

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING A) RESOLUTION NO. 04-3468
SUPPLEMENTAL MULTI-YEAR FUNDING)
COMMITMENT OF METROPOLITAN) Introduced by
TRANSPORTATION IMPROVEMENT PROGRAM) Councilor Rod Monroe
FUNDS FOR THE I-205/MALL LRT PROJECT AND)
ENDORSING A REFINED REGIONAL FUNDING)
PLAN)

WHEREAS, on January 23, 1997, the Metro Council adopted Resolution No. 96-2442 For the Purpose of Endorsing a Regional Position on Reauthorization of the Intermodal Surface Transportation Efficiency Act (ISTEA) that established a multi-year commitment of Metropolitan Transportation Improvement Program (MTIP) funds totaling \$55 million over the period of FY 1999-2009 for the South/North LRT Project; and

WHEREAS, on June 24, 1999, the Metro Council adopted Resolution No. 99-2804A For the Purpose of Endorsing the Interstate Max Light Rail (LRT) Project and South Corridor Financing Strategy and Amending the MTIP that added \$12.5 million to the multi-year commitment of MTIP funds; making a total allocation of MTIP funds of \$67.5 million available for the “North LRT/South Corridor Financing Strategy;” and

WHEREAS, on March 20, 2003, the Metro Council adopted Resolution No. 03-3290 For the Purpose of Endorsing a Multi-Year Commitment of MTIP Funds for a Regional Funding Plan that added \$50.0 million over the period of Fiscal Year (FY) 2006-2015 to the multi-year commitment of MTIP funds; making a total allocation of MTIP funds of \$117.5 million available for a regional funding plan consisting of the Interstate MAX, South Corridor, Commuter Rail, and North Macadam projects; and

WHEREAS, the regional funding plan requires that the multi-year commitment of MTIP funds be allocated to TriMet which, through a combination of (a) direct use of federal grants of MTIP funds and/or (b) direct or indirect borrowing against the multi-year commitment of MTIP funds, is authorized to provide (a) up to \$55 million of net proceeds (net of borrowing cost) to the Interstate MAX project (only \$40 million of which is required by the Interstate MAX project), (b) \$10 million of net proceeds to the Commuter Rail project, (c) \$10 million of net proceeds to the North Macadam project, subject to the City of Portland committing its share of local match to the South Corridor project, and (d) \$15 million of net proceeds to the South Corridor project; and

WHEREAS, on April 17, 2003, the Metro Council adopted Resolution No. 03-3303 For the Purpose of Amending the Locally Preferred Strategy for the South/North Corridor Project to Define a Two-Phased Major Investment Strategy for the South Corridor that, as a result of the South Corridor Supplemental Draft Environmental Impact Statement (SDEIS) published on December 20, 2002 and related hearings, (a) established the I-205 LRT project as the Locally Preferred Alternative for Phase 1 of the South Corridor Project and Milwaukie LRT as Phase 2 of the South Corridor Project, (b) proposed the incorporation of a Mall alignment into the Phase 1 South Corridor Project, and (c) established a conceptual finance plan for the South Corridor Project; and

WHEREAS, on January 15, 2004, the Metro Council adopted Resolution No. 04-3403 For the Purpose of Finalizing the Decision to add the Portland Mall Alignment to the Locally Preferred Alternative for Phase I of the South Corridor Light Rail Project, that amends the South Corridor Locally Preferred Alternative by extending Light Rail Transit from the Steel Bridge to Union Station and then on

5th and 6th avenues along the Portland Transit Mall to the Portland State University Terminus at SW Jackson Street, and

WHEREAS, the Oregon Department of Transportation (ODOT) must program its \$23 million contribution to the I-205/Mall LRT Project into the FY'04-FY'07 MTIP and State Transportation Improvement Program (STIP) to make funds available in a timely manner; and

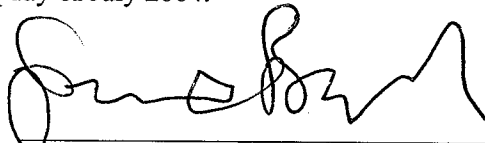
WHEREAS, further engineering, cost estimating and financial planning for the I-205/Mall LRT project has determined the need for supplemental local revenues, and a refined financial plan has been recommended that requires additional funding commitments by TriMet, Clackamas County, ODOT, City of Portland, and the MTIP; and

WHEREAS, Metro Council and JPACT action committing additional MTIP and ODOT funds and refining the regional funding plan is required to (a) meet Federal Transit Administration (FTA) criteria for advancing the I-205/Mall LRT project into Final Design, (b) implement the regional projects endorsed by the above-referenced actions by Metro Council and JPACT, and (c) ensure the efficient use of the multi-year commitment of MTIP funds in TriMet's borrowing program; now therefore

BE IT RESOLVED that the Metro Council hereby:

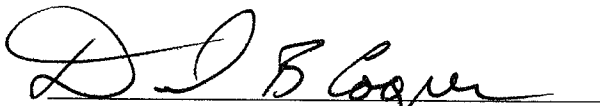
1. Adopts the Regional Funding Plan for the South Corridor, Commuter Rail, and North Macadam Projects shown in Exhibit A.
2. Amends the FY 2004 – 2007 Metropolitan Transportation Improvement Program (Metro Resolution No. 03-3381A, adopted on December 11, 2003) to reflect the supplemental commitment of regional federal formula funds and the supplemental commitment of ODOT funds described in the Regional Funding Plan for the South Corridor, Commuter Rail, and North Macadam Projects.

ADOPTED by the Metro Council on this 15th day of July 2004.



David Bragdon, Council President

Approved as to Form:



Daniel B. Cooper, Metro Attorney



**Exhibit A to Resolution No. 04-3468
Regional Funding Plan for the South Corridor, Commuter Rail,
and North Macadam Projects**

1. Multi-Year Commitment of MTIP Funds to Regional Funding Plan

1.1 Metro hereby supplements the multi-year commitment of Metropolitan Transportation Improvement Program (MTIP) funds set forth in Resolution No. 03-3290, and amends the MTIP, as follows:

<u>Fiscal Year</u>	<u>CURRENT</u> Multi-Year Commitment of MTIP Funds under Resolution No. 03-3290	<u>PREVIOUS</u> MTIP Funds Applied to Interstate MAX Project	<u>PROPOSED</u> Supplemental Multi-Year Commitment of MTIP Funds to Refined Regional Funding Plan	<u>TOTAL</u> Multi-Year Commitment of MTIP I-205/Mall LRT, Commuter Rail, No. Macadam Projects
FY '99	\$1,500,000	\$1,500,000	\$ -	\$ -
FY '00	\$6,000,000	\$6,000,000	\$ -	\$ -
FY '01	\$6,000,000	\$6,000,000	\$ -	\$ -
FY '02	\$6,000,000	\$6,000,000	\$ -	\$ -
FY '03	\$6,000,000	\$6,000,000	\$ -	\$ -
FY '04	\$6,000,000	\$6,000,000	\$ -	\$ -
FY '05	\$6,000,000	\$6,000,000	\$ -	\$ -
FY '06	\$8,000,000	\$4,000,000	\$ -	\$4,000,000
FY '07	\$8,000,000	\$ -	\$ -	\$8,000,000
FY '08	\$8,000,000	\$ -	\$1,300,000	\$9,300,000
FY '09	\$8,000,000	\$ -	\$1,300,000	\$9,300,000
FY '10	\$8,000,000	\$ -	\$1,300,000	\$9,300,000
FY '11	\$8,000,000	\$ -	\$1,300,000	\$9,300,000
FY '12	\$8,000,000	\$ -	\$1,300,000	\$9,300,000
FY '13	\$8,000,000	\$ -	\$1,300,000	\$9,300,000
FY '14	\$8,000,000	\$ -	\$1,300,000	\$9,300,000
FY '15	\$8,000,000	\$ -	\$1,300,000	\$9,300,000
Total	\$117,500,000	\$41,500,000	\$10,400,000	\$86,400,000

As used in this Regional Funding Plan, the term MTIP funds includes Surface Transportation Program (STP) and Congestion Mitigation Air Quality (CMAQ) funds, or any successor federal transportation funding programs allocated by formula to metropolitan regions.

1.2 TriMet will prepare and implement a financing program to use, through direct federal grants to projects and/or a borrowing strategy, the MTIP funds committed in Section 1.1 to provide the following amounts, net of borrowing costs, to the following projects:

Project	Millions
I-205/Mall LRT Project	\$48.5
Commuter Rail Project	\$10.0
North Macadam Project	\$10.0

TriMet may employ the multi-year commitment of MTIP funds to provide the amounts shown to the respective projects in any manner that facilitates its funding and borrowing program. TriMet may pledge any portion of the multi-year commitment of MTIP funds to any borrowing or borrowings it deems necessary or desirable to achieve the purpose of this Regional Funding Plan. TriMet may employ any portion of the multi-year commitment of MTIP funds to pay preventative maintenance or capital costs required to make TriMet general funds available to provide the amounts shown above to the respective projects.

- 1.3 TriMet will enter binding agreements with FTA and local governments committing TriMet to provide the amounts shown in Section 1.2 to the respective projects. To provide such amounts, TriMet will enter loan agreements relying on receipt of the annual amounts shown in Section 1.1 to help repay such obligations. Accordingly, the annual amounts shown in Section 1.1 are fully committed to TriMet; subject only to authorization and appropriation of MTIP funds.
- 1.4 TriMet will provide to the I-205/Mall LRT, Commuter Rail, and North Macadam Projects the amounts shown in Section 1.2, above, regardless of the borrowing costs incurred in implementing this regional funding plan. TriMet will neither be provided additional MTIP funds nor be required to reimburse MTIP funds in the event borrowing costs differ from those assumed in preparing this plan. In the event that interest rates do not permit MTIP-backed bonds to provide the full \$68.5 million anticipated in Section 1.2 from the multi-year commitment of MTIP funds, TriMet will employ general fund borrowing to provide the difference to the applicable project(s). Because the multi-year commitment of MTIP funds will be used directly or in a revenue-bonding or borrowing strategy in accordance with the finance plans for these Projects, Metro will provide assurances, legal opinions, or enter into appropriate IGA's reasonably requested by TriMet that are requested by third parties to effectuate the bonding strategy and that are consistent with the purposes set forth in this Exhibit A.
- 1.5 A mix corresponding to the needs of TriMet's financing program of Surface Transportation Program (STP) and Congestion Mitigation Air Quality (CMAQ) funds will be used to fulfill the multi-year commitment of MTIP funds. Representatives of Metro and TriMet will cooperatively determine the appropriate mix of CMAQ and STP funds to be used to fulfill the multi-year commitment of MTIP funds.

2. I-205/Mall LRT Project

- 2.1 The finance plan for Final Design and construction of the I-205/Mall LRT Project is currently anticipated to be as follows:

Funding Source	\$Millions
Federal Sec. 5309 Funds (3)	\$296.2
MTIP (TriMet bonds)	\$48.50
TriMet General Fund	\$25.33
Clackamas County	\$35.33
ODOT (4)	\$23.00
City of Portland (2)	\$65.33
Total Project Revenues (1)	\$493.70

Note 1: Does not include contributions for Preliminary Engineering

Note 2: Includes \$2 million for shelter replacement on Mall.

Note 3: Includes \$3 million for shelter replacement on Mall.

Note 4: Does not include more than \$10 million in Project savings resulting from the purchase of ODOT ROW.

This finance plan is preliminary, and subject to change due to Preliminary Engineering, Final Design, Full Funding Grant Agreement negotiations with FTA, and other future adjustments. The funding plan is based on an assumed schedule for receiving Section 5309 and local funds. The finance plan contemplates interim borrowing costs resulting from the unavailability of federal funds when required by the construction schedule. In the event federal funds are appropriated to the project at a slower rate than assumed or local funds are not received when scheduled, interim borrowing costs and the total project cost may be higher than anticipated in the finance plan. Any such cost increase will be counter-balanced by either additional local funding contributions or cost reductions from project scope reductions.

- 2.2 The commitment of MTIP funds to the I-205/Mall LRT Project is subject to funding commitments by the other state, regional and local contributors, as contemplated in the finance plan, as it may be amended from time to time.
- 2.3 FTA procedures require that Final Design be between 60 and 100 percent complete prior to commencing Full Funding Grant Agreement (FFGA) negotiations. The finance plan anticipates that about \$35 million of Final Design and related engineering and administration costs will be incurred prior to executing a FFGA, and that such cost will be paid with proceeds from MTIP-backed bonds and/or MTIP grant funds. MTIP will not be repaid or reimbursed for such expenditures, should the project not proceed to construction.
- 2.4 In the event that the City of Portland cannot commit sufficient funds to construct a mall segment, the \$10 million (net of borrowing costs) allocated to the North Macadam Project in Section 1.2 will be reallocated to the I-205/Mall LRT Project. In the event that even with the addition of this \$10 million there remains insufficient funding to construct a mall segment, a FFGA for a minimum operable segment between Gateway and the Clackamas Regional Center will be sought, and the finance plan adjusted accordingly.
- 2.5 The proposed ODOT \$3M supplemental commitment to the project, raising ODOT's contribution from \$20 million to \$23 million, presumes that the region will assist ODOT in seeking replacement federal funds for the I-205 auxiliary lane project. The \$23 million contribution to the project from ODOT requires amending the FY'04 – FY'07 MTIP and STIP to ensure that the funding is available in a timely manner.

3. Commuter Rail Project

- 3.1 \$10 million, net of debt service, will be provided to the Commuter Rail Project in accordance with the finance plan set forth in the *Definitive Agreement* between Washington County and TriMet, as may be amended by the FFGA. The County will provide a sufficient amount of County funds and state lottery bond proceeds to achieve a 50 percent local share of total capital costs for the Commuter Rail Project.
- 3.2 The portion of the multi-year commitment of MTIP funds required to provide \$10 million (net of borrowing cost) to the Commuter Rail project is currently fully committed to TriMet, and is currently being spent to pay the costs of Final Design for the Commuter Rail project. MTIP will not be repaid or reimbursed for such expenditures, should the Commuter Rail project not proceed to construction.

4. North Macadam Project

- 4.1 The *South Waterfront Central District Project Development Agreement* among the Portland Development Commission, Oregon Health & Science University, and several private entities sets forth a \$102.9 million program of public transportation, infrastructure, greenway, housing, research facility, neighborhood, and parks improvements; and a finance plan to accomplish this program. A key element of the improvement program is the extension of the Portland Streetcar between SW Moody and SW Gibbs; which is currently estimated to cost \$15.8 million. The finance plan for this project consists of \$5.8 million in tax increment and LID funds, and \$10 million provided by TriMet as a result of the multi-year commitment of MTIP funds shown in Section 1.1. As part of managing the overall program budget, the TriMet funds may be made available to other projects in the improvement program, provided the recipient project is an eligible project under TriMet statutes.
- 4.2 The obligation to provide to TriMet the portion of the multi-year commitment of MTIP funds required to provide \$10 million (net of borrowing cost) to North Macadam improvements is subject only to the City of Portland's binding commitment of \$60 million (assuming the mall to PSU option) to pay a share of the capital costs of the I-205/Mall LRT Project. Subject to such a binding commitment, TriMet will borrow funds relying on this portion of the multi-year commitment of MTIP funds and, in FY2006, provide to PDC \$10 million to design and build North Macadam improvements. Such funds will be provided to PDC independent of whether the I-205/Mall LRT Project advances to Final Design or construction. In the event the City of Portland is unable to provide such a binding commitment, the \$10 million will be reallocated to the I-205/Mall LRT Project.

STAFF REPORT

FOR THE PURPOSE OF ENDORSING A SUPPLEMENTAL MULTI-YEAR FUNDING COMMITMENT OF METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM FUNDS FOR THE I-205/MALL LRT PROJECT AND ENDORSING A REFINED REGIONAL FUNDING PLAN

Date: June 24, 2004

Prepared by: Richard Brandman
Ross Roberts

BACKGROUND

This resolution adopts the funding plan for the I-205/Portland Mall Light Rail Project as outlined in Exhibit A of the resolution. Table 1 shows the evolution of the I-205/Mall LRT project funding plan. An initial funding plan was developed that is reflected in the "Original" column in Table 1. This funding plan resulted in a potential \$25.90 million shortfall in project revenue. A strategy was developed to close this gap and consists of the following actions:

- (a) Reduce Project costs by \$10.5 million - saving \$4.2 million in local funds
- (b) Secure additional funding from TriMet of \$5.33 million,
- (c) Secure additional funding from City of Portland of \$1.33 million,
- (d) Secure additional funding from PSU of \$2 million,
- (e) Secure additional funding from Clackamas County of \$1.33 million,
- (f) Secure additional funding from ODOT of \$3 million, and
- (g) Secure a supplemental multi-year commitment of MTIP funds to cover the remaining \$8.7 million shortfall. TriMet would bond the \$8.7 million in MTIP funds at a total cost of \$10.4 million.
- (h) Note: \$5 million in capital cost was added to cover the cost of Mall shelter replacement, currently anticipated to be 40% funded {\$2 million} through a local improvement district and 60% funded {\$3 million} through Federal Transit Administration Section 5309 funds.

This resolution specifically programs an additional \$1.3 million in MTIP funds (STP and/or CMAQ funds) over an eight-year period from FY 08 through FY 15 to fund \$8.7 million of the project's local share. This allocation totals \$10.4 million, which is required to cover the debt service on the bonds.

Subsequent to the adoption of this resolution, Intergovernmental Agreements (IGAs) will be established between TriMet, Metro and partner jurisdictions to formalize the funding commitments and to facilitate the flow of project funds to TriMet. Federal funding is anticipated to provide 60% of the project's funding and would be secured through a Full Funding Grant Agreement (FFGA) between TriMet and the FTA. The FFGA would be negotiated once the project has attained a 60% level of design. The project is currently approaching the 30% design threshold for Preliminary Engineering. FTA approval is required to advance into Final Design.

Table 1. I-205/Portland Mall LRT Project Costs and Revenues

Project Cost	Original	Revised	Change
Project Capital Cost	\$ 499.21	\$ 488.70	
<i>Scope Reductions</i>			\$ (10.51)
<i>Scope Addition for Mall Shelters</i>			\$ 5.00
Net Capital Cost	\$ 499.21	\$ 493.70	\$ (5.51)
Funding Source	Original	Revised	Change
Federal Sec. 5309 Funds (3)	\$ 299.51	\$ 296.20	\$ (3.31)
MTIP (TriMet bonds)	\$ 39.80	\$ 48.50	\$ 8.70
TriMet General Fund	\$ 20.00	\$ 25.33	\$ 5.33
Clackamas County	\$ 34.00	\$ 35.33	\$ 1.33
ODOT (4)	\$ 20.00	\$ 23.00	\$ 3.00
City of Portland (Incl PDC and PSU)(2)	\$ 60.00	\$ 65.33	\$ 5.33
GAP	\$ 25.90	\$ -	\$ (25.90)
Total Project Revenues (1)	\$ 499.21	\$ 493.70	\$ (5.51)

- (1) Does not include contributions for Preliminary Engineering
- (2) Includes \$2 million for shelter replacement on Mall.
- (3) Includes \$3 million for shelter replacement on Mall.
- (4) Does not include more than \$10 million in Project savings resulting from the purchase of ODOT ROW.

Table 2 below shows the total *Revised Regional Rail Funding Plan* as modified by the proposed resolution. TriMet will prepare and implement a financing program to use, through direct federal grants to projects, and/or a borrowing strategy, the MTIP funds committed in Table 2 to provide the following amounts, net of borrowing costs, to regional rail projects, \$48.5 million to the I-205/Mall LRT Project, \$10.0 million to the Wilsonville to Beaverton Commuter Rail Project, and \$10.0 million to North Macadam projects .

Table 2. Multi-year Revised Regional Rail Funding Plan

<u>FISCAL YEAR</u>	<u>CURRENT</u> Multi-Year Commitment of MTIP Funds under Resolution No. 03- 3290	<u>PREVIOUS</u> MTIP Funds Applied to Interstate MAX Project	<u>PROPOSED</u> Supplemental Multi-Year Commitment of MTIP Funds to Refined Regional Funding Plan	<u>TOTAL</u> Multi-Year Commitment of MTIP I-205/Mall LRT, Commuter Rail, No. Macadam Projects
FY '99	\$1,500,000	\$1,500,000		
FY '00	\$6,000,000	\$6,000,000		
FY '01	\$6,000,000	\$6,000,000		
FY '02	\$6,000,000	\$6,000,000		
FY '03	\$6,000,000	\$6,000,000		
FY '04	\$6,000,000	\$6,000,000		
FY '05	\$6,000,000	\$6,000,000		
FY '06	\$8,000,000	\$4,000,000		\$4,000,000
FY '07	\$8,000,000			\$8,000,000
FY '08	\$8,000,000		\$1,300,000	\$9,300,000
FY '09	\$8,000,000		\$1,300,000	\$9,300,000
FY '10	\$8,000,000		\$1,300,000	\$9,300,000
FY '11	\$8,000,000		\$1,300,000	\$9,300,000
FY '12	\$8,000,000		\$1,300,000	\$9,300,000
FY '13	\$8,000,000		\$1,300,000	\$9,300,000
FY '14	\$8,000,000		\$1,300,000	\$9,300,000
FY '15	\$8,000,000		\$1,300,000	\$9,300,000
Total	\$117,500,000	\$41,500,000	\$10,400,000 *	\$86,400,000**

* Includes \$8.7 million MTIP project funds plus \$2.7 million in bonding costs

** Provides \$68.5 million for I-205/Mall LRT, Commuter Rail, and North Macadam Projects

ANALYSIS/INFORMATION

- 1. Known Opposition** There is no known opposition to this resolution.
- 2. Legal Antecedents** Metro is vested with the authority to implement the MTIP by the State of Oregon through the requirements of the Statewide Transportation Planning Rule.
- 3. Anticipated Effects** This resolution would providing funding for a series of inter-related regional rail projects by finalizing the funding plan for the I-205/Mall LRT Project, and contributing funds to the Wilsonville to Beaverton Commuter Rail Project and North Macadam Projects.
- 4. Budget Impacts** This resolution would result in the programming of \$10.4 million in MTIP funds from FY 08 through FY 15 at a rate of \$1.3 million per year.

RECOMMENDED ACTION

Metro Council approve Resolution No. 04-3468.