

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF APPROVING A
CONTRACT WITH ROBERT J. HARMON &
ASSOCIATES, INC., FOR TRANSIT
FINANCE CONSULTING SERVICES

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RESOLUTION NO. 88-863

Introduced by the Metro
Intergovernmental Relations
Committee

WHEREAS, The Metropolitan Service District and the City of
Portland have received an UMTA grant for a Public-Private Task Force
on Transit Finance; and

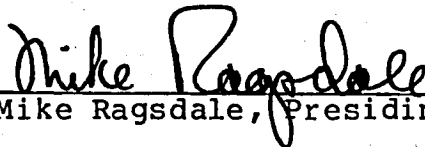
WHEREAS, The services of a Transit Finance Consultant are
required for the conduct of the study; and

WHEREAS, A solicitation for proposals has resulted in the
recommendation of Robert J. Harmon & Associates, Inc. as the Prime
Contractor; now, therefore,

BE IT RESOLVED,

That the Council of the Metropolitan Service District
approves entering into a contract in the amount of \$110,000 with
Robert J. Harmon & Associates, Inc. to obtain the services described
in the attached Scope of Work.

ADOPTED by the Council of the Metropolitan Service District
this 11th day of February, 1988.


Mike Ragsdale, Presiding Officer

AC/gl
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02/04/88

ATTACHMENT A

Scope of Work

Robert J. Harmon & Associates, Inc. as prime contractor will provide to Metro the following products:

- 1) A presentation and Interim Report on relevant transit finance mechanisms to be considered by the Public-Private Task Force (Task 41.17.03).
- 2) An Executive Summary report on selected U.S. and Canadian case studies on transit finance mechanisms (Task 41.17.03).
- 3) A comprehensive technical memorandum and Executive Summary on the methodology to be used for evaluating benefits of various components of the transit system (Task 41.17.02).
- 4) A statistical abstract and summary matrix and subsequently individual benefit evaluation reports and an overall Executive Summary for each of the following (Task 41.17.05):
 - a) Westside LRT
 - b) I-205 LRT
 - c) Milwaukie LRT
 - d) Central City Transit System
 - e) Suburban Transit Service
- 5) A funding mechanism profile report defining revenue potential for candidate funding mechanisms (Task 41.17.06).
- 6) A preliminary and final report on the funding model/strategy for each transit system component defined in #4 above as well as an evaluation of the incidence of burden on businesses and individuals (Task 41.17.06).
- 7) A report and Executive Summary documenting the costs, benefits and revenue implications of the funding model/strategy for each component on the balance of the regional transit system (Task 41.17.06).
- 8) A technical memorandum and Executive Summary documenting an evaluation of institutional/statutory barriers and next steps required for implementation for the final candidate funding mechanisms (Task 41.17.08).

- 9) Optional Task: (In the event this task is pursued, the parties will negotiate on time and cost of delivery.) A technical memorandum regarding institutional or final actions required to mitigate or eliminate interjurisdictional impacts of final candidate funding mechanisms (Task 41.17.08).
- 10) A final report and Executive Summary of the overall financial recommendation, the evaluation of benefits and alternative funding mechanisms, the institutional and statutory evaluation and next steps required for implementation (Task 41.17.07).
- 11) Copies of relevant financial analysis charts developed on computer diskette in a format mutually agreed upon. (produced in Tasks 41.17.01-.08).

CONTRACTOR shall perform or cause to be performed the services necessary to produce the above described documents. All products provided by CONTRACTOR shall be of good and professional quality. In developing the analysis and recommendations, CONTRACTOR shall work in close cooperation with Metro and Portland staff, the Public-Private Task Force on Transit Finance and the Task Force Project Coordinator. The above described products and services are further described in detail in the proposed work plan (Attachment B). The conduct of the work will be generally in accordance with the proposed work plan (Attachment B) subject to submittal and approval of a detailed work program and management plan to and by the Project Management Committee. Refinements to the scope of work and products are subject to approval by the Project Management Committee. Amendment to the time or cost of the contract is subject to a contract amendment.

CONTRACTOR shall utilize the services of the following subcontractors and principal staff to provide the services and products required under this agreement:

Robert J. Harmon & Associates

Robert J. Harmon
Joseph F. Harmon

Government Finance Associates, Inc.

Mark Gardiner

Region West Research Consultants

Vicki Pflaumer

Deloitte, Haskins & Sells

Richard Swanson

Norville & Hiefield

Oliver Norville

Payment will be in accordance with the terms defined in Attachment C -- Budget and Payment.

ATTACHMENT B

I. PROPOSED WORK PLAN

Overview

The Metropolitan Service District's (Metro's) Request For Proposal (RFP), issued on December 15, 1987 by its Transportation Department, to secure transit financing consultant services to: 1) evaluate specific Portland metropolitan area transit project proposals (i.e., Westside LRT, I-205 LRT, Central City Transit Services, etc.); and to 2) formulate an effective "regional" private/public coventure funding strategy ... represents a "state-of-the-art" approach to the long-range financing of future large scale transit improvements in the United States. Two of the unique aspects of this project are: 1) the active involvement of the private sector in the strategy formation stage of the program's development; and 2) the detailed benefit documentation of all major transit improvement projects now under consideration in the Portland region.

The organization of the proposed work plan correctly, in our opinion, emphasizes the delivery of relevant North American case study documentation of successes and failures in private/public coventure transit funding efforts. At the same time, it requires application of state-of-the-art benefit evaluation techniques to establish funding priorities. This approach, combined with direct interface with the full Public/Private Task Force and the Project Management Committee (comprised of key representatives from Metro, Oregon Department of Transportation (ODOT), the City of Portland and Tri-Met) to delineate the most viable funding instruments, ensures sound technical and practical bases for building a regional consensus toward private/public transit funding in the Portland region.

Overall, it is our interpretation that this engagement requires a pragmatic examination and application of benefit impact evaluation techniques and private/public coventure funding mechanisms on both a corridor-scale and subregional-scale. This specific type of transit financing program that includes substantive private sector involvement from the outset ... has been strongly advocated and carried out by Robert J. Harmon & Associates, Inc. (RHA) in previous national transit finance consultant engagements. Previously, RHA has successfully carried out corridor-scale joint development and private/public coventure programs with the objective of generating the "local share" capitals costs of new fixed guideway transit projects. From this experience, we understand what is required to establish the first successful "regional" private/public coventure transit funding strategy and implementation program in North America.

Representative national examples of relevant RHA transit finance consultant engagements involving corridor-scale joint development include: 1) the Miami Metromover (Phases I & II); 2) the Los Angeles Metrorail; 3) the Metropolitan Atlanta Rapid Transit Authority CBD joint development program; and 4) the New Jersey DOT state-wide joint development program (i.e., 214 transit stations). The firm's prior professional experience in the Portland region includes: 1) market and financial feasibility analyses of the joint development potential of all non-CBD Banfield LRT stations; 2) an examination and evaluation of alternative institutional approaches to accomplishing successful joint development in the Banfield Corridor; 3) a benefit/cost analysis of alternative joint development concepts for the Gateway Station; and 4) the development of a comprehensive joint development program for the Banfield Line.

The other senior members of the RHA Consultant Team are as follows:

Mr. Mark S. Gardiner (Senior Vice President, Government Finance Associates);

Note: Mr. Gardiner will also serve in the capacity of Project Coordinator throughout this engagement.

Ms. Vicki Pflaumer (President, Region West Research Consultants);

Mr. Richard Swanson (Partner, Deloitte, Haskins + Sells);
and

Oliver I. Norville, Esq. (Senior Partner, Law firm of Norville & Hiefield).

The Robert J. Harmon & Associates, Inc. Consultant Team, in our opinion, provides Metro and the City of Portland with a unique cross-section of professional disciplines and the necessary national and local experience to successfully carry out the prescribed Public/Private Task Force transit financing consultant work scope outlined in the December 15, 1987 RFP.

The RHA Consultant Team's proposed scope of services is designed to formulate a sound regional private/public coventure transit funding program; and to successfully prepare viable implementation packages for the "highest priority" and most cost-effective transit improvement projects in the Portland region. The "Work Plan" is comprised of nine (9) technical work tasks. The overall work plan emphasizes direct participation by and iterative communication with principal private sector interests and supportive Portland metropolitan area public agencies.

These nine (9) recommended project-related work tasks are as follows:

Task (0) --- Prepare management program and mobilize project resources;

Task (1) --- Prepare North American case studies of previous private/public coventure transit financing efforts;

Task (2) --- Formulate comprehensive benefit impact transit project evaluation methodology;

Task (3) --- Complete a "benefit assessment" of prescribed Portland region transit components;

Task (4) --- Prepare revenue profiles and recommended funding models of candidate private/public coventure transit funding mechanisms;

Task (5) --- Complete a synthesized evaluation of benefit and revenue mechanisms;

Task (6) --- Conduct an institutional and statutory requirements evaluation of recommended private/public coventure funding mechanisms;

Task (7) --- Evaluate jurisdictional fiscal impacts and inter-agency policy issues; and

Task (8) --- Prepare final report describing the transit financing recommendations of the full Public/Private Task Force.

In the description of our proposed "Work Plan", the RHA Consultant Team provides a brief discussion of: the key issues that underlie our technical approach, final work products, and relevant professional background of the consultant team. The RHA Consultant Team's technical approach with respect to the seven (7) prescribed primary task elements and one (1) optional task element [i.e., Task Element (7) described above] is presented in detail on the following pages. As indicated above, an organizational task element [i.e., Task Element (0) described above] has been added to ensure optimal management focus and project coordination. In summary, the RHA Consultant Team strongly advocates that a cohesive effort be undertaken by a "single" multi-disciplinary consultant team in order to provide Metro and the City of Portland with the optimal quality and consistent level of transit finance consultant services required.

TASK ELEMENT (0) --- Prepare Management Plan & Mobilize Resources

Technical Approach

Immediately upon authorization to proceed with the "Work Program" the senior members of the Robert J. Harmon & Associates, Inc. (RHA) Consultant Team --- under the direction of the team's Project Manager (Mr. Robert J. Harmon) and Project Coordinator (Mr. Mark S. Gardiner) and in concert with the Metropolitan Service District and the City of Portland --- will participate in a multi-day work session to prepare a comprehensive management program for the entire project. These work sessions will be held in Portland. As appropriate, initial work sessions will also be held with the key members of the Public/Private Task Force and any other key staff members or representatives of public agencies or jurisdictions as designated by METRO and the City of Portland.

It will be essential that the principal public agency representatives identify the critical technical evaluation issues, especially those related to regional transportation models, regional growth forecasts, committed private sector development projects and existing funding or transportation system operational issues that must receive early or special attention during the course of the project. In addition, the RHA Consultant Team will need to be informed regarding the management, staff resources or other independent consultant capabilities that will be applied to this project, particularly in the areas of: ridership analysis, operational and capital cost analysis, as well as local fiscal program support.

The management program developed during these scoping work sessions (in Portland) will represent a refinement to the initial subtask level/critical path program and refined budget allocation for the entire project. A detailed project schedule will be established, along with specific dates for meetings with the full

Public/Private Task Force. The description of the overall work program will include: a detailed project schedule (by task), identification of technical work tasks, delineation of final product requirements, and the critical path/budget allocation analysis.

This work program will be submitted to Metro for final review and approval within fifteen (15) days of the "notice to proceed". The approved work program will be incorporated into associated subcontracts with: Government Finance Associates; Region West Research Consultants; Deloitte, Haskins + Sells; and Norville & Hiefield, respectively.

RHA's Project Manager/Project Coordinator will regularly review the work program and schedule with Metro and the City of Portland's designated Project Coordinator. Project management adjustments will be made, as appropriate, per mutual agreement. Based on these mutually agreed upon adjustments, a revised project schedule and critical path/budget allocation diagram will be prepared and submitted to the Client's Project Coordinator. Although the RHA Consultant Team will attempt to outline as fully as possible the entire work program during this initial work task, we recognize that availability of data, unanticipated case study results or other events may require management and scope adjustment throughout the project period.

Specifically, an allowance may need to be made to respond to the results of the review of the North American case studies and the benefit methodology report. Similarly, findings in earlier work task areas may suggest modifications or changes in emphasis to subsequent project work tasks. Therefore, the initial work program may be modified from time to time with the mutual approval of Metro/City of Portland and the RHA Consultant Team. The approved work plan (as adapted) will continue to serve as an overall framework and guide to the successful completion of the entire project.

Prior to the preparation of the draft interim reports, case study materials, or any final project benefit evaluation, etc., formal outlines will be submitted to the Transportation Director of Metro and the City of Portland for select circulation and review. Throughout the North American study preparation, the benefit methodology formulation analysis, and the application of the approved benefit methodology ... the RHA Consultant Team will provide all required interim technical or policy memoranda required to complete the comparative transportation project evaluation; and to define the Portland region's viable private/-public coventure funding implementation options.

Most importantly, the RHA Consultant Team is professionally committed to working in concert with the City of Portland and Metropolitan Service District departmental staff and key representatives of the full Public/Private Task Force --- to ensure that all recommendations for the overall Portland region private/-public coventure transportation funding program are effectively implemented.

TASK ELEMENT (1) ---

Prepare North American Case Studies of
Private/Public Coventure Transit Funding
Efforts

Critical Issues

During the past fifteen years, there has been a plethora of private/public coventure case study efforts sponsored by the U.S. Department of Transportation (DOT) and the U.S. Department of Housing and Urban Development (HUD). The initial case study project was funded in 1969 by Section 9 funds that were not spent when authority for public transportation was transferred from HUD to the newly formed Urban Mass Transportation Administration (UMTA), and was directed by the U.S. League of Cities "Conference of Mayors". Subsequent North American private/public coventure and value capture case studies were conducted: in 1976, by the Midtown Manhattan Planning Agency; by the Rice Center for the Urban Initiatives/Value Capture program (between 1976-1981); and by the Southern California Rapid Transit District (SCRTD) (between 1983-1984). The most recent and, possibly most relevant, private/public coventure transit funding case studies were conducted for the BART extension program (early 1987); and most recently, (late 1987) by the Council of State Governments and RHA for UMTA's national task force on private/public coventure funding of public transit. The senior principals of Robert J. Harmon & Associates, Inc. (RHA) served as Senior Economist(s) on each of these national research efforts.

RHA Consultant Team Background

As a distinguished member of the RHA Consultant Team, Deloitte, Haskins + Sells (DH+S) will be able to provide senior input to the North American case study effort from the results of their recent engagement with the Bay Area Rapid Transit Authority (BART). In conducting a similar effort for BART, DH+S prepared for consideration a private/public coventure transit funding

program.

Overall, the combined experience of the RHA Consultant Team ensures the City of Portland and the Metropolitan Service District that the background research for this effort will truly represent "state-of-the art" expertise in this highly specialized research area.

Technical Approach

The technical approach that will be employed by the RHA Consultant Team in preparing the North American private/public coventure transit funding case studies will include the following analytical efforts:

Review of available (emphasizing most recent) published research in this specialized field;

Provide a full set of the most relevant published reports to allow for a full Public/Private Task Force review;

Prepare a synopsis report, highlighting the most relevant U.S. and Canadian experiences (i.e., both success stories and failures) with private/public coventure transit funding;

Note: Particular emphasis will be placed upon germane private sector transit funding mechanisms.

Provide a formal presentation to the members of the Public/Private Task Force, describing the revenue potential of these mechanisms, and under which conditions, they may be successfully applied in the Portland region; and

Prepare an "Executive Summmary" report, highlighting the presentation and salient issues discussed (in meeting with the full Public/Private Task Force) regarding the North

American case studies on private/public coventure transit funding.

Final Products/Results

The individual synopses of the select North American case studies and a recommended list of relevant private/public coventure transit funding mechanisms will be documented as an interim report. The referenced "Executive Summary" of the results of the Public/Private Task Force forum session on the subject North American case studies will be prepared and submitted to the designated Client Project Coordinator and Project Manager as a separate document.

TASK ELEMENT (2) ---

Prepare a Transit Component Benefit
Impact Methodology Evaluation

Critical Issues

The complete "cycle of impact" analysis of new components of a regional transit system includes user benefits, infrastructure cost savings, private sector real estate gains, as well as overall system cost efficiencies. Private sector interests are positively effected by each of these transit improvement benefit categories. Examples include: 1) employee/employer parking cost savings (i.e., user benefit); 2) on-site parking facility construction cost savings (i.e., infrastructure benefit); and 3) premium lease revenues and land appreciation (i.e., real estate gains); and 4) reduced tax burden to support regional transit (i.e., system cost efficiencies).

Local, regional and state level public sector interests all benefit through the positive "GNP Multiplier" effects of Federal funding. The largest subregional benefits accrue through transit-related real estate development. Public sector regional or corridor-scale benefits include most user benefits (e.g., time savings, automobile ownership cost savings, parking cost savings, etc.); as well as potential infrastructure cost savings for alternate types of transportation.

The benefit impact evaluation methodology recommended to the full Public Private Task Force must fully take into account all of these major categories of transit-related benefits. In addition, the methodology must demonstrate the overall quantifiable public sector return from each candidate transit improvement under primary consideration in the Portland region (i.e., Westside LRT, Milwaukie LRT, I-205 LRT, Central City Transit Service and Suburban Transit Service). Finally, the methodology must clearly delineate the overall magnitude of private sector monetary gains and define the "range of benefits" that could reasonably be

captured through proven private/public coventure transit funding mechanisms.

RHA Consultant Team Background

The senior principals of Robert J. Harmon & Associates, Inc. have been the "economists-of-record" for utilization of state-of-the-art user benefit/cost analyses that were employed in justifying the Washington, D.C. (WMATA) and Atlanta (MARTA) regional rapid transit systems. In addition, these same individuals directed the historical benefit/cost studies that demonstrated the historic economic worth of the Chicago regional rapid transit system; and was utilized to establish that area's regional transportation authority. Other notable transit-related benefit evaluations conducted by RHA principals served to justify the San Diego LRT system, the Lindenwold Line, the Miami Metromover system, etc.

The firm has also been at the forefront in preparing private sector monetary benefit documentation. RHA is the only national economic consulting firm to have prepared private sector benefit documentation that has been successfully utilized to place benefit assessment supported municipal bonds and to satisfy national financial institutions of the merits of station cost sharing.

To date, these projects represent over \$10 billion in transit capital investment and nearly \$250 million in direct private/-public coventure commitments. In addition, RHA has formulated the economic justification and legislation strategy to implement two (2) multi-billion dollar High Speed Rail (HSR) projects (i.e., Florida and Las Vegas/Southern California) that are being packaged as private sector franchises.

Technical Approach

In order to develop the most appropriate and effective transit benefit impact evaluation methodology for Metro, the RHA Consultant Team would conduct the following analytical efforts:

Delineate the industry standards (e.g., capital dollars per new rider, user benefit ratios to cumulative incremental capital and operating costs, etc.);

Define a "cycle of impact" framework to consistently and objectively trace the time sequence and locus of transit-related benefits for each category of transit improvement under consideration by the full Public/Private Task Force and its assigned subcommittees;

Demarcate a "range of influence" analysis methodology that will establish the "order of magnitude" value of the user, infrastructure cost savings, private sector real estate gains and system cost efficiency benefits of each category of transit improvements under consideration by the full Public/Private Task Force;

Formulate comparative evaluation matrices that will utilize these technical results to allow for objective ranking of transit components by determining their respective: overall rates of return, cost efficiency ratios, and level of realistically achievable private/public coventure transit financing investment;

Document technical results (referenced above) in a comprehensive benefit evaluation methodology report;

Review "draft" report with Metro, the City of Portland and the full Public/Private Task Force and its assigned subcommittees; and

Respond fully to all comments and finalize report for submission to Metro's Project Coordinator and the City of Portland's Project Manager.

Final Product/Results

The principal results of this task element will be documented in a comprehensive Technical Memorandum report. This report will include an "Executive Summary", and will reference implemented projects wherein transit components or the fully prescribed benefit evaluation methodology techniques have been previously applied successfully.

TASK ELEMENT (3) ---

Benefit Assessment of Prescribed Transit Alternatives

Critical Issues

As stated in the December 15, 1987 RFP, "...the principal mission of the Task Force is to elevate transit project financing from a Tri-Met concern to the broader community of the private sector and the general purpose governments". In this context, future transit financing priorities in the Portland metropolitan area, "... will be considered in conjunction with development and growth throughout the region". It is the RHA Consultant Team's expressed understanding that the final outcome intended for this entire transit finance consultant engagement is to secure "...Task Force endorsement of a public/private finance package to implement the capital and operating costs of needed transit improvements".

The results of a comprehensive, objective and consistent benefit impact analysis of each prescribed transit component (i.e., Westside LRT, Milwaukie LRT, I-205 LRT, Central City Transit Services, Suburban Transit Services, etc.) are pivotal to achieving these desired objectives. This evaluation will provide critical information to: 1) secure the full Public/Private Task Force project endorsement; and 2) demonstrate the technical bases for both private sector and general purpose government transit funding support in the Portland region. If different consultant firms are hired by Metro to evaluate separate transit components, there is a high risk of incurring confusion and even experiencing acrimony among project participants. As a recognized leading national transit finance consultant firm, Robert J. Harmon & Associates, Inc. (RHA) and its team members can provide a consistent, valid, and, most importantly, "objective" benefit evaluation of all transit components under consideration.

From a technical viewpoint, all five (5) benefit evaluations must utilize the same regional growth projections, regional travel pattern data, as well as user benefit value standards and "tests of reasonableness" for nationally established transit system norms (e.g., the level of induced transit station development and resultant private sector real estate gains).

RHA is thoroughly familiar with the existing Portland area data base through our previous professional engagements in the local area, and our ongoing Banfield Line joint development program work. RHA's "in-house" files on transit user benefits and private sector transit monetary gains is considered the most comprehensive private collection in the nation. Therefore, the firm and its team members can apply the (Task Force approved) benefit evaluation methodology in a cost-efficient and technically valid manner that will be: 1) accepted in the local area as "objective"; 2) understood by the key private sector participants as equitable; and 3) recognized by UMTA for future transit funding considerations as valid and sustainable .

RHA Consultant Team Background

RHA would direct and assume the overall technical responsibility for this technical task's completion. The firm is the only national economic consulting company whose professional opinion has been utilized to establish regional transit component benefit assessment districts and establish feasibility for the placement and acceptance of transit-related municipal bonds (e.g., Miami Metromover). RHA is also now formulating a similar program for components of the Dallas Area Rapid Transit (DART) system and Central City transit improvement in Jacksonville, Florida.

RHA's project experience in multi-modal corridor project benefit evaluations extends geographically from the approximate \$5.0 billion Century Freeway program (now under construction in Southern California) ... to the operational I-66 project in

Northern Virginia. Private sector funding for suburban transit service has been included in economic or joint development programs which RHA has formulated for: Montgomery County, MD; the Metropolitan Atlanta Transportation Authority (MARTA) in Atlanta, GA; etc.

Region West Research Consultants (RWRC) will provide full technical support to RHA with respect to completing this vital task element in the areas of: regional growth projections, joint development, and prevailing private sector real estate market values. RWRC has the oldest continuing practice of any Portland-based consulting firm in the areas of economic forecasting, development site evaluation, and real estate market analysis. The firm has established an outstanding reputation for accurate long-range forecasting in the Portland region.

Technical Approach

In order to prepare a valid and objective benefit evaluation of each prescribed transit component, the RHA Consultant Team will conduct the following analytical efforts:

- Review capital costs, ridership and operational cost estimates of each prescribed regional transit component;

- Verify these results against recent local (as well as national) experience;

- Convert these results to cumulative funding requirements, ridership gains per million dollars of transit component capital costs, fare-box recovery rates to apply "tests of reasonableness" and develop measures of transit component financial feasibility;

Complete a "cycle of impact" framework analysis as prescribed in the full Public/Private Task Force approved benefit impact methodology;

Prepare a "range of influence" analysis as prescribed in the approved benefit impact methodology to determine joint development opportunities and corridor or subregional growth and real estate impacts of each considered regional transit component;

Document the short-term and cumulative transit user and private sector benefits generated by each considered transit component;

Delineate any major infrastructure cost savings (i.e., private and public sector);

Document overall transit system efficiencies;

Prepare a summary matrix and statistical abstract of the results, in accordance with the Task Force approved benefit evaluation methodology;

Present technical results to the Metropolitan Service District, City of Portland, full Public/Private Task Force and its assigned subcommittees;

Prepare a final benefit evaluation memorandum report on each regionally considered transit component; and

Prepare a summary report, highlighting the comparative results of each respective Portland region transit component evaluated.

Final Product/Results

The initial results of the benefit impact evaluation will be presented in a statistical abstract and matrix summary formatted report. Subsequently, individual benefit impact evaluation reports will be prepared for each considered regional transit component. Finally, an "Executive Summary" report will be prepared that highlights the comparative technical results of the overall Portland region transit components benefit evaluation.

TASK ELEMENT (4) ---

Prepare Revenue Profiles and Funding Models of Candidate Funding Mechanisms

Critical Issues

The assessment of the relative benefits, level of revenue potential and the impact of particular proposed funding mechanisms on individuals or businesses represents the critical first step in the formulation of a successful private/public coventure transit funding strategy for the Portland region. In financial planning terms, the funding models called for in the subject Metro RFP, are called "funding scenarios". An example of funding scenario charts that depict the application of candidate private/public coventure funding mechanisms are provided in Tables 1,2 and 3 (presented on the following page).

Government Finance Associates (GFA) will evaluate and verify the revenue capacity of each candidate funding mechanism. In addition, GFA will assist in the formulation of the funding scenarios. RHA will synthesize results of the overall benefit, impact and revenue analyses into specific private/public coventure profiles and prepare the candidate funding scenarios (i.e., models).

A key variable in the formulation of the funding scenarios is the degree to which state and Federal funding is considered. Based on national experience, it is possible to secure a significant level of private/real estate related transit funding (e.g., 10%-25% system-wide; or up to 100% for a separate element such as an individual transit station), but not total funding. For example, all tax increment revenues generated in the Banfield corridor since 1979 (and currently anticipated revenues from committed development through 1992) would pay for only around 26% or \$58 million of the system's capital costs. The RHA Consultant Team recommends that the scenarios optimize private sector related transit funding, but realistically take into account the need for

TABLE 1
MINIMUM PUBLIC SECTOR SUPPORT
(\$ millions)

DRAFT

I. RANGE OF CAPITAL COSTS^{a/}	45.0	55.0	65.0
II. PUBLIC SECTOR FUNDING			
State of Florida ^{b/}	4.5	5.5	6.5
UMTA ^{c/}	3.5	4.2	4.9
Public Building Assessment	<u>3.6</u>	<u>4.1</u>	<u>4.5</u>
Subtotal	11.6	13.8	15.9
III. PRIVATE/PUBLIC COVENTURE FUNDING REQUIREMENT	<u>33.4</u>	<u>41.2</u>	<u>49.1</u>
Benefit Assessment @35¢ esc. 6%	25.4 ^{d/}	28.4 ^{e/}	31.5 ^{f/}
Joint Development/Station Cost-Sharing	1.5	5.0	7.5
Developer Impact Fees ^{g/}	5.5	5.5	5.5
In Lieu Parking Assessment			
Direct Private Sector Investment ^{h/}	1.0	2.3	4.6

a/ Generic estimate of future costs based on 1983 estimate ranging from \$30 million to \$45 million. Assumes a 50% increase to years of expenditure costs from baseline, which equates to a 7% compound inflation rate.

b/ 10% of system capital costs only.

c/ 50% of engineering and construction management costs only.

d/ 20 year bonding period at 11%.

e/ Mix of 20 and 25 year bonding period at 11%.

f/ 25 year bonding period at 11%.

g/ Measured at \$1 per square foot.

h/ Import export credits, leverage leasing, discount, etc.

SOURCE: Robert J. Harmon & Associates, Inc.

TABLE 2
MODERATE LEVEL PUBLIC SECTOR SUPPORT
(\$ millions)

DRAFT

I. RANGE OF CAPITAL COSTS^{a/}	<u>45.0</u>	<u>55.0</u>	<u>65.0</u>
II. PUBLIC SECTOR FUNDING			
State of Florida ^{b/}	6.0	7.5	9.0
UMTA (engineering construction management only) ^{c/}	5.0	6.0	7.0
Public Building Assessment	<u>3.1</u>	<u>3.5</u>	<u>3.9</u>
Subtotal	14.1	17.0	19.9
III. PRIVATE/PUBLIC COVENTURE FUNDING REQUIREMENT	<u>30.9</u>	<u>38.0</u>	<u>45.1</u>
Benefit Assessment @30¢ esc. 6%	21.9 ^{d/}	24.5 ^{e/}	27.1 ^{f/}
Joint Development/Station Cost Sharing	1.5	5.0	7.5
Developer Impact Fee In Lieu of Parking Assessment ^{g/}	5.5	5.5	5.5
Direct Private Sector Investment ^{h/}	2.0	3.0	5.0

^{a/} Generic estimate of future costs based on 1983 estimate ranging from \$30 million to \$45 million. Assumes a 50% increase to years of expenditure costs from baseline, which equates to a 7% compound inflation rate.

^{b/} Assumes 10% of construction costs and 25% of engineering and construction management costs.

^{c/} Assumes 75% of engineering and construction management.

^{d/} 20-year bonding period at 11%.

^{e/} Mix of 20- and 25-year bonding period at 11%.

^{f/} 25-year bonding period at 11%.

^{g/} Measured at \$1 per square foot.

^{h/} Import export credits, leverage leasing, discount, etc.

SOURCE: Robert J. Harmon & Associates, Inc.

TABLE 3
MAXIMUM PUBLIC SECTOR SUPPORT
(\$ millions)

DRAFT

I.	RANGE OF CAPITAL COSTS^{a/}	45.0	55.0	65.0
II.	PUBLIC SECTOR FUNDING			
	State of Florida	5.0	7.5	10.0
	UMTA (vehicles/command/control equipment purchases only) ^{c/}	13.0	16.5	19.5
	Public Sector Assessment	2.5	2.9	3.3
	Subtotal	<u>20.5</u>	<u>26.4</u>	<u>32.8</u>
III.	PRIVATE/PUBLIC COVENTURE REQUIREMENT	24.5	28.6	32.2
	Benefit Assessment @25¢ esc. 6%	17.5	21.1	22.7
	Joint Development/Station Cost Sharing	1.5	3.0	4.0
	Developer Impact Fee ^{g/} in lieu of Parking Assessment	5.5	5.5	5.5

^{a/} Generic estimates of future costs based on 1983 cost estimates, ranging from \$30 million to \$45 million. Assumes a 50% increase to year of expenditure costs from baseline, which equates to 7% compound inflation rate.

^{b/} Assumes 10% of system construction costs and up to 50% of the engineering and construction management costs.

^{c/} Assumes 75% funding of vehicle/command and control equipment only.

^{d/} 20-year bonding period at 11%.

^{e/} Mix of 20- and 25-year bonding period at 11%.

^{f/} 25-year bonding period at 11%.

^{g/} Measured at \$1 per square foot.

SOURCE: Robert J. Harmon & Associates, Inc.

transit funding, but realistically take into account the need for state and Federal funding support.

RHA Consultant Team Background

Robert J. Harmon & Associates, Inc. (RHA) is considered the leading national expert on private/public coventure funding of transit systems. Government Finance Associates (GFA) is considered the leading local and a leading national authority on municipal financing. Together, as a Consultant Team, we can provide the Metropolitan Service District, the City of Portland and the full Public/Private Task Force the requisite balance of local and national financial expertise to effectively formulate viable private/public coventure transit funding models (i.e., scenarios) for each prescribed regional transit system component.

Technical Approach

In order to prepare the revenue profiles and funding models for each regional Portland transit component, the RHA Consultant Team would undertake the following analytical efforts:

Delineate the range of "capturable" private sector/real estate related transit benefits that will be generated by each transit component;

Prepare specific revenue potential estimates for each funding mechanism for each prescribed transit component;

Select the most viable list of private/public coventure funding mechanisms that would be suitable for application for each prescribed Portland region transit component;

Note: For example, unless there were special development circumstances, tax increment financing would not be an

appropriate method of financing bus-related capital improvements.

Document specific impacts (e.g., incidence of burden) on businesses or individuals relating to the use of these funding mechanisms.

Prepare preliminary funding models (scenarios) for each candidate transit component;

Review results with the Metropolitan Service District, the City of Portland, the full Public/Private Task Force and its assigned subcommittees; and

Based on inputs, prepare a final set of funding models (scenarios) for each candidate Portland region transit component.

Final Products/Results

The initial revenue potential and impact evaluation results of this task element will be documented in a private/public coventure funding mechanism profile report. The preliminary funding models (scenarios) and the incidence of burden evaluation will be documented in a second financial strategy report. Based on inputs received from the full Public/Private Task Force, the funding model/strategy report will be finalized in a format suitable for inclusion in the final Financial Consultant report.

TASK ELEMENT (5) ---

Complete a Synthesized Evaluation of
Benefits and Revenue Mechanisms

Critical Issues

The Metropolitan Service District/City of Portland Financial Consultant RFP correctly identifies the need to evaluate the system-wide implications of funding any or all of the prescribed transit improvement components. In effect, certain future Portland area transit components may exert synergistic beneficial impacts on system revenues or reduce other ongoing capital cost needs (e.g., long-term bus fleet expansion or modernization). These issues need to be examined before an overall system funding recommendation can be forwarded to the full Public/Private Task Force.

In order to complete this generalized assessment, the Financial Consultant will need to fully understand Tri-Met's current short-range and long-range funding program; and the evolution of their current operational and capital improvement policies.

Through ongoing involvement in Tri-Met's joint development program formulation efforts and municipal financing policy development ... both RHA and GFA already possess this critical background knowledge. In addition, RHA is already thoroughly familiar with the current system's revenue and operational characteristics and the most recent capital cost experience. Therefore, with the new information developed from the benefit evaluation of the transit system components, the RHA Consultant Team can: 1) provide maximum technical assistance to the staff in relation to this task element; and 2) give the full Public/Private Task Force and its assigned subcommittees the best technical insights into the system-wide implications of the individual funding models (scenarios) under consideration.

Technical Approach

In order to complete a synthesized evaluation of benefits and revenue mechanisms, the RHA Consultant Team would complete the following analytical efforts:

Document the revenue implications of each prescribed transit component on the remainder of the regional Tri-Met system;

Delineate any capital cost efficiencies of the prescribed transit components on the remainder of the Tri-Met system;

Complete a generalized assessment of benefits and revenue mechanisms for the balance of the Tri-Met system;

Summarize results in a Technical Memorandum report;

Review report with the Metropolitan Service District, the City of Portland, the full Public/Private Task Force and its assigned subcommittees; and

Based on inputs received, finalize the report for submission to Metro.

Final Products/Results

The final results of this task element of the proposed work plan will be documented in a format suitable for inclusion in the Final Financial Consultant Report for the overall project. This report will also include an "Executive Summary" to be utilized for briefing the full Public/Private Task Force and its subcommittees.

TASK ELEMENT (6) ---

Conduct an Institutional and Statutory
Requirement Evaluation

Critical Issues

In many regions of the country that are undertaking significant private/public coventure transit funding programs (e.g., Southern and Northern California, Dallas, Texas) state enabling legislation was required to establish transit industry eligibility. Direct use of Federal funds for land acquisition will, in most cases, require that UMTA receives its proportional share of any joint development revenues. Tax increment revenues cannot legally be utilized for system operational costs. These are the types of issues that will be addressed in completing the institutional and statutory requirement evaluation.

In certain cases, the legal authority required to utilize a specific private/public coventure mechanism (e.g., public improvement or special assessment district) may already exist. However, to ensure bond market acceptance of the revenue source, there may be a need for clarification by modifying a local ordinance or state legislation. In addition, all key implementation steps must be clearly delineated. For example, a public improvement district established in support of a Dallas subway station was recently invalidated because the prescribed property owners' petitioning procedure was not followed "to the letter of the law". In summary, all local, state and national institutional barriers must be documented and the next steps for implementation must be defined for all funding mechanisms (under final consideration by the full Public/Private Task Force).

RHA Consultant Team Background

Government Finance Associates (GFA) is the recognized Portland region local authority on municipal finance and the implementation requirements necessary to ensure market acceptance of public bonds. GFA will manage this task element of the overall work plan. RHA has directed successful private/public coventure legislation formulation efforts in California, Florida, Michigan, Minnesota, and New Jersey, respectively. In addition, the firm continuously monitors private/public coventure legislation nationally (and at the Federal level). Oliver Norville, Esq. is considered the leading legal expert in the Portland metropolitan area in real estate and economic development aspects of the law.

This level of senior expertise in a crossection of disciplines is essential to developing a successful implementation program for private/public coventure transit funding in the Portland region.

Technical Approach

The RHA Consultant Team would conduct the following analytical efforts to successfully complete the institutional and statutory requirement evaluation:

- Delineate the generic implementation and strategy requirements of each private/public coventure funding mechanism under final consideration by, the full Public/Private Task Force;

- Identify all possible local and state institutional conflicts or legal barriers to utilization of these funding mechanisms in the Portland region;

Define any Federal policy or statutory conflicts or prevailing legal barriers;

Define the next steps required for implementation of each private/public coventure funding mechanism under final consideration by the full Public/Private Task Force;

Prepare a technical memorandum report documenting the results of the institutional and statutory analysis;

As required, prepare a briefing for Metro and City of Portland staff and the full Public/Private Task Force and its assigned subcommittees on the overall results; and

In response to the inputs received, finalize the institutional and statutory report accordingly.

Final Product/Results

The results of the institutional/statutory evaluation of private/public coventure funding mechanisms will be documented in a single technical memorandum report. The report will include an "Executive Summary". In addition, the report will be formatted in a manner suitable for inclusion in the final Financial Consultant report as either a separate chapter or an appendices.

TASK ELEMENT (7) ---

**Evaluate Jurisdictional Fiscal Impacts
and Inter-Agency Policy Issues**

Critical Issues

A fundamental element needed to formulate regional consensus regarding private/public coventure transit funding is knowledge regarding jurisdictional fiscal impacts and other inter-agency policy issues. This optional task would provide this information in a timely manner to allow for more in-depth public sector dialogue on private/public coventure funding before seeking formal full Public /Private Task Force approval. Major public Portland area public agencies and the individual local jurisdictions need to know what happens to them if a regional framework for private/public coventure transit funding is established in the Portland region.

Quite often, the most negatively "perceived" impacts after full evaluation are proven to be minor or can be mitigated by special modification in the regional policy or in the implementation program. Individual work sessions should be held with all principal public sector participants in the regional decision-making process to identify any special concerns. The subject impacts should then be evaluated, and any perceived conflicts further analyzed. In this manner, it will be possible to provide information and discussion time to achieve a higher level of consensus in advance of efforts to draft the final Financial Consultant report.

Technical Approach

The RHA Consultant Team will undertake the following analytical efforts to evaluate jurisdictional fiscal impacts and inter-agency policy issues:

Review overall results of the institutional and statutory evaluation with each of the principal local jurisdictions and major public agencies that would potentially be affected by a private/public coventure transit program;

Delineate any major fiscal impact, or development authority or inter-agency jurisdictional issues;

Evaluate key fiscal impacts and define mitigation approaches to any major negative consequences;

Demarcate any major perceived project authority or "turf" issues, and define mitigation procedures;

Conduct follow-up sessions with local jurisdictions and major public agencies;

Prepare a summary report with specific procedural or fiscal policy recommendations regarding the most effective mitigation measures or institutional adjustments that would ensure consensus public support for private/public coventure transit funding;

Review the draft report with Metro, the City of Portland and the full Public/Private Task Force and its assigned subcommittees; and

In response to the above referenced inputs, prepare the final report and submit to the Project Coordinator.

Final Product/Results

The final results of this task element will be documented in a single technical memorandum report. The principal recommendations contained in this report will be included in the implementation program section of the Financial Consultant's report.

TASK ELEMENT (8) ---

Prepare Final Report

Technical Approach

The final report will describe the overall financial recommendations of the full Public/Private Task Force and its assigned subcommittees. The initial sections of the report will trace the evolution of the options considered. Subsequently, a synthesized version of the benefit evaluation will be presented that documents the premise for the project's prioritization decisions. The next sections of the report will summarize the institutional, statutory and jurisdictional impact analyses. The final sections of the report will describe the next steps required for implementation.

The report will contain an "Executive Summary". In addition, when appropriate, statistical abstracts or individual technical reports developed during the private/public coventure transit funding evaluation will be included as appendices.

The RHA Consultant Team will review a preliminary draft of the report with Metro, the City of Portland, the full Public/Private Task Force and its assigned subcommittees. After taking into full account all relevant comment, the RHA Consultant Team will finalize the Transit Finance Consultant's report. Metro and the City of Portland, along with, the full Public/Private Task Force and its assigned subcommittees will collectively receive fifty (50) copies of the "Final Report" and a camera-ready master copy of the original for future distribution needs.

II. PROJECT STAFFING

II. PROJECT STAFFING

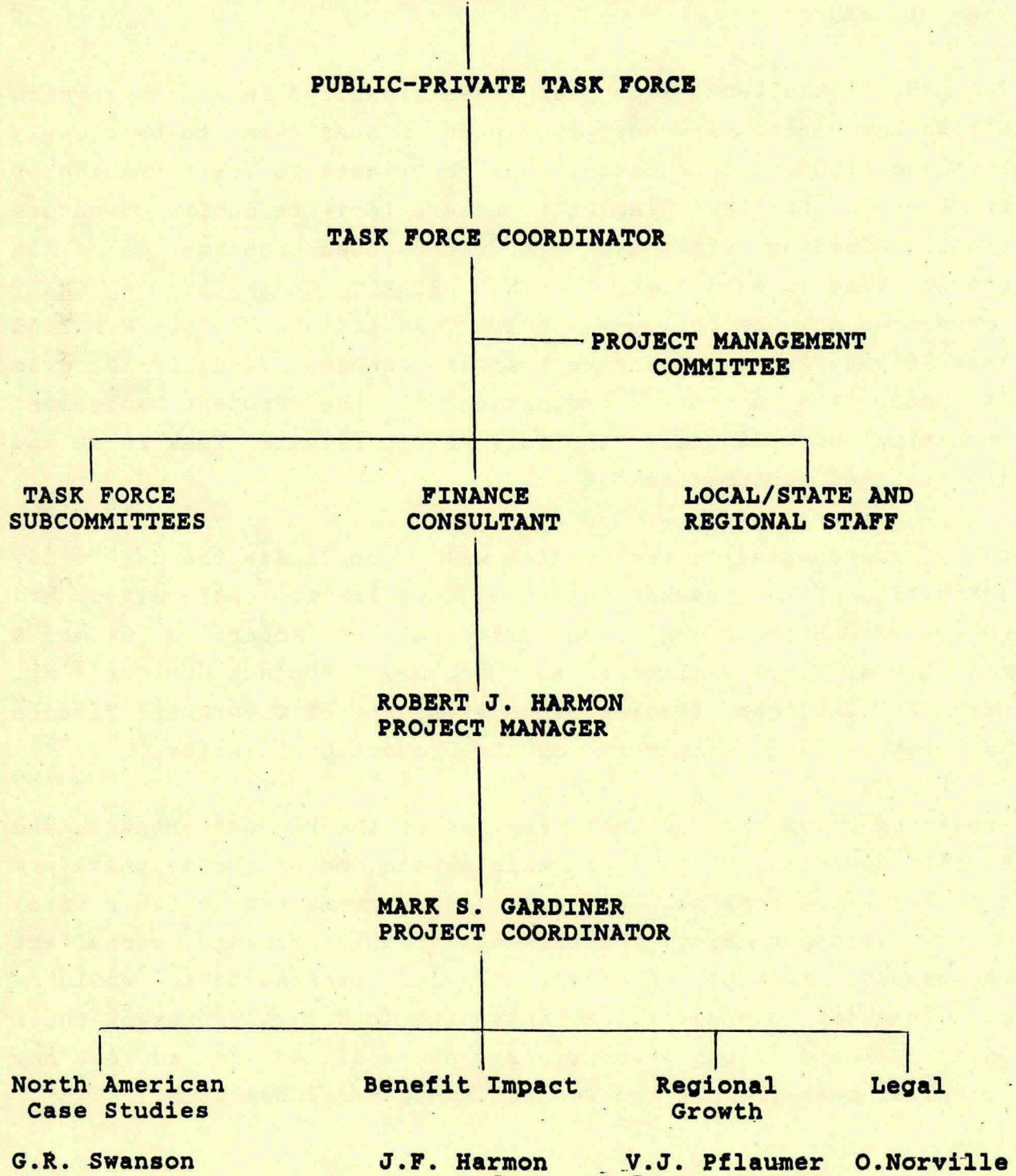
Team Structure

The RHA Consultant Team has been organized in a manner which allows key senior personnel from each member firm to be closely involved with and to substantively contribute to the formation of the overall Portland region's future private/public coventure transit funding strategy. A recommended organization of the project team is exhibited in the PROJECT ORGANIZATIONAL CHART (presented on the following page). As indicated, the Portland Area Private/Public Coventure Transit Funding Evaluation Program is under the direct coordination of the Project Management Committee and ultimately, the full Public/Private Task Force and its assigned subcommittees.

A key representative from Metro will coordinate the day-to-day activities of the Transit Finance Consultant. As cited, Mr. Robert J. Harmon (Managing Principal of Robert J. Harmon & Associates, Inc.) will serve as the overall Project Manager. Mr. Mark S. Gardiner (Senior Vice President of Government Finance Associates, Inc.) will serve as the Project Coordinator.

Presented below are succinct profiles of the Project Manager and Project Coordinator. Within this subsection of the proposal are detailed resumes of all key principals committed to this vital Metro Transportation Department transit finance consultant engagement. Each of these established professionals would be available for a project team interview to directly present their individual and firm credentials; as well as to address any technical questions of the Project Management Committee.

PROJECT ORGANIZATIONAL CHART



Source: RHA Consultant Team

Key Project Management/Coordination Personnel

Mr. Robert J. Harmon, Managing Principal and founder of Robert J. Harmon & Associates, Inc. (RHA) will serve as the overall Project Manager and will assume prime responsibility for the benefit methodology, financial model (i.e., scenario), and implementation planning task elements. Mr. Harmon has extensive North American experience (i.e., 35 metropolitan areas) in the formulation of private/public coventure transit funding and joint development packaging. To date, he has directed the implementation of between \$2 billion and \$3 billion in constructed joint development projects; and has secured over \$300 million in private/-public coventure transit funding on behalf of North American public sector clients.

Mr. Harmon is former Chairman (7 years) of the Transportation Research Board (TRB) Committee on Transportation and Joint Development. In addition, for the past two years, he has served as Senior Economist on UMTA's national Task Force on private/-public coventure transit funding. Currently, he is directing the joint development program evaluation for the Portland Area Banfield LRT Line and the private/public coventure funding program analysis for Dallas, Texas and Jacksonville, Florida, respectively.

Mr. Mark S. Gardiner, Senior Vice President and regional office manager of Government Finance Associates, Inc. (GFA) will serve as the Project Coordinator. In this capacity, he will have prime responsibility for the institutional/statutory framework and fiscal impact analysis. In addition, he will provide major inputs into the financial model/strategy formulation and benefit analysis task elements. For the past decade, Mr. Gardiner has been directly involved in the regional transportation funding and financing in the Portland Area.

Mr. Gardiner previously served as Director of Fiscal Administration for the City of Portland. Currently, he is the financial advisor to Tri-Met and the Portland Development Commission, as well as a number of local area jurisdictions. He is considered to be the leading local and regional expert on municipal finance and has gained national recognition for his innovative approaches to public works project funding.

Time Commitments

In Exhibits 1 & 2 (presented on the following page), the RHA Consultant Team summarizes the task or discipline responsibilities of each principal member of our project team. Also presented is the number of estimated professional hours of time that each of these firm principals will devote to the project. Due to the complex nature of this project, and the critical need for verbal as well as senior statistical/writing and private sector consensus building skills, nearly 90.0% of the committed professional hours are committed to by "working principals" of the respective professional firms that comprise the RHA Consultant Team.

DBE/WBE Contract Compliance Forms

Presented on the two pages following the referenced exhibits are the two (2) completed DBE/WBE contract compliance forms. These forms demonstrate that the RHA Consultant Team is in full compliance with the Metro stated goals of achieving a twelve percent (12.0%) DBE/WBE budget commitment.

Client References

Presented for the Project Management Committee's review and contact (on the final two pages of this section of the proposal) are select client references for the RHA Consultant Team's prime contractor (Robert J. Harmon & Associates, Inc.) and prime subcontractor (Government Finance Associates, Inc.).

EXHIBIT 1

PORTLAND PRIVATE/PUBLIC COVENTURE
TRANSIT FUNDING EVALUATION
---PERSONNEL RESPONSIBILITIES---

<u>NAME</u>	<u>FIRM</u>	<u>RESPONSIBILITIES</u>
Robert J. Harmon	RHA	Project Manager
Mark S. Gardiner	GFA	Project Coordinator
Joseph F. Harmon	RHA	Director, Task # 3
G. Richard Swanson	DH+S	Director, Task # 1
Vicki J. Pflaumer	RWRC	Senior Economist
Oliver I. Norville	N&H	Legal Counsel

EXHIBIT 2

PORTLAND PRIVATE/PUBLIC COVENTURE
TRANSIT FUNDING EVALUATION
---TIME COMMITMENTS---

<u>NAME</u>	<u>FIRM</u>	<u>TIME COMMITMENT</u>
Robert J. Harmon	RHA	400 Hours
Mark S. Gardiner	GFA	300 Hours
Joseph F. Harmon	RHA	160 Hours
G. Richard Swanson	DH+S	40 Hours
Vicki J. Pflaumer	RWRC	220 Hours
Oliver I. Norville	N&H	On-call as needed

SOURCE: RHA CONSULTANT TEAM

ATTACHMENT C

Budget and Payment

CONTRACTOR shall be paid for services rendered on a fixed cost basis of \$110,000. This lump sum shall cover all services, expenses, products, and costs of every nature including the cost of all subcontractors necessary to provide the services and products required under this agreement.

CONTRACTOR shall subcontract a minimum of 12 percent of the contract (\$13,200) to Region West Research Consultants. If CONTRACTOR needs to terminate the services of this subcontractor, CONTRACTOR shall immediately and prior to such termination notify Metro of such intent and shall cooperate with Metro to ensure full compliance with Metro's Disadvantaged Business Program.

CONTRACTOR shall submit monthly billings to Metro based upon the percentage of work completed for the following tasks:

<u>Task</u>	<u>Description</u>	<u>Harmon Budget</u>
41.17.01	Introduction and refinement of transit policies, plans and priorities (Harmon Task 0)	\$ 2,500
41.17.02	Develop Benefit Assessment Methodology (Harmon Task 2)	15,000
41.17.03	Inventory Financing Mechanisms (Harmon Task 1)	7,500
41.17.05	Evaluate benefits of each transit corridor (Harmon Task 3)	50,000
41.17.06	Evaluate funding options for each transit corridor (Harmon Tasks 4 & 5)	20,000
41.17.07	Recommend funding option for each corridor (Harmon Task 8)	5,000
41.17.08	Refinement of recommendations (Harmon Task 6)	10,000
		<u>\$110,000</u>

Monthly billings will be itemized by prime or subcontractor and include a monthly progress report by task for submittal to UMTA. Upon acceptance of work completed, Metro will pay CONTRACTOR within 30 days for amount invoiced less 5 percent retainage. Final payment of retainage will be paid upon full satisfactory completion of contract terms. Completion of products required for each task is required for final reimbursement for that task.

Meeting Date February 11, 1988

CONSIDERATION OF RESOLUTION NO. 88-863 FOR THE
PURPOSE OF APPROVING A CONTRACT WITH ROBERT J.
HARMON & ASSOCIATES, INC., FOR TRANSIT FINANCE
CONSULTING SERVICES

Date: February 1, 1988

Presented by: Andrew Cotugno

PROPOSED ACTION

Approve the contract for \$110,000 to provide transit finance consulting assistance to the Public-Private Task Force on Transit Finance with the following consulting team:

Robert J. Harmon & Associates, Inc. (Prime Contractor)
Government Finance Associates, Inc.
Region West Research Consultants (WBE at 12 percent)
Deloitte Haskins & Sells
Norville & Hiefield

The Intergovernmental Relations Committee of the Metro Council recommends approval of Resolution No. 88-863.

FACTUAL BACKGROUND AND ANALYSIS

Resolution No. 87-808, adopted by the Metro Council in September 1987, authorized application for a \$300,000 UMTA grant for the purpose of establishing a Public-Private Task Force on Transit Finance. Metro was established as the grant applicant with the Task Force set up as an advisory committee to JPACT. Portland was approved as the lead agency to provide overall project direction and convene the Task Force. To date, the grant award has been received from UMTA and contracts have been approved between Metro and the City of Portland and between Metro and the Task Force Project Coordinator (Don Barney & Associates). In the near future, contracts will be submitted for approval for a Suburban Transit Planning Consultant and a Central City Transit Planning Consultant.

The Request for Proposals (RFP) were received by 16 candidate consultants of which five consultants (or teams of consultants) submitted proposals. The RFP established a contract budget of \$110,000 and a combined DBE/WBE goal of 12 percent. A screening team consisting of Andrew Cotugno, Metro; Douglas Capps, Tri-Met; Grace Crunican, Portland; and Ted Spence, ODOT; recommended three finalists for interview.

Robert J. Harmon & Associates, Inc. at \$110,000
Public Financial Management, Inc. at \$107,968
Schimpeler-Corradino & Associates at \$109,996

However, Schimpeler-Corradino & Associates was disqualified for failing to meet Metro's DBE/WBE requirements by the RFP deadline.

A panel was convened to interview the two finalists consisting of the screening team plus Earl Blumenauer, City of Portland Commissioner; Loren Wyss, Tri-Met Board President; and Bill Robertson, Tri-Met Board Member. The added members to the interview panel will also serve on the Public-Private Task Force.

Robert J. Harmon & Associates, Inc. was the unanimous selection of the interview panel. Their overriding strengths are as follows:

- Robert J. Harmon & Associates, Inc. has had the extensive experience in developing public and private funding mechanisms throughout the United States, considerably more than the other firm.
- Both Robert J. Harmon & Associates, Inc. and Government Finance Inc. are familiar with Portland, the local economy, the jurisdictions involved and legal restrictions affecting finance options in Oregon.
- A subcontractor, Deloitte, Haskins & Sells, has recently completed the most extensive case study analysis to date of finance options throughout the United States for a recent BART study, thereby providing us with an excellent resource at very low cost.
- The team's WBE subcontractor, Region West Research Consultants, Inc., has had extensive experience in local real estate development.
- A subcontractor, Norville & Hiefield, which is available to the team on call to provide legal advice, has been on contract to most of the development and urban renewal agencies in the region.

Both contractors met the DBE/WBE goal:

Robert J. Harmon & Associates, Inc.	12 percent
Public Financial Management, Inc.	18 percent

Despite the higher cost and lower DBE/WBE participation of the Robert J. Harmon & Associates, Inc. proposal, they are recommended for this contract because of their excellent combination of national expertise and local familiarity. The other firm has had good national experience but not as broad, especially in the area of private sector funding mechanisms. In addition, they have little familiarity with Portland.

The proposed contract between Metro and Robert J. Harmon & Associates, Inc. will be the standard Metro contract with the federally mandated clauses. The Scope of Work and budget will be submitted to the Metro Intergovernmental Relations Committee prior to their meeting of February 4 and to the Metro Council prior to their meeting of February 11 for approval.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of the contract with Robert J. Harmon & Associates, Inc.

AC/sm
8919C/531
02/01/88

ATTACHMENT A

PUBLIC-PRIVATE TASK FORCE FINANCIAL CONSULTANT

Interviewer Panel: Andrew Cotugno, Earl Blumenauer, Loren Wyss,
Bill Robertson, Grace Crunican, Douglas Capps,
Ted Spence

	<u>Average Score</u>		
	<u>Points Possible</u>	<u>Harmon</u>	<u>PFM</u>
Proposer's understanding of the project objective of the particular component of this RTP and conformance to the instructions in this RFP;	20	18.6	13.9
Effectiveness of the proposed work plan in meeting the objectives of the particular component;	30	26	22.6
Extent of experience of proposed staff for the particular component;	20	18.4	15.7
References for successful project; and	15	14	14.6
Cost of proposed service.	<u>15</u>	<u>13</u>	<u>14.3</u>
TOTAL	100	90	81.1

8919C/531

9.3 Consideration of Resolution No. 88-845, for the Purpose of
Appointing an Advisory Committee to Determine if a Per Capita
Service Charge is Necessary

Councilor Waker reported adoption of the Resolution was recommended by the Council Intergovernmental Relations Committee as a step in the an annual cycle of assessing dues from local governments.

Motion: Councilor Cooper moved, seconded by Councilor Waker, to adopt Resolution No. 88-845.

Vote: A vote on the motion resulted in all eleven Councilors present voting aye. Councilor Collier was absent.

The motion carried and Resolution No. 88-845 was adopted.

9.4 Consideration of Resolution No. 88-863, for the Purpose of
Approving a Contract with Robert J. Harmon & Associates, Inc.,
for Transit Finance Consulting Services

Councilor Waker reported the Council Intergovernmental Relations Committee recommended adoption of the resolution. A written summary of the Committee's recommendation was distributed to Councilors.

Motion: Councilor Cooper moved, seconded by Councilor Waker, to adopt Resolution No. 88-863.

Vote: A vote on the motion resulted in all eleven Councilors present voting aye. Councilor Collier was absent.

The motion carried and Resolution No. 88-863 was adopted.

9.6 Consideration of Resolution No. 88-862, for the Purpose of
Amending Resolution No. 87-744, Revising the FY 1987-88 Budget
and Appropriations Schedule for a Convention Center Operating
Reserve and Arts Grant (Public Hearing)

Councilor Cooper reported the Council Convention Center Committee unanimously recommended adoption of the resolution.

Motion: Councilor Cooper moved, seconded by Councilor Waker, to adopt Resolution No. 88-862.

Councilor Ragsdale opened the public hearing. There was no testimony and the hearing was closed.

Vote: A vote on the motion resulted in all eleven Councilors present voting aye. Councilor Collier was absent.

The motion carried and Resolution No. 88-862 was adopted.