

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ESTABLISHING)	RESOLUTION NO. 90-1300
A REGIONAL COMPACT DEFINING THE)	Introduced by Rena Cusma,
POLICY FRAMEWORK FOR DETERMIN-)	Executive Officer
ING HOW TO MEET THE REGIONAL)	
SHARE OF THE FUNDING REQUIRE-)	
MENTS FOR LIGHT RAIL PROJECTS)	
AND ENDORSING A FUNDING PLAN FOR)	
THE WESTSIDE CORRIDOR PROJECT)	
AND INITIATION OF AN EAST PORT-)	
LAND/CLACKAMAS COUNTY PROJECT)	

WHEREAS, The Regional Transportation Plan adopted by Ordinance No. 89-282 identifies light rail transit (LRT) expansion as a key element of meeting the region's transportation needs; and

WHEREAS, The Council of the Metropolitan Service District adopted Resolution No. 89-1035 defining a comprehensive transportation finance strategy including funding for LRT; and

WHEREAS, The next regional priorities for LRT funding include the Westside Corridor project from downtown Portland to Hillsboro and an East Portland/Clackamas County project; and

WHEREAS, A regional share of matching funds will be required in addition to state and federal funding for each of these projects to implement the final approved base project; and

WHEREAS, There will be regionwide and direct user benefits derived from these base projects; and

WHEREAS, Local governments may wish to add features to the project to meet local objectives; and

WHEREAS, The Transportation 2000 Committee and JPACT

have recommended this LRT financing compact involving regionwide, user and local funding sources; now, therefore,

BE IT RESOLVED:

That the Council of the Metropolitan Service District

1. Adopts the Regional Compact as reflected in Exhibit A as the policy framework for determining how to meet the regional share of the funding required for light rail transit projects and declares its intent to incorporate this financing policy in the next update to the Regional Transportation Plan.

2. Based upon the policy framework defined in the Regional Compact, endorses proceeding with the funding plan for the Westside Corridor project and initiation of an East Portland/Clackamas County project as reflected in Exhibit B.

ADOPTED by the Council of the Metropolitan Service District this 26th day of July, 1990.

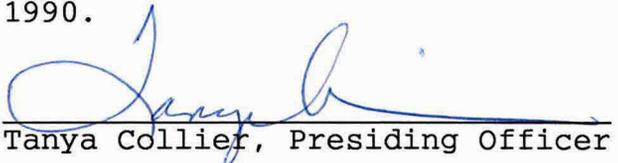

Tanya Collier, Presiding Officer

EXHIBIT A

REGIONAL COMPACT ON LIGHT RAIL FUNDING

Scope of Compact

1. This compact defines the regional guidelines for determining how to meet the regional share requirements for light rail capital construction costs.
2. This compact applies to all light rail projects proposed for funding by JPACT.
3. Capital construction costs covered by this compact include:
(a) project development, engineering and design studies,
(b) right-of-way acquisition, (c) construction, (d) electrification, and (e) vehicle purchase.
4. The regional match requirement for a project is equal to the total project cost minus the federal share minus the state share. The actual percentage split between these sources will depend on the federal legislation in effect at the time, the characteristics of the project and other practicalities.

Policy

1. The regional match is the shared responsibility of Tri-Met, Metro, Multnomah County, Clackamas County, Washington County, Portland, and other cities specifically served by a project.
2. The regional match shall be met through the financial participation of groups or areas (defined on the basis of jurisdictional boundaries) in relation to the benefit they receive.
3. The amount of financial participation by or within a jurisdiction is a function of (a) its share of regionwide benefit, (b) its user benefits and (c) its local benefits.

Regionwide Benefit

1. Each rail project proposed for funding by JPACT has a general regionwide benefit due to the ability of the regional rail system to help meet regional objectives regarding: air quality, highway service levels, urbanization, jobs, transit efficiency and others.
2. The regional match for each base light rail project will, in part, be funded from a regionwide revenue source.

3. The base project is that combination of design and alignment options which is approved by the project steering committee and the implementing agency as meeting regional objectives.
4. The actual source of these regionwide funds will be determined on a project-by-project basis but would include such sources as (a) regional bonds or levies, (b) regional vehicle fees or taxes for constitutionally allowed purposes (if any), and (c) pools of funds derived from a metropolitanwide base (including funds from Clark County, Washington, if extended across the Columbia River).

User Benefit

1. User benefit participation is a contribution towards the regional match of a base project by governments whose constituencies are directly served by the light rail project. User benefits are received by (a) residents served by the project, (b) businesses served by the project, and (c) customers of public attractors or facilities served by the project.
2. The amount of user benefit participation in the regional match for a project will be determined on a project-by-project basis.

Local Benefits

1. Each light rail project will have a local benefit due to its ability to help meet local comprehensive plan objectives regarding urban design, development and others.
2. These local benefits may accrue to a community from modifications to the base project requested or required by the local jurisdiction.
3. The regional match requirements associated with modifications to the base project to meet local objectives is the responsibility of the requesting jurisdiction.

Source of User and Local Benefit Matching Funds

1. The source of revenue for the user benefit and local benefit portions of the regional match is to be determined by the responsible jurisdiction unless JPACT were to find a particular source detrimental to the region's interest.

Implementation

1. Each jurisdiction receiving local and/or user benefits shall adopt a resolution of intent to fulfill its agreed-upon

regional match responsibility prior to final approval of the regionwide revenue source. The resolution of intent shall state the amount and due date(s) of all user and local benefit contributions towards the regional match requirement.

2. Subsequent to the approval of the regionwide revenue source but prior to signing of the federal Full-Funding Agreement for the project, each jurisdiction providing user or local benefit match shall adopt a formal Intergovernmental Agreement which obligates the specified revenue to the project in accordance with the agreed-upon due date.
3. Tri-Met shall establish two accounts:
 - a. The Westside Light Rail Construction account.
 - b. The East Portland/Clackamas County Light Rail account.
4. Upon passage of the General Obligation Bond measure, \$110 million of bond authorization will be allocated to the Westside Light Rail Construction account. In addition, \$21 million of "user benefit" revenues are to be committed to the account as recommended by T-2000. The Westside Policy Steering Group shall recommend the use of the Westside Light Rail Construction account to the Tri-Met Board.
5. Upon passage of the General Obligation Bond measure, \$15 million of bond authorization will be allocated to the East Portland/Clackamas County Light Rail account. In addition, \$2 million of "user benefit" revenues are to be committed to the account as recommended by T-2000. The East Portland/Clackamas County Policy Steering Group shall recommend the use of the East Portland/Clackamas County Light Rail account to the Tri-Met Board.
6. Bond proceeds and "user benefit" revenues in the light rail accounts will be used for the base project. The base project will not be enhanced subsequent to executing the Full-Funding Agreement with revenues from the initial bond or initial "user benefit" contributions.
7. Revenues initially allocated to the East Portland/Clackamas County Light Rail account will not be expended for purposes other than alternatives analysis and engineering until such time as the federal Full-Funding Agreement for the Westside Light Rail project is fully executed.
8. It is the intent that the funds made available to the Westside Light Rail Construction account, that are not required for the final base project and not needed for financing

contingencies, will be transferred to the East Portland/Clackamas County Light Rail account. Subsequent to executing the Full-Funding Agreement for the Westside Light Rail project, unused Westside Light Rail Construction funds may be transferred to the East Portland/Clackamas County account. Such transferred funds may not be obligated until such time as the Westside project is fully under contract for construction.

9. If needed, the Westside project may apply for revenue from the East Portland/Clackamas County Light Rail account.
10. An annual status report of each account will be submitted annually to JPACT.

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EXHIBIT B

FUNDING PLAN FOR THE REGIONAL SHARE OF LIGHT RAIL TRANSIT

I. Regionwide Revenue Source

The primary focus of this funding plan is to secure matching funds to construct the Western extension of MAX. However, regional residents prefer to simultaneously fund prudent initial steps toward development of an East Portland/Clackamas County Max extension which makes progress toward a third line and reduces long-term costs for this corridor (such as engineering and early right-of-way acquisition). As such, it is recommended that the Tri-Met Board seek voter approval for a \$125 million General Obligation Bond measure for the following program:

- A. \$110 million toward the regional share of matching funds for the Westside MAX construction. This estimate includes funding for the base Westside project plus a Capital Reserve Account as required by the Urban Mass Transportation Administration. This funding level assumes that the state will provide 12.5 percent matching funds and that up to 75 percent federal funding will be available for the project.
- B. \$15 million for initial steps on an East Portland/Clackamas County MAX project, including engineering studies and right-of-way acquisition.

The bond measure will permit Tri-Met to manage the distribution of these resources between the Westside MAX Construction account and the East Portland/Clackamas County account. However, the Regional Compact provides procedures and limitations on how transfers between accounts will be considered. This action is intended to allow decisions to implement these projects to proceed and is subject to final project approval in conformance with state and federal law. In addition, the Westside Policy Steering Group and an East Portland/Clackamas Policy Steering Group will recommend the use of these respective accounts to the Tri-Met Board and status of these accounts will be reported annually to JPACT.

II. Special Benefit Participation in MAX Implementation

To ensure that (a) the funding contributions are in relation to benefit and (b) maximum use is made of existing resources, consistent with the Regional Compact, it is recommended that those jurisdictions that represent benefitted

residents, businesses and users contribute toward the Westside and East Portland/Clackamas County LRT accounts established at Tri-Met. These funds, in combination with bond proceeds, state matching funds and federal funds, will be used for the base project approved for that corridor.

It is recommended that the following jurisdictions adopt a resolution of intent to participate in the Regional Compact for LRT financing and commit to provide their specified contribution:

Portland - \$1 million by December 1990 and \$6 million by July 1993 for Westside MAX.

Washington County - \$5 million by July 1993 for Westside MAX.

Tri-Met - \$1 million by December 1990 and \$6 million by July 1993 for Westside MAX.

Metro - \$2 million by July 1993 for Westside MAX with a zoo station.

Clackamas County - \$2 million by July 1993 for initiation of an East Portland/Clackamas County MAX line.

Additions to the base project requested by local jurisdictions will be incorporated into the project if additional funding is provided by that jurisdiction.

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 90-1300 FOR THE PURPOSE OF ESTABLISHING A REGIONAL COMPACT DEFINING THE POLICY FRAMEWORK FOR DETERMINING HOW TO MEET THE REGIONAL SHARE OF THE FUNDING REQUIREMENTS FOR LIGHT RAIL PROJECTS AND ENDORSING A FUNDING PLAN FOR THE WESTSIDE CORRIDOR PROJECT AND INITIATION OF AN EAST PORTLAND/CLACKAMAS COUNTY PROJECT

Date: July 12, 1990

Presented by: Andrew C. Cotugno

PROPOSED ACTION

This resolution would endorse a regional policy framework (a Regional Compact) for financing the regional share of LRT projects and endorse proceeding with a financing plan consistent with the Regional Compact as follows:

1. It is recommended that Tri-Met submit to the voters a \$125 million General Obligation Bond measure to provide:
 - a. \$110 million for the regionwide share of matching funds for Westside LRT construction; and
 - b. \$15 million towards initiation of LRT in the East Portland/Clackamas County area to include engineering and right-of-way acquisition.
2. It is recommended that jurisdictions that represent directly benefitted residents, businesses and users of these LRT corridors provide an additional contribution toward the basic project in relation to the benefits realized as follows:

Portland	\$ 7 million
Washington County.	5
Tri-Met.	7
Metro (Zoo).	2
Clackamas County	2
	<hr/>
	\$23 million

JPACT has reviewed this policy framework and recommends approval of Resolution No. 90-1300.

FACTUAL BACKGROUND AND ANALYSIS

In January 1989, a comprehensive regional transportation funding proposal involving federal, state and regional funding recommendations was adopted by Resolution No. 89-1035. This funding proposal established a comprehensive funding strategy for:

- Major Regional Highway Corridors
- LRT Construction
- Urban Arterials
- Expanded Transit Operations

The 1989 Oregon Legislature approved a number of key elements of this proposal. This resolution endorses proceeding with aspects of this program dealing with the region's share of LRT financing. These recommendations were developed by the Transportation 2000 Committee.

Regional Compact

The Regional Compact is proposed for adoption to establish the policy framework for the region's share of LRT financing. Consistent with the policy action defined in Resolution No. 89-1035, this regional share will be used to allow implementation of LRT in combination with federal transit funding and is based upon seeking half the local matching funds from the state.

The Regional Compact establishes that the regional share of funding for implementation of an LRT corridor should be comprised of contributions from a regionwide revenue source to reflect the regionwide benefits resulting from the project plus contributions from jurisdictions representing residents, businesses and users that are directly benefitted by the project. Definition of this "basic project" will be defined through the project development process and will be recommended by the policy steering group of affected jurisdictions. In addition to this basic project, additions that are incorporated into the project to meet local objectives will be the financing responsibility of the requesting local jurisdiction.

Funding Proposal

Consistent with the Regional Compact, this resolution endorses a specific funding proposal which includes a regionwide funding contribution plus jurisdictional contributions commensurate with regionwide and direct benefits.

To provide the regionwide contribution, it is recommended that Tri-Met submit to the voters a \$125 million General Obligation Bond measure to provide:

1. \$110 million for matching funds for construction of the Westside LRT project; and
2. \$15 million to allow initial steps toward an East Portland/Clackamas County project.

In addition, jurisdictions representing directly benefitted residents, businesses and users are recommended to contribute toward the basic project as follows:

Portland - \$1 million by December 1990 and \$6 million by July 1993 for Westside MAX.

Washington County - \$5 million by July 1993 for Westside MAX.

Tri-Met - \$1 million by December 1990 and \$6 million by July 1993 for Westside MAX.

Metro - \$2 million by July 1993 for Westside MAX with a zoo station.

Clackamas County - \$2 million by July 1993 for initiation of an East Portland/Clackamas County MAX line.

The total funding level for the Westside LRT project (\$110 m. + \$21 m. = \$131 million) is based upon providing one-half the local match (the other half is assumed will be provided by the state), up to 75 percent federal participation and allows for inflation and interest earnings over the construction period. This amount provides the matching funds to allow decisions yet to be made on the scope of the Westside LRT project including whether a tunnel will be built and the possible extension to Hillsboro. Approval of this funding does not constitute final project approval which is subject to state land use law and federal environmental impact requirements. In the event certain Westside LRT project elements are not implemented, the remaining funds can be transferred to allow further progress on the East Portland/Clackamas County project.

The "Implementation" section of the Regional Compact provides the procedures for determining the use of these funds for the Westside project and the transferability to the East Portland/Clackamas County fund, including the following:

1. The "basic" project to meet regional objectives will be defined through the Westside Policy Steering Group.
2. The funds in the Westside Construction account (\$131 million) will be available for use on the "basic" project including allowance for contingencies, inflation and other project-related costs.
3. Those funds will not be used to enhance the "basic" project and, after execution of the federal Full-Funding Agreement, any residual funds will be transferred to the East Portland/Clackamas County account to help advance a second corridor.
4. Any funds transferred, however, are not to be spent until the Westside project is fully under contract for construction.

For example, it is possible that certain Westside project elements, such as a tunnel, Hillsboro extension, Sylvan station or Henry Street alignment, may not be included in the "basic" project. As such, this may make \$10-20 million available to transfer to the East Portland/Clackamas County account. Any additions to the "basic" project needed to meet local objectives will be the financial responsibility of the requesting jurisdiction.

The funding level for the East Portland/Clackamas County project (\$15 m. + \$2 m. = \$17 million) is based upon providing local funds for engineering and right-of-way acquisition for an East Portland/Clackamas County LRT project. This seed money will allow evaluation of various improvements in the I-205 and Milwaukie corridors. Approval of these funds does not constitute final project approval which is subject to state land use law and federal environmental impact requirements. Once a final decision is made to build one of the East Portland/Clackamas County LRT projects, these funds will be available to advance engineering and right-of-way acquisition. These activities can either be pursued with local funds or these funds can be used as local match for federal funds. In this manner, the next corridor after the Westside will be ready to proceed to construction when the Westside construction is complete.

The "Implementation" section of the Regional Compact provides the procedures for determining the use of these funds for the East Portland/Clackamas County project, including the following:

1. The "basic" project to meet regional objectives will be defined through an East Portland/Clackamas County Policy Steering Group.
2. The funds in this account (\$17 million) will be available for engineering and right-of-way acquisition. However, funds will not be expended on right-of-way acquisition until after the Westside project has an executed federal Full-Funding Agreement.
3. Any funds transferred from the Westside Construction account to this account will be available for engineering, right-of-way acquisition plus for use towards construction.
4. If any funds in the East Portland/Clackamas County account are needed for the Westside project, application for the funds can be made to the East Portland/Clackamas County account and the East Portland/Clackamas County Policy Steering Group.

For example, if the Westside project requires \$136 million, as estimated under one financial scenario (rather than the \$131 million now available), then transferring \$5 million from the East Portland/Clackamas County account may be requested.

Alternatives

Other funding mechanisms were considered and rejected, as follows:

1. The Local Option Vehicle Registration fee was the preferred approach when the authority was sought from the '89 Legislature. However, since the voters in May 1990 failed to approve the constitutional amendment which would have

permitted its use for transit, this option is not available.

2. A property tax base was rejected because it would be permanent and extend beyond the period needed to raise construction funds.
3. A property tax serial levy was rejected because a bond measure extends the burden for a longer period of time, thereby producing a lower annual tax rate.
4. An income tax imposed at the regional level was rejected because it was felt that voter support would not be available for a new taxing mechanism.

In addition, a bond measure would not be subject to the property tax limitation which is on the ballot in November while a serial levy and property tax base would be reduced. Furthermore, use of a Tri-Met enacted General Obligation Bond measure would not hinder or help the question of a Metro/Tri-Met merger. If the merger were to proceed, the general obligation debt would still apply to the same Tri-Met district boundary approved by the voters.

Financial Impact

The General Obligation bonds would likely be issued in two increments (1991 and 1996) for 20 years each. The property tax rate would be approximately 18¢ per \$1,000 of assessed value when the first increment is issued in 1991. This rate would steadily decline to 1996 as increased assessed value is added to the tax base. In 1996, when the second issuance of bonds takes place (to the full \$125 million level), the rate would increase to 23¢/\$1,000 of assessed value. Thereafter, to the 20-year retirement of the debt, the rate would steadily decline to approximately 9¢/\$1,000. The overall average rate during the life of the measure would be 14¢/\$1,000. This represents the following tax bill in 1992 at the time of the first bond issuance (@ 18¢/\$1,000):

Average Home Price	-	\$85,000	-	\$15.30
Median Home Price	-	\$70,000	-	\$12.60

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 90-1300.

INTERGOVERNMENTAL RELATIONS COMMITTEE REPORT

RESOLUTION NO. 90-1300, ESTABLISHING A REGIONAL COMPACT DEFINING THE POLICY FRAMEWORK FOR DETERMINING HOW TO MEET THE REGIONAL SHARE OF THE FUNDING REQUIREMENTS OF LIGHT RAIL PROJECTS AND ENDORSING A FUNDING PLAN FOR THE WESTSIDE CORRIDOR PROJECT AND INITIATION OF AN EAST PORTLAND/CLACKAMAS COUNTY PROJECT

Date: July 25, 1990

Presented by: Councilor Ruth McFarland

COMMITTEE RECOMMENDATION: At the July 24, 1990 Intergovernmental Relations Committee meeting, Councilors Devlin, Gardner, Hansen and myself voted unanimously to recommend Council adopt Resolution No. 90-1300. Councilor Bauer was excused.

COMMITTEE DISCUSSION/ISSUES: Resolution No. 90-1300 provides a policy framework and specific funding recommendations for all light rail (LRT) development and construction projects in the metropolitan region. The policy framework is established through a "Regional Compact" for financing the region's share of light rail project costs. As noted in the Staff Report, "The Regional Compact establishes that the regional share of funding for implementation of an LRT corridor should be comprised of contributions from a regionwide revenue source to reflect the regionwide benefits resulting from the project plus contributions from jurisdictions representing residents, businesses and users that are directly benefitted by the project."

Specific funding recommendations are outlined for those jurisdictions which will receive direct benefits from LRT corridors beyond the general benefits realized by the region as a whole. The Committee discussed different jurisdictions targeted contributions and it was noted Multnomah County is not identified for a separate contribution because the direct LRT benefits from the downtown Portland corridor accrue primarily to downtown City of Portland businesses and residents.

The Committee also discussed local jurisdictions efforts to meet their targeted contributions. The Committee did not have any specific questions or concerns about the resolution or the Staff Report. Transportation Department Director Andy Cotugno reminded the Committee local jurisdictions will need to adopt resolutions of intent for their funding contributions by the Spring of 1991.

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