


Date: May 22, 2024

To: Board of Directors

From: Sam Desue, Jr. 

Subject: **RESOLUTION NO. 24-05-32 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING AMENDMENT NO. 15 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. 15 to the Intergovernmental Agreement (IGA) with the City of Portland (City) for Operation and Maintenance of the Portland Streetcar System (Streetcar Operating Agreement).

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

TriMet and the City share a vision for public transit service within the downtown area that includes a viable Streetcar system, and jointly have operated 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 service to allow easy transfers, contributes to TriMet’s frequent fixed-route bus service downtown, and supports housing and urban development within walkable, transit-supported areas. The North/South (NS) Line provides essential service to the City’s downtown core, and the A and B (A/B) Loops 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 No. 12-07-64 authorizing the General Manager to execute a Streetcar Master Agreement and a Streetcar Operating Agreement with

the City of Portland, whereby the Parties' agreements pertaining to Streetcar were restructured and formalized. The Streetcar Master Agreement is an overarching Intergovernmental Agreement (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 the annual IGAs amending the Streetcar Operating Agreement, 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 determined by the Permanent Executive Group (PEG). The PEG consists of TriMet's General Manager, its Chief Financial Officer, 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 May 17, 2024 annual meeting, the PEG agreed that TriMet's share of Streetcar operating costs for FY2025 (July 1, 2024 through June 30, 2025) would be \$9,601,266. Consistent with the PEG's determination, TriMet staff recommends that the Board approve this Resolution authorizing the execution of Amendment No. 15 to the Streetcar Operating Agreement and TriMet's payment of \$9,601,266 to the City for FY2025 Streetcar operations.

Under Amendment No. 15 to the IGA, 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 funding for Streetcar through its normal budget process, and the funding must be approved by the City Council. The City is coordinating with TriMet regarding development of the City Streetcar budget, and TriMet is coordinating with the City regarding development of TriMet's Streetcar budget. TriMet's ultimate contribution to Streetcar operations will be governed by TriMet's annual budget process, as approved by the TriMet Board.

Streetcar operating costs for FY2023, FY2024, and FY2025 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. FY2023-FY2025 Cost Summary*

| | Fiscal Year | | |
|---------------------------------|---------------------|---------------------|-------------------------|
| | FY2023 | FY2024 | FY2025 |
| NS Service Hours | 32,020 | 32,020 | 31,367 |
| A/B Service Hours | 42,404 | 42,404 | 34,421 |
| Total Service Hours | 74,424 | 74,424 | 65,788 |
| NS @ 85% | | | |
| | 27,217 | 27,217 | 26,662 |
| A/B @ 61.67% | | | |
| | 26,151 | 26,151 | 21,227 |
| Total Hours to TriMet | 53,368 | 53,368 | 47,889 |
| TriMet Rate | \$189.04 | \$203.21 | \$200.49 |
| Total Cost to TriMet | | | |
| NS | \$5,145,102 | \$5,530,767 | \$5,345,464 |
| A/B | \$4,943,585 | \$5,314,145 | \$4,255,801 |
| Less FY23 Reconciliation | | | To be determined |
| Total | \$10,088,687 | \$10,844,911 | \$9,601,266 |

***minor inaccuracies in total amounts are due to rounding.**

As shown in the Cost Summary above, the Parties previously approved TriMet's payment of \$10,088,687 to the City for FY2023 Streetcar operations based on TriMet's adjusted per hour rate for Streetcar service of \$189.04. This rate was applied to 85% of the City's total service hours for the NS Line, and 61.67% of the City's total service hours for the A/B loops, for the planned 74,424 total service hours of FY2023 service.

The Parties also approved TriMet's payment of \$10,844,911 to the City for FY2024 Streetcar operations, based on TriMet's adjusted per hour rate for Streetcar service of \$203.21. This rate was applied to 85% of the City's total service hours for the NS Line, and 61.67% of the City's total service hours for the A/B loops, for the planned 74,424 total service hours of FY2024 Service.

For FY2025, the City is scheduled to operate 65,788 revenue hours of service. Due to the lack of rail operators available for assignment to Portland Streetcar, the Parties agree that TriMet will temporarily reduce staff assigned to Portland Streetcar, and will provide 51 Streetcar Operators (five fewer Operators) and 10 Rail Equipment Maintenance Mechanics (two fewer Mechanics) for operations. This reduction in staff would reduce TriMet's cost per hour by 5.3% from the FY2024 cost per hour. Should additional staffing become available during FY25, the PEG will revisit the staffing plan and budget.

For FY2025, TriMet applied a 4% increase to the FY2024 cost per hour to account for increases in salaries and benefits of employees assigned to Portland Streetcar. Therefore, TriMet's new cost per hour of Streetcar service for FY2025 is \$200.49.

In addition, the Parties have determined that the total number of Streetcar hours operated in FY2023 was less than what was agreed to in Amendment 13, resulting in overpayment by TriMet. The Parties have agreed to engage in mediation during FY2025 to identify the appropriate credit due to either party, and that credit will be applied to offset the monthly

amount TriMet will pay to the City during FY2025, divided proportionally across the remaining number of payments due to the City in the fiscal year.

The Parties agree to continue to allocate to TriMet 85% of the City's total service hours for operating the NS line and 61.67% of the City's total service hours for operating the A/B loops. These allocation percentages are applied to the 65,788 total hours of scheduled FY2025 service with respect to the service hours for each line. The Parties agreed that TriMet would pay \$9,601,266 to the City for FY2025, reflecting TriMet's allocation of Streetcar's operating costs. This Amount would be disbursed in twelve (12) equal monthly payments of \$801,106, as adjusted pursuant to the outcome of the mediation process.

The Board's approval of this Resolution will allow the implementation of the terms of Amendment No. 15 of the Streetcar Operating Agreement.

6. Description of Procurement Process

The Portland Streetcar IGA is developed annually through TriMet's Finance and Legal Divisions, 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. TriMet's Streetcar operators and maintenance personnel reflect the broad diversity within the Agency.

8. Financial/Budget Impact

The \$9,601,266 cost to TriMet for FY2025 Streetcar operations is included in the Transportation Division's FY2025 operating budget.

9. Impact if Not Approved

Under the 2012 Streetcar Operating Agreement, TriMet and the City share funding, personnel, and other services for day-to-day operations of the Portland Streetcar system. This arrangement has worked well since the Parties entered into the Agreement. On June 30, 2024, the current Amendment No. 14 to the Streetcar Operating Agreement will expire. Approval of this Resolution is required in order to update and renew the Streetcar Operating Agreement for FY2025 pursuant to Amendment No. 15.

RESOLUTION NO. 24-05-32

**RESOLUTION NO. 24-05-32 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING
AMENDMENT NO. 15 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 No. 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. 14 to the Streetcar Operating Agreement will expire on June 30, 2024, and Amendment No. 15 must be adopted in order to update and renew the Streetcar Operating Agreement for FY2025; and

WHEREAS, the Streetcar Permanent Executive Group (PEG), consisting of TriMet and City executives and managers, agreed that TriMet's projected share of the FY2025 funding for Streetcar operations should be the amount of \$9,601,266, as set forth in Amendment No. 15 to the Streetcar Operating Agreement; 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:

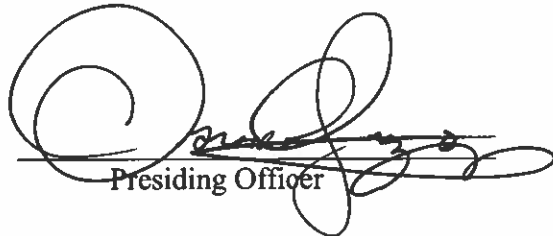
1. That Amendment No. 15 to the Streetcar Operating Agreement shall conform with applicable law.
2. That pursuant to Amendment No. 15 to the Streetcar Operating Agreement, the FY2025 amount of TriMet funding to City for Streetcar operations shall not exceed \$9,601,266.
3. That the General Manager or his designee is authorized to execute Amendment No. 15 to the Streetcar Operating Agreement for FY 2025.

Dated: May 22, 2024

Attest:



Recording Secretary



Presiding Officer

Approved as to Legal Sufficiency:



Legal Department