

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF REALLOCATING ) RESOLUTION NO. 15-4617  
UNSPENT TRANSIT PROJECT DEVELOPMENT )  
FUNDS ON CURRENT REGIONAL PRIORITY ) Introduced by Councilor Craig Dirksen  
PROJECTS )

WHEREAS, the Metro Council has made a commitment to Making a Great Place through its work with local leaders and residents throughout the region to create prosperous and sustainable communities for present and future generations; and

WHEREAS, the 2040 Growth Concept, the adopted long-range blueprint for the future, reflects that commitment and guides the region's land use and transportation development; and

WHEREAS, the Metro region is committed to developing a high capacity transit (HCT) system that supports the 2040 Growth Concept; and

WHEREAS, in 2008, the Metro Council adopted Resolution No. 08-3942 to provide a multi-year commitment of Metropolitan Transportation Improvement Program (MTIP) funds to support TriMet issued revenue bonds that raised funds for the Beaverton-Wilsonville Commuter Rail Project and the Portland-Milwaukie Light Rail Project; and

WHEREAS, in 2010, the Metro Council adopted Resolution No. 10-4185, providing a supplemental commitment of \$66 million of regional flexible funds to support TriMet's revenue bonds, which resulted in an additional \$27.4 million of funding for design and construction of the Portland-Milwaukie Light Rail Project (bringing the total contribution of bond proceeds to \$99 million), \$6 million in bond proceeds for preliminary engineering and environmental impact studies for the Lake Oswego-Portland Transit Project, and \$6 million in bond proceeds for alternatives analysis, preliminary engineering, and environmental impact studies for the Southwest Corridor; and

WHEREAS, a draft environmental impact statement for the Lake Oswego-Portland Transit Project was completed in 2010, a Locally Preferred Alternative was adopted in 2011, and after additional refinement and consideration by local partners, the project was effectively terminated with \$5,861,000 of bond funds remaining unspent; and

WHEREAS, on February 25, 2010, the Metro Council adopted Resolution No. 10-4119, identifying the Southwest Corridor as one of the next regional priorities for corridor refinement, and on October 31, 2013, the Metro Council adopted Resolution No. 13-4468, endorsing the Southwest Corridor Shared Investment Strategy; and

WHEREAS, in May 2012, the Metro Council adopted Resolution No. 12-4345, designating the Powell-Division Corridor as the next regional priority for corridor refinement following the Southwest Corridor; and

WHEREAS, in September 2014, the Powell-Division Steering Committee determined that Bus Rapid Transit would best meet the needs of the Powell-Division Corridor, and in June 2015, the Powell Division Steering Committee is anticipated to recommend an Action Plan that would, in part, propose that Metro and project partners begin study of high capacity transit for the Powell-Division Corridor in project development under the National Environmental Policy Act (NEPA); and

WHEREAS, that certain *Revised and Restated Intergovernmental Agreement to Provide Regional Flexible Funds for the Milwaukie LRT, Commuter Rail, Portland-Lake Oswego Transit, and Southwest Corridor Projects* between TriMet and Metro, dated February 10, 2011, regarding Metro's commitment of MTIP and regional flexible funds to support TriMet's bond sale, allows any unallocated and unspent bond proceeds to be reallocated to other regional projects, as recommended by the Chair of the Joint Policy Advisory Committee on Transportation (JPACT) and the TriMet General Manager, upon approval by JPACT and the Metro Council; and

WHEREAS, on April 9, 2015, as proposed by the JPACT Chair and TriMet's General Manager, JPACT approved reallocating unspent Lake Oswego-Portland Transit Project funds to support improvements along the Willamette Shoreline right of way, the Powell-Division Transit Development Project, and the Southwest Corridor Transit Project; now therefore

BE IT RESOLVED that the Metro Council approves, consistent with the approval by JPACT, reallocation of unspent funds originally dedicated to the Lake Oswego-Portland Transit Project as follows: (a) \$861,000 for capital improvements along the Willamette Shoreline, (b) \$1.5 million to support the Powell-Division Transit Development Project through project development and NEPA, and (c) \$3.5 million to match partner funds for the Southwest Corridor Transit Project to allow completion of project development and to fund a portion of NEPA.

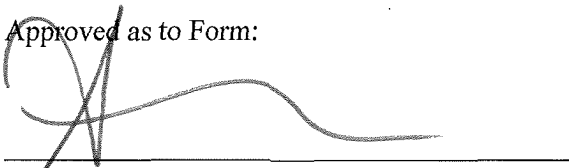
ADOPTED by the Metro Council this 16<sup>th</sup> day of April, 2015.

  
deputy Council President

Tom Hughes, Council President



Approved as to Form:



Alison R. Kean, Metro Attorney

## STAFF REPORT

### IN CONSIDERATION OF RESOLUTION NO. 15-4617, FOR THE PURPOSE OF REALLOCATING UNSPENT TRANSIT PROJECT DEVELOPMENT FUNDS ON CURRENT REGIONAL PRIORITY PROJECTS

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Date: April 13, 2015

Prepared by: Malu Wilkinson, x1680

#### BACKGROUND

It is critical that the region continue to develop approaches to fund our planning processes locally in the face of unreliable federal funding. The region remains committed to developing a high capacity transit (HCT) system that supports the 2040 Growth Concept and the priorities defined in the 2010 HCT System Plan. In the Metro region, we have a solid track record of investing in HCT with a portion of the federal flexible funds we receive for transportation. However, to be successful, HCT projects must pass multiple hurdles and enjoy sustained local and regional support. The region is currently in the position of having set aside funds for a project (the Lake Oswego to Portland Transit Project, or LOPT) suspended at the request of one of the affected communities. In the intervening five years, other regional priority projects have progressed to the point of needing additional regional funding to leverage locally committed funds and move forward.

In September 2010, the Joint Policy Advisory Committee on Transportation (JPACT) approved a multi-year commitment of regional flexible funds to provide a significant portion of the local match required for the construction of the Portland Milwaukie Light Rail project, and which allowed the next two HCT projects to move forward: the LOPT Project and the Southwest Corridor Project. In June 2011, TriMet sold bonds based on this multi-year commitment, allowing for the region's partners to move toward implementing a long-term region-wide vision of increased HCT to support the 2040 Growth Concept. A portion of the bonds were sold as tax exempt, which limits expenditure of bond proceeds to capital expenses, such as the design, environmental analysis, and engineering that occurs once a transit project is in "Project Development" with the Federal Transit Administration (FTA). While a draft environmental impact statement (DEIS) for the LOPT Project was completed in 2010 and project partners adopted a Locally Preferred Alternative in 2011, the project was suspended at the request of Lake Oswego in 2011 with \$5.861 million remaining unspent from TriMet's bond proceeds dedicated to the LOPT Project.

This staff report describes the agreed upon approach to reallocate the \$5.861 million in unspent transit project development funds to further promote implementation of HCT project development.

### **TriMet and Metro proposal for reallocation**

TriMet and Metro entered into a Revised and Restated Intergovernmental Agreement to Provide Regional Flexible Funds for the Milwaukie LRT, Commuter Rail, Portland-Lake Oswego Transit, and Southwest Corridor Projects between TriMet and Metro, dated February 10, 2011, which memorialized Metro's commitment of metropolitan transportation improvement program (MTIP) and regional flexible funds to support TriMet's bond sale. This agreement allows any unallocated and unspent bond proceeds to be reallocated to other regional projects, as recommended by the JPACT Chair and the TriMet General Manager, upon approval by JPACT and the Metro Council.

Consistent with the policy in the 2012-2013 regional flexible funds allocation (RFFA) process, TriMet and Metro propose to reallocate the transit project development funds that had been targeted for the terminated Lake Oswego to Portland Transit Project to regional HCT priority projects that are moving forward. These funds will supplement locally committed dollars. The project partners for each of the three project areas described below will agree on how to spend the funds, consistent with the RFFA policy direction and the legal limits on these types of bond proceeds. The proposal includes three elements:

#### **1. Capital improvements along the Willamette Shoreline.**

- Dedicate approximately \$861,000 to early implementation projects along the Willamette Shoreline to address safety and stormwater concerns.
- Examples include: capital improvements along the Willamette Shoreline right of way to maintain vintage trolley operations between Portland and Lake Oswego.

#### **2. Powell Division Transit and Development Project.**

- Dedicate \$1.5 million to complement project partner funds and complete the finances to move the Powell Division bus rapid transit (BRT) project through FTA Project Development.
- The BRT project is anticipated to enter into Project Development as soon as July 2015, at which point all dollars spent will count as match for the overall project cost. Funding would leverage additional dollars through FTA's Small Starts program.
- TriMet, Metro, ODOT, Portland and Gresham are each committed to contribute to the Project Development phase, and will work together with the region to agree upon a funding strategy for construction of the BRT project.
- Transit project development funds would be spent on: engineering design, environmental approvals under the National Environmental Policy Act (NEPA), and finalizing a finance plan and would represent about 20 percent of the total FTA Project Development cost. This 2-year phase is intended to result in completed environmental approvals, approximately 60 percent design completion, and a project ready for final design and construction.

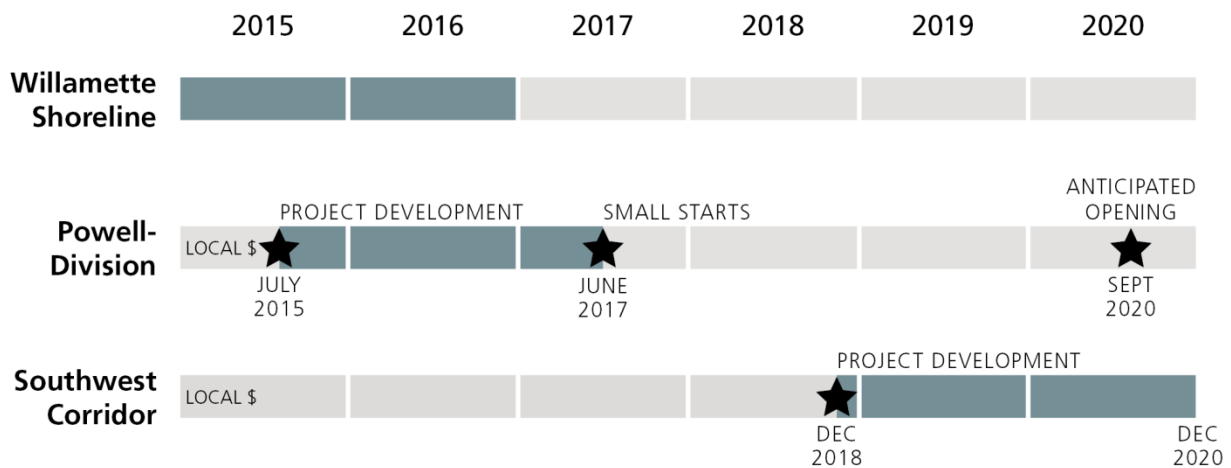
#### **3. Southwest Corridor.**

- Dedicate \$3.5 million to match project partner funds to move the Southwest Corridor Transit Project through the FTA Project Development process.
- Project partners (Metro, TriMet, ODOT, cities of Portland, Tigard, Tualatin, Sherwood, Durham and Washington County) have already committed funds to create a Preferred

Package that includes a specific HCT project (mode, terminus, and alignments), a prioritized set of roadway, bicycle and pedestrian improvements, and a development strategy, as well as completing a DEIS for the transit project (approximately \$10 million total costs).

- This reallocation of transit project development funds will allow the HCT component of the Southwest Corridor Plan to move forward into Project Development following completion of the DEIS by providing a portion of the funding to complete the final environmental impact statement (FEIS).

### Timeline for Expenditure of Transit Project Development Funds



### Background on recent high capacity transit projects

The status of recent HCT projects is as follows:

#### *Portland Milwaukie Light Rail Project:*

- Construction is mostly complete and the project is scheduled for opening in September 2015.

#### *Lake Oswego to Portland Transit Project:*

- A DEIS was completed in 2010, and a locally preferred alternative was adopted in 2011. Subsequently, the project was suspended and effectively terminated. At the time of termination, project partners had spent a small portion of the MTIP bond proceeds allocated towards the project.
- Approximately \$5.861 million of bond proceeds remains.

#### *Southwest Corridor:*

- The Southwest Corridor Plan project partners are continuing implementation of a Shared Investment Strategy, of which an element is to determine the appropriate HCT investment for the corridor.

- The bond proceeds are currently being used to fund a portion of that work, with the remainder of the work funded by nine project partners (Metro, TriMet, ODOT, cities of Portland, Tigard, Tualatin, Sherwood, Durham and Washington County).
- The corridor from downtown Portland to Tualatin with connections to Sherwood, Lake Oswego, and Beaverton is significantly lacking in transportation options.
- Work in this corridor began with each city creating a land use vision to guide transportation investment decisions, a strategy aimed at aligning regional investments with local community visions to make the most of limited public resources.
- Project partners will build on a solid foundation of locally developed land use visions to create a preferred package of transportation solutions (including roads, sidewalks, crossings, and a Preferred Alternative for HCT) to meet the varied needs of residents and businesses in the corridor by spring 2016. Local funds will be insufficient for the next phase of Project Development and the FEIS.

***Powell Division Transit and Development Project:***

- This project began in 2013 and has been funded so far with limited regional dollars and successful local grant applications, as well as local partner investments in staff time.
- Partners have narrowed the HCT option to Bus Rapid Transit (BRT) and are poised to submit an application to the FTA to enter into Project Development.
- Scope and budgets are being developed, and it is anticipated that project partners (TriMet, Metro, ODOT, Portland and Gresham) will contribute a significant portion of the funds necessary.
- The effort needs additional funding to close the funding gap and meet FTA financial requirements to enter Project Development.

**Regional and local funds support moving forward on transit project development**

The Southwest Corridor partner jurisdictions have supported HCT in the corridor through their local budget commitments and commitments set forth in intergovernmental agreements to fund further study of HCT alignment options and to create a preferred package of transit and transportation investments for the corridor. The partner jurisdictions aim to agree upon a development strategy by May 2016 and to subsequently study a Preferred HCT Alternative in a DEIS under NEPA. This show of financial support for investments that support the locally driven Southwest Corridor Land Use Vision demonstrates collaboration at a local and regional scale and the alignment of local and regional investments in the corridor.

The Powell-Division partner jurisdictions are working on a collaborative funding approach to move the BRT project forward into FTA Project Development under NEPA in summer 2015.

The Willamette Shoreline Consortium manages limited funds to protect the safety and long-term viability of the corridor for the trolley and other potential uses.

**JPACT support**

On April 9, 2015 JPACT unanimously voted to recommend the Metro Council approve this resolution.

### **Next steps**

If the Metro Council approves this resolution, it directs staff to work with TriMet to implement intergovernmental agreements to distribute the funds as defined in the resolution.

## **ANALYSIS/INFORMATION**

### **Known Opposition**

At this time there is not any known formal opposition to the reallocation of transit project development funds as defined in the resolution.

### **Legal Antecedents**

The proposal for reallocation of the transit project development funds was developed in accordance with the following legislation:

- Metro Council Resolution No. 08-3942 to provide a multi-year commitment of MTIP funds to support TriMet issued revenue bonds that raised funds for the Beaverton-Wilsonville Commuter Rail Project and the Portland-Milwaukie Light Rail Project
- Metro Council Resolution No. 10-4185, providing a supplemental commitment of \$66 million of regional flexible funds to support the issuance of TriMet's revenue bonds
- Metro Council Resolution No. 10-4119, identifying the Southwest Corridor as one of the next regional priorities for corridor refinement
- Metro Council Resolution No. 13-4468, endorsing the Southwest Corridor Shared Investment Strategy
- Metro Council Resolution No. 12-4345, designating the Powell-Division Corridor as the next regional priority for corridor refinement following the Southwest Corridor

### **Anticipated Effects**

Upon Metro Council action and the completion of intergovernmental agreements for the funding for each of the projects described in the resolution, the project partners will move forward with implementing the region's priority transit projects.

### **Budget Impacts**

Adoption of this resolution reallocates TriMet's bond proceeds in accordance with the process set forth in the *Revised and Restated Intergovernmental Agreement to Provide Regional Flexible Funds for the Milwaukie LRT, Commuter Rail, Portland-Lake Oswego Transit, and Southwest Corridor Projects* between TriMet and Metro, dated February 10, 2011, and has no impact on Metro's budget and previously approved commitment of MTIP and regional flexible funds to support the bond sale.

April 13, 2015

**RECOMMENDED ACTION**

Staff recommends that the Metro Council adopt the resolution to reallocate transit project development funds as proposed by JPACT Chair Dirksen and TriMet General Manager MacFarlane.