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METROPOLITAN SERVICE DISTRICT
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# MEMORANDUM

Date: August 24, 1982

To: Paul N. Bay, Executive Director, Tri-Met

From: Phillip Whitmore, Development Director

Regarding: Banfield Funding Deficit

We met with Lee Hames on Friday to explore possibilities of getting additional up front capital for the Banfield light rail system. Most revenues streams from joint development projects are not probable until 1987-88. However, there are several sources worth investigating in detail:

Portland Terminal Station

It is perhaps possible to market an air rights lease, which when capitalized may be worth $250,000 to $400,000. The current three-track design is not optimal for joint development but there are still possibilities. A change in design could make the air rights more marketable.

If the remaining land is purchased with local match funds then UMTA should not have any claim to any air rights lease or sale revenues. This also applies to any other land acquisition and subsequent disposition.

Gateway

It may be possible to claim that the pedestrian, park and ride, and station improvements at Gateway are bus-related and qualify for Section 3 funding. Perhaps $750,000 to $1 million could be shifted to Section 3 by doing the park and ride, and station land acquisition and construction with those funds.

It might also be possible to purchase the land north of the station and west of 99th for transit-related development with Section 3 funds. Then immediately lease that land for development, and use the proceeds to sell a revenue bond for use on the Banfield. This conceivably could amount to $1 to $2 million.

It may also be possible to claim that the pedestrian improvements on the Fred Meyer development east of 99th are Section 3 eligible connections between bus transit and development. These improvements might then be built with Section 3 funds if Fred Meyer would agree to some reasonable "connection fee." This fee could then be used on the Banfield. It might yield $150,000.

Station Development

It may be possible to eliminate public funding for certain stations where development potential is high. Proposals could then be requested for private joint development of those stations.

Sale and Lease Back

It may be possible to construct parts of the system (equipment, stations and maintenance facility), and sell those parts to a private party or corporation, and then lease them back at an advantageous rate.

The apparent problem with this approach is that upon sale, the federal share usually reverts to UMTA. One possible way around this problem is to build those parts with local dollars and use the proceeds as local match. A logic similar to Aubrey Davis' reasoning on using local match to finance Burnside sewers would have to be employed.

Conclusion

All of these ideas are children of brainstorming. During the week of September 6 we can look at these approaches in more depth and provide you with better information on feasibility, yield, timing and cost.

PW/SB/srb
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cc: Lee Hames