operating costs for FY2024 (July 1, 2023 through June 30, 2024) would be \$10,844,911. Consistent with the PEG's determination, TriMet staff recommends that the Board approve this Resolution authorizing the execution of Amendment No. 14 of the Streetcar Operating Agreement and TriMet's payment of \$10,844,911 to the City for FY2024 Streetcar operations.

Under Amendment No. 14, TriMet will retain the benefits of all Streetcar-related federal funding from Section 5307 Urbanized Area Formula grants, Section 5337 State of Good Repair grants and Section 5310 Enhanced Mobility for Seniors and Individuals with Disabilities grants.

Subsequent to the passage of this Resolution, the City will determine its specific funding level for Streetcar through its normal budget process, which must be approved by the City Council. The City will coordinate with TriMet regarding development of the City Streetcar budget, and TriMet will coordinate with the City regarding development of TriMet's Streetcar budget. TriMet's ultimate contribution to Streetcar operations will be determined during the annual budget process, as approved by the TriMet Board.

Streetcar operating costs for FY2022, FY2023, and FY2024 are shown in Table 1 below. The 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, as adjusted by annual updates reflected in the annual amendments to the Streetcar Operating Agreement.

Table 1. FY2022-FY2024 Cost Summary

	Fiscal Year		
	FY2022	FY2023	FY2024
NS Service Hours	31,450	32,020	32,020
A/B Service Hours	38,070	42,404	42,404
Total Service Hours	69,520	74,424	74,424
NS @ 85%			
	26,733	27,217	27,217
A/B @ 61.67%			
	23,478	26,151	26,151
Total Hours to TriMet	50,210	53,368	53,368
TriMet Rate	\$ 176.74	\$ 189.04	\$ 203.21
Total Cost to TriMet			
NS	\$ 4,724,589	\$ 5,145,102	\$ 5,530,767
A/B	\$ 4,149,362	\$ 4,943,585	\$ 5,314,145
Total	\$ 8,873,951	\$ 10,088,687	\$ 10,844,911

As shown in the Cost Summary above, the Parties previously approved TriMet’s payment of \$8,873,951 to the City for FY2022 Streetcar operations based on TriMet’s adjusted cost per hour of Streetcar service of \$176.74, 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 69,520 total hours of FY2022 service. TriMet paid for 50,210 of the Streetcar service hours.

The Cost Summary also shows the Parties approved TriMet’s payment of \$10,088,687 to the City for FY2023 Streetcar operations based on TriMet’s adjusted cost per hour of Streetcar service of \$189.04, 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 74,424 total hours of FY2023 Service. TriMet is paying for 53,368 of the Streetcar service hours.

For FY2024, the City is scheduled to operate 74,424 revenue hours of Streetcar service. As a result of TriMet’s new Working and Wage Agreement with the Amalgamated Transit Union Local No. 757 (ATU), the hourly rate for Streetcar service increased by 7.5% from the FY2023 cost per hour. Therefore, effective on July 1, 2023, TriMet’s new cost per hour of Streetcar service for FY2024 will be \$203.21. This new hourly rate will be applied to calculate TriMet’s FY2024 payment for 53,368 Streetcar service hours.

During the November 2022 PEG meeting, the Parties agreed to continue to split the cost for line operation for the NS line at 85% and A/B loops at 61.67% of the City’s total cost. This cost share is applied to the 74,424 total hours of scheduled FY2024 service, with respect to the allocation of hours by line. As a result, the Parties have approved TriMet’s payment of \$10,844,911 to the City for FY2024, reflecting TriMet’s share of Streetcar’s operating costs. This Amount will be disbursed in twelve (12) equal monthly payments of \$903,743.

6. Description of Procurement Process

The Portland Streetcar IGA is developed annually through TriMet’s Finance and Administrative Services Division and the Legal Division, in cooperation with the City of Portland Bureau of Transportation (PBOT).

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 and maintaining an organization that is reflective of and sensitive to the needs of the diverse community it serves, and TriMet's Streetcar operators and maintenance personnel reflect the broad diversity within the Agency.

8. **Financial/Budget Impact**

Under Amendment No. 14, the cost to TriMet for FY2024 Streetcar operations will be \$10,844,911, which is included in the Transportation Division's FY2024 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 by Amendment No. 14, the current Amendment No. 13 of the Streetcar Operating Agreement will expire as of June 30, 2023. The arrangement between TriMet and the City has worked well since the 2012 inception of the Portland Streetcar system, and approval of this Resolution is required so that the Streetcar Operating Agreement may be renewed under the terms of Amendment No. 14.

RESOLUTION NO. 23-02-08

**RESOLUTION NO. 23-02-08 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING
AMENDMENT NO. 14 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 intergovernmental agreements (IGAs) with the City of Portland (City) for Portland Streetcar Operations; and

WHEREAS, the Streetcar Master Agreement and the annual amendments to the Streetcar Operating Agreement provide for the City and TriMet's shared operation and funding of the Streetcar; and

WHEREAS, the current Amendment No. 13 of the Streetcar Operating Agreement, applicable to FY2023, will expire on June 30, 2023 unless updated and renewed; and

WHEREAS, the Streetcar Permanent Executive Group (PEG), consisting of TriMet and City executives and managers, agreed that TriMet's projected share of the FY2024 funding for Streetcar operations should be the amount of \$10,844,911, as set forth in Amendment No. 14 to the Streetcar Operating Agreement, attached hereto as Exhibit A; and

WHEREAS, by Resolution No. 22-05-35, dated May 25, 2022, the Board adopted a Statement of Policies requiring it to approve IGAs obligating TriMet to pay amounts in excess of \$1,000,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That Amendment No. 14 to the Streetcar Operating Agreement shall conform with applicable law.
2. That in accordance with Amendment No. 14 to the Streetcar Operating Agreement, the FY2024 amount of TriMet funding to City for Streetcar operations shall not exceed the amount of \$10,844,911.
3. That the General Manager or his designee is authorized to execute Amendment No. 14 to the Streetcar Operating Agreement for FY 2024.

Dated: February 22, 2023

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:

Gregory E. Skillman

Legal Department