

## **Portland Streetcar Citizens Advisory Committee Meeting**

**Wednesday, January 8, 2014, 3:30-5:00 p.m., City Hall, Pettygrove Room**

**Members in Attendance: Owen Ronchelli, Chair; Lenny Anderson; David Brandt; Carolyn Brock; Bill Danneman; Reza Farhoodi; Jon Joiner; Peter Kilbourne; Arlene Kimura; Sue Pearce; Cora Potter; Zoe Presson; Bob Richardson; Vern Rifer; Brian Ruder; Scott Seibert**

**Staff Attendance: Julie Gustafson, Rick Gustafson**

**Guests: Brodie Hilton, Bill Newell, John Sporseen**

### **1. Meeting to Order:**

Owen Ronchelli, chair, called the meeting to Order. The summary from the December 4, 2013 meeting were approved. Expanded minutes are not available due to a problem with the recording of the meeting. Ronchelli welcomed the new committee members and thanked them for their service and also thanked those who have served over the past year. Ronchelli asked if everyone in the room would introduce themselves and briefly explain what brought them to the CAC and how long they had been participating. Introductions were made of all in attendance.

### **2. Public Comment**

John Sporseen requested about 10 minutes on the next agenda to discuss ideas he has to help promote Portland Streetcar. The CAC agreed to give Sporseen the time at the February meeting.

### **3. Portland Streetcar Budget**

Owen Ronchelli stated that one topic not typically covered at the CAC is the budget for Portland Streetcar. Discussing the budget can inform many of the other discussions held, such as discussions on the fare, service levels and staffing. Ronchelli had invited Rick Gustafson to go through the proposed budget with the committee to help them better understand how the budget is put together and how the current issues of discussion relate to the budget.

Rick Gustafson reviewed the goals for the 2014-2015 Fiscal Year as well as the broader change in how streetcar will be funded in the future. The Master Agreement between TriMet and the City has been agreed upon but has not yet been implemented in the budget. It will begin to be implemented in the FY2016 budget. The agreement states that the City is responsible for the capital/construction costs and that upon opening, TriMet and the City will equally share responsibility for operations. As a Streetcar line matures, TriMet will begin to take on more of the responsibility for the operations budget. A line's maturity is based on targets for the residential development, commercial development, ridership and Payroll tax generated along the line. Carolyn Brock asked if a line maturing meant that the line will become a TriMet line. Gustafson responded that it does not mean the line will become a TriMet line. The conversation over this agreement has been maintained over the past three years, during that time it was determined that the added component of the non-profit and property owner contribution was a unique benefit to the Streetcar that should not be thrown aside. Gustafson added that the plan will also allow improvements to fare box revenue tracking. Currently Portland Streetcar and TriMet do not keep track of how much fare box recovery there is on the Streetcar that is spent at TriMet. Approximately 56% of Streetcar riders board using a valid TriMet fare instrument. If there was an average cost per ride for those passengers, Streetcar's fare box recovery would be closer to 35%. That number is not currently reflected in the budget but will be as the Master Agreement is implemented.

Vern Rifer asked if there is a policy set out that this agreement could be used as a model for other communities. Gustafson responded that it is not laid out in the Master Agreement but has been

part of the conversation as a way for other communities to supplement the transit in their community the same way that has been done in Portland. Lenny Anderson asked if this impacts the ability for Portland Streetcar to expand the system. Gustafson responded that the agreement puts the City of Portland in the lead for the expansion, which has been the case to date. Sue Pearce asked if this will be TriMet's overall policy for next directions. Gustafson responded that right now all it is, is a Master Agreement between the City of Portland and TriMet but that it has merits for other potential agreements. Bob Richardson asked if this could apply to any enhanced transportation and not just rail. Gustafson responded that it will be most likely carefully applied and probably in a limited in scale. For example a major regional investment into transit access to a large parcel of vacant land near the train station would not have occurred but a local investment made sense. Gustafson added that to truly expand our system any further there will need to be another source other than Payroll Tax. Leaving it to TriMet by themselves without partnership will be very difficult. Scott Seibert stated in theory TriMet plans for where the need is located, and this allows organizations to plan for where the desire is located which, in the long run, will be followed by the transit riders.

Gustafson informed the committee that the budget in front of them will be presented to PBOT. The process is that the transportation department develops its budget by February and submits it to Commissioner Novick. Commissioner Novick then reviews the proposed budget and submits it to the Mayor for inclusion in the City budget. A new step this year is a new group called for in the Master Agreement called the PEG or Permanent Executive Group. The group is made up of the General Manager of TriMet, Neil McFarlane, another TriMet representative designated by the General Manager, the Commissioner of Transportation, Steve Novick, the Director of PBOT, Leah Treat and the Chair of Portland Streetcar, Inc., Jim Mark. The five of them meet and agree on the projected budget for the upcoming year. They agreed that the budget would be no greater than \$10.3 million for the coming year. The budget was built upon that agreement. The budget includes the increase in service from 17-minute frequency to 14-minute frequency beginning July 1, 2014, the first day of the Fiscal Year. Gustafson added that he is in the process of proving to the City that there is sufficient room in the current year's budget to allow for that increase in service beginning June 1, 2014. This would allow more effective utilization of the service we have with the even spacing of streetcars along 10<sup>th</sup> & 11<sup>th</sup> rather than the bunching of trains that is frequently seen today.

Gustafson pointed out the proposed one year service accommodation for the new Collaborative Life Sciences building of a shadow train when the classes let out. For the first year of the building Streetcar will be the only transit connection. In year two both MAX and buses will also serve the building so there is a one year gap that we are proposing to help fill. Gustafson added that most streetcars leave the South Waterfront with very little room left for those leaving the new CLS building. Running a shadow train means adding an unscheduled train right behind a regular in service vehicle that will be visible from the platform so people feel comfortable waiting for the next vehicle. Seibert asked where the shadow train will turn back towards the South Waterfront or if it will make the full circuit. Gustafson responded that those decisions have yet to be made as we wait for a more concrete class schedule from PSU. Trains could turn back at PSU or the Pearl or even make the full circuit time permitting. Bob Richardson commented that if it turns around before NW 23<sup>rd</sup> there needs to be some sort of signal to the riders that the train is not a through route streetcar. Gustafson responded that Richardson is correct and that the signals, signage and decisions will all be made in the coming months. The main goal is to not run shuttle buses when a service is available.

Zoe Presson asked if Portland Streetcar has enough vehicles to operate this service. Gustafson responded that yes, we have 16 streetcars in our fleet. The base service will require 12 vehicles and the shadow train will be a 13<sup>th</sup> vehicle. That still maintains the desired ratio of 3 spare vehicles. We will not have the extra train available once the full Loop (CL) service is opened across the bridge, but the shadow train will no longer be needed at that time. Presson followed up by asking if we have enough operators to run the service. Gustafson responded that we do not yet have enough operators. The increased service on the CL Line is estimated to require 2 additional operators and the shadow train will require 1 additional operator. We will have 2 additional operators join our team June 1 and 1 additional operator join September 1.

Pearce asked if partial year actuals are available for the current year are available as that is helpful in determining if the budget is realistic. Gustafson responded that actuals are available but that better numbers to review would be the FY12-13 realized as there is still work that needs to be done with how things are tracked through the City program. Last year there were about 30 charges on June 30<sup>th</sup> which makes tracking the budget throughout the year more difficult.

Gustafson proceeded to run through the budget line by line to discuss the various employee levels, the cost of electricity, materials, etc. The majority of the costs within the budget are for the personnel that run the system. Rifer asked if the personnel budget includes the Shiels Oblatz Johnsen or PSI staff. Gustafson clarified that the PSI budget is separate from the City's Budget which includes the Executive Director, Community Relations, Comptroller functions, the Sponsorship program, Annual Pass and Single Ride Ticket sales and on board ticket sales.

Gustafson pointed out the Miscellaneous income section which is the \$1.3 Million Business Energy Tax Credit sale for the new Streetcars. Ronchelli asked if this is the bridge for the one year remaining before the Master Agreement kicks in. Gustafson responded that the City agreed to put this money into the operations budget rather than the capital improvements budget as an acknowledgement of the importance of restoring bus service prior to TriMet increasing their contribution to Streetcar operations. Lenny Anderson asked if finding a pass through partner is a slam dunk. Gustafson responded that Portland Streetcar has successfully placed \$3.5 Million in the past. This is another place that a private board is helpful as they can connect us with various businesses. The PSI Board has retained the services of Blue Tree Strategies through a non-exclusive agreement.

Seibert asked what the FY16 budget looks like operationally. Gustafson responded that service would be 14 minutes on both lines with a 14 train service, this is assuming we are able to get the CL Line down to 56 minutes as previously discussed. The 7-minute frequency would be expanded and now reach from Northrup to the Collaborative Life Sciences Building. That service level would require the purchase of the option vehicle, aka a 17<sup>th</sup> Streetcar. Richardson asked how long the option is available and at what cost. Gustafson responded that the option is available through December 31, 2015 and that the cost of the option vehicle is fixed at \$3.5 million. There are a series of credits afforded to Portland as, in essence, Portland financed the inclusion of the Elin propulsion system. Each Elin system that Oregon Ironworks sells to another city results in a credit of \$145,000. 11 systems have been sold. 3 more are available within the agreement for credits to Portland. Those credits are applied to the option car bringing the price down to \$1.9 million. With 3 more credits we could purchase the option car for \$1,470,000 or less than half the price. It is a good deal and we are working with the City to finance that car. The current contract needs to be settled prior

to purchasing the option streetcar. Brian Ruder asked who has the responsibility to communicate and promote the streetcar. Gustafson responded that PSI is in a lead role in that promotional and communication effort. The advertising budget for Portland Streetcar is \$632 annually. There are a lot of cooperative tools that we utilize to incorporate into the bigger system. PSI focuses our efforts on Customer Relations and the Sponsorship program.

**4. Other Business**

No other business was discussed

The next meeting for the Streetcar Citizens Advisory Committee will be Wednesday, February 5, 2014, 3:30pm-5:00pm at City Hall, Pettygrove Room.

Please call Julie Gustafson at 503/242-0084 or email at [julie@sojpdx.com](mailto:julie@sojpdx.com) if you have any questions regarding this committee.

The CAC meetings are open to the public.