

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF RECOMMENDING) RESOLUTION NO. 95-2251A
CREATION OF THE SOUTH/NORTH)
LIGHT RAIL PUBLIC-PRIVATE TASK) Introduced by
FORCE) Councilor Rod Monroe, Chair
JPACT

WHEREAS, The Oregon Legislature in 1995 adopted Senate Bill 1156 to provide state funding for the construction of the South/North Light Rail Project; and

WHEREAS, The Oregon Legislature, through the passage of SB 1156, directed Tri-Met to establish a Public-Private Task Force to identify up to \$75 million of new financing sources which could be authorized by the Legislature to reduce the state's share of the South/North project financing; and

WHEREAS, Senate Bill 1156 requires that the Public-Private Task Force identify and evaluate alternative funding sources, consider innovative funding mechanisms to capture the value created by transportation projects; and

WHEREAS, Tri-Met, in cooperation with Metro and the Joint Policy Advisory Committee on Transportation, is required to make recommendations on new financing sources to the 1997 session of the Oregon Legislature; and

WHEREAS, The reduction of the state's share of the South/North project financing costs is contingent on the enactment of financing authorities by the 1997 Legislature based on recommendations from the region; and

WHEREAS, Tri-Met proposes to create a Task Force of 7-9 citizens, supported by Tri-Met General Manager and Metro Executive serving as ex-officio members; and

WHEREAS, Tri-Met will provide support and technical assistance to the Task Force; and

WHEREAS, Tri-Met will establish an interagency working group to ensure coordination between the Task Force and other related efforts, including the Governor's work on developing a new framework for transportation finance, regional funding initiatives, pursuit of public funding for the South/North project, and Metro's congestion pricing study; and

WHEREAS, The Task Force will issue its report to Tri-Met by July 15, 1996 and Tri-Met will forward the report to the JPACT Finance Committee for review and recommendations to JPACT and the Task Force will participate with Tri-Met in presentation of the report to the Legislature; now, therefore,

BE IT RESOLVED,

1. That the Metro Council recommends that Tri-Met create a citizen task force on public-private finance mechanisms which includes the Metro Executive Officer as an ex-officio member for the South/North Light Rail Project to meet the requirements of SB 1156. The Council recommends that the Task Force include one or more lay citizens.

2. That the finance alternatives recommended by this committee be reviewed by the Joint Policy Advisory Committee on

Transportation and the Metro Council prior to a recommendation to the 1997 Legislature.

ADOPTED by the Metro Council this 21 day of Dec.
1995.


J. Ruth McFarland, Presiding Officer

Approved as to Form:


Daniel B. Cooper, General Counsel

95-2251A.RES
ACC:BB:lmk/12-21-95

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 95-2251A FOR THE PURPOSE OF RECOMMENDING CREATION OF THE SOUTH/NORTH LIGHT RAIL PUBLIC- PRIVATE TASK FORCE

Date: December 4, 1995

Presented by: Andrew Cotugno

PROPOSED ACTION

This resolution would recommend the creation of a Public-Private Task Force to consider new financing sources for the construction of South/North Light Rail as called for in SB 1156, the South/North Light Rail funding legislation.

FACTUAL BACKGROUND AND ANALYSIS

The Oregon Legislature passed Senate Bill 1156 in 1995 which requires Tri-Met to identify new financing sources which could be utilized to reduce the state's share of South/North Light Rail construction costs by up to \$75 million. To accomplish this, Tri-Met will establish a Public-Private Task Force to make recommendations on new financing sources. The recommendations will be forwarded by Tri-Met to the 1997 Legislature in cooperation with Metro and the Joint Policy Advisory Committee on Transportation. Reduction of the state's share of South/North costs is contingent upon the granting of new authorities by the 1997 Legislature.

In addition to the statutory requirement contained in Senate Bill 1156, Tri-Met has a goal of using any new funding sources to reduce the burden on local taxpayers who have approved \$475 million in General Obligation bond authority for the project.

Tri-Met proposes to create a Task Force of 7-9 citizens, supported by ex-officio membership of Tri-Met and Metro. The Task Force report will be submitted to JPACT, which will conduct public review and submits its recommendations to Tri-Met and the Metro Council. This arrangement is intended to 1) stimulate development of innovative ideas from the private sector; 2) allow the Task Force to work rapidly; and 3) allow public review through the established JPACT process. The ex-officio public members of the Task Force will serve as support and resources rather than as participants.

Tri-Met Objectives

1. Identify alternative funding sources and methods for the South/North Light Rail Project which can be used to:
 - a) Meet the obligation to provide the Legislature with options for reducing the funding commitment for the South/North project made by the state and local taxpayers;

- b) Fill funding gaps due to shortfalls in public funds; and
 - c) Improve cash-flow and construction flexibility.
2. Identify public and private mechanisms to capture a share of the value created by the South/North Light Rail Project.
 3. Identify and review alternative financing methods for extending the line into Clark County.
 4. Promote private sector investment along rail lines (increase and speed up creation of value which can be captured).

Organization of Task Force

The Task Force will comprise 7-9 citizens appointed by Tri-Met. The Task Force will include members with backgrounds in innovative project finance, real estate and development, and public-private partnerships.

The Tri-Met General Manager and Metro Executive will serve as ex-officio members of the Task Force.

Tri-Met will provide a consultant to support the work of the Task Force and will provide technical assistance. Tri-Met and consultant will establish an interagency working group to ensure coordination between the Task Force and other related efforts, including the Governor's work on developing a new framework for transportation finance, regional funding initiatives, pursuit of public funding for the South/North project, and Metro's congestion pricing study.

The Task Force will issue its report to Tri-Met by July 15, 1996. Tri-Met will forward the report to the JPACT Finance Committee for review and recommendations to JPACT. The Task Force will participate with Tri-Met in presentation of the report to the Legislature.

Charge to the Task Force

The charge to the Task Force will include the following elements:

The Task Force should consider the full range of possibilities for funding the project but should develop full recommendations, including consideration of implementation issues, for those that have the most promise to significantly fulfill the state objectives. The project consists of the full South/North project from Clackamas County to Clark County, without limitation to proposed construction phases or segments.

The funding measures to be considered should include, but not be limited to, tolling, capturing of added property values, joint development of station areas, air rights, "super turn-key"

construction, tax-advantaged leasing (cross-border leasing), tax-advantaged debt financing, joint use of right-of-way and/or facilities, tax credits and exemptions.

Funding opportunities related to, but not specifically part of, the South/North project should be considered, but implications of such opportunities for other transportation projects and funding should be weighted.

EXECUTIVE OFFICER RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 95-2251A.

TRANSPORTATION PLANNING COMMITTEE REPORT

CONSIDERATION OF RESOLUTION NO. 95-2251A, FOR THE PURPOSE OF RECOMMENDING CREATION OF THE SOUTH/NORTH LIGHT RAIL PUBLIC-PRIVATE TASK FORCE

Date: December 20, 1995

Presented by: Councilor Washington

Committee Recommendation: At the December 19 meeting, the Committee voted unanimously to recommend Council adoption of Resolution No. 95-2251A. Voting in favor: Councilors Kvistad, Monroe and Washington.

Committee Issues/Discussion: Andy Cotugno, Transportation Planning Director, presented that staff report and reviewed the purpose of the resolution. He noted that legislation authorizing the state's contribution to the South/North Light Rail Project included a requirement that a task force be established to identify types of public-private funding partnerships that could be utilized to reduce the state share by up to \$75 million. The proposed task force would report its findings to Tri-Met, JPACT and the Metro Council. Final recommendations concerning such partnerships are to be presented by Tri-Met to the 1997 Legislative Assembly. The proposed resolution would indicate Metro's support for the creation of the task force.

The staff report indicates that the task force would include 7-9 persons with backgrounds in innovative project financing, real estate and development and public-private partnerships. The Tri-Met General Manager and the Metro Executive Officer would serve as ex-officio members of the task force.

Councilor Washington asked if the task force would include members of the general public. Cotugno responded that the task force was intended to be a technical group relying on the expertise of its members in the specialized areas of finance and public-private partnerships. Washington expressed concern that the general citizenry would be asked to finance the cost of the project and therefore should be represented on the task force.

Councilor Washington moved that the resolution be amended to provide for one or more lay citizens on the task force. The motion was unanimously approved by the committee.

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BE IT RESOLVED,

1. That the Metro Council recommends that Tri-Met create a citizen task force on public-private finance mechanisms which includes the Metro Executive Officer as an ex-officio member for the South/North Light Rail Project to meet the requirements of SB 1156.

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ADOPTED by the Metro Council this _____ day of _____
1995.

J. Ruth McFarland, Presiding Officer

Approved as to Form:

Daniel B. Cooper, General Counsel

95-2251.RES
ACC:BB:lmk/12-6-95