

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: May 12, 2010

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 10-45
An Intergovernmental Agreement with Portland Bureau of Transportation for \$10,000,000 as Part of City Financial Contribution to Portland Milwaukie Light Rail

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6791

ACTION SUMMARY

This action authorizes the Portland Development Commission's (PDC's) Executive Director to enter into an Intergovernmental Agreement (IGA) with the Portland Bureau of Transportation (PBOT) to provide \$10,000,000 in tax increment financing (TIF) from the North Macadam (N. Mac) Urban Renewal Area (URA) as part of the City's local match and financial contribution to help fund TriMet's final design and construction of the South Corridor Phase II: Portland-Milwaukie Light Rail (PMLR) project. PDC's funding leverages \$850.6 million in Federal New Starts funds; and \$557 million in other local match contributions from the State of Oregon through bonds backed by the state lottery, Metro through bonds backed by Metropolitan Transportation Improvement Program, the cities of Portland and Milwaukie, Clackamas County, TriMet, and in-kind contributions from land donations.

PUBLIC BENEFIT

The IGA helps support construction of a new 7.3-mile light rail line between Portland and Clackamas County and ten (10) stations along the line in Portland, Milwaukie, and Clackamas County. A map of the alignment is included as Attachment A. The new line will carry an estimated 27,400 daily trips by 2030. The alignment includes two (2) stations within the N. Mac URA and one (1) station within the Central Eastside (CES) URA.

According to TriMet's analysis the new line will:

- Increase work trips from the corridor to downtown Portland by 20 percent
- Reduce vehicle trips each weekday by more than 9,100 (or 60,000 vehicle miles)
- Require 110 fewer bus trips each weekday on SW 5th and 6th Avenues
- Improve travel time between Milwaukie and the South Waterfront by 58 percent, and Milwaukie and Portland State University by 29 percent

In addition, based on Metro forecasts, project benefits include support for:

- Nearly 100,000 new jobs along the corridor by 2030, driven by growth at Oregon Health & Science University (OHSU), Portland State University (PSU), and in SE Portland and north Clackamas County
- Nearly 40,000 new jobs in downtown Portland within the next 25 years
- More than 9,900 residents and 13,600 jobs in South Waterfront by 2030
- Short-term direct, indirect, and induced jobs or employment effects resulting from construction spending would generate between 8,000 and 8,800 metropolitan area jobs
- Construction spending would generate between \$317 and \$347 million added personal income from construction, construction materials suppliers, and other purchases.

This action will support the following PDC goals:

- Strong Economic Growth and Competitiveness
- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Effective Stewardship over our Resources and Operations, and Employee Investment

PUBLIC PARTICIPATION AND FEEDBACK

TriMet is undertaking a comprehensive public involvement strategy along the entire PMLR alignment, including a Citizen’s Advisory Committee and stakeholder working groups focused on project subareas.

Use of TIF resources in the N. Mac URA for the PMLR project has been reviewed and commented on by the N. Mac Urban Renewal Advisory Committee (URAC). Some members of the URAC have expressed concern over the degree of financial contribution proposed to come from the URA. The URAC has expressed general support for the PMLR project separate from the funding plan as approved by City Council.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

The establishment of a high capacity transit system is a central tenet of regional and City of Portland land use and transportation policies. The PMLR project is also a key element to meeting the transportation needs required to support the planned economic growth for Portland and the region as laid out in the City of Portland *Economic Development Strategy: A Five-Year Plan for Promoting Job Growth and Economic Growth* and PDC’s 2010 Strategic Plan.

Three URAs overlap the PMLR alignment: South Park Blocks, N Mac, and CES. All identify transportation infrastructure improvements as part of their respective plans:

South Park Blocks

Goal 3. Public Improvements to Support Housing, Cultural and Park Areas. Provide public improvements to stimulate private conservation, rehabilitation and development.

North Macadam

Goal 1. Urban Revitalization. Optimize contributions to Portland's role as the major regional employment, population, and cultural center through public policies that encourage expanded opportunity for housing and jobs while retaining the positive characteristics of established residential, neighborhood and business centers.... When new transit facilities and stations are to be sited, increase opportunities for adjoining commercial activities, and the development of medium- and high-density residential improvements.

Goal 2. Job Creation. Optimize economic development to create a job center in the Area. Support infrastructure and development to attract target industries identified by City policies and businesses that support these industries or enhance fulfillment of the job density goals of the Area. Create linkages between job and housing development in the Area.

Goal 6. Transportation and Utilities. Develop a transportation and circulation system which enhances linkages with other parts of Portland and the region; modify and improve transportation within the Area to enhance livability, and encourage development and use of multimodal transportation; assure adequate water, sewer, storm sewer, flood protection and drainage, communication, and other infrastructure necessary to support redevelopment of the Area.

Central Eastside

Goal 3. Central Eastside Revitalization Program. Maintain and enhance the Central Eastside District as a near-in job center featuring a diverse industrial base with compatible, supportive and appropriately located commercial and residential activities.... Improve the transportation system and parking resources to meet the Central Eastside Industrial District's business needs and redevelopment objectives while respecting the traffic concerns of adjacent neighborhoods.

FINANCIAL IMPACT

On February 24, 2010, by Ordinance No. 183554, City Council authorized a City IGA with TriMet for City of Portland local match financial contributions of \$30 million, including \$10 million in TIF, to help fund the PMLR final design and construction. PDC and the City of Portland's financial contributions leverage a total project cost of \$1.417 billion.

The \$10 million of TIF is included in the N. Mac URA forecasted budget in FY 2012-2013 and has been accommodated within the budget without impact to PDC fulfilling its other obligations in the N. Mac URA, specifically Central District Development Agreement and 8th Amendment, Exhibit I financial obligations. A copy of the FY 2010-2011 N. Mac URA Revised Requested Budget is included as Attachment B. A copy of the ordinance and City of Portland local match funding plan are included as Attachment C.

RISK ASSESSMENT

The funding package voted on by Council diminishes risk that additional TIF resources will be requested by TriMet. However, TriMet's total estimated project cost of \$1.417 billion is based on specific design and scope. Any additional scope, changes in scope, or schedule delays could impact the total project cost, and federal funders have indicated there are no additional funds available for the project budget. The possibility of additional TIF resources being requested by TriMet would likely be tied to additional scope or changes in scope requested by the City or PDC, not currently included in the project,

WORK LOAD IMPACT

PDC staff is available to participate on various TriMet project committees and to administer this IGA.

ALTERNATIVE ACTIONS

The PDC Board of Commissioners (Board) could choose not to approve the IGA with PBOT and/or revise the terms and conditions of the IGA providing the \$10 million to PBOT. This places the existing City Council \$30 million commitment and timing of commitment at risk.

On February 24, 2010, City Council adopted Ordinance No. 183554 authorizing a City of Portland Intergovernmental Grant Agreement with TriMet (PBOT/TriMet IGA) for City of Portland local match financial contributions of \$30 million to help fund the PMLR final design and construction. Local match from the City of Portland will be managed by PBOT; this IGA between PDC and PBOT contributes \$10 million of the \$30 million committed to in the existing PBOT/TriMet IGA.

CONCURRENCE

The N. Mac URAC has expressed concern over the level of financial support requested of this district and the impacts this may have on the district's ability to pursue other priorities; however the URAC is in general supportive of the PMLR project.

City Council, via Ordinance No. 183554, have indicated their concurrence of including \$10 million of N. Mac URA resources as part of the City's local match and financial contribution to help fund TriMet's final design and construction of PMLR alignment. On May 12, 2010, City Council is anticipated to review this IGA for action concurrent with a presentation from TriMet on the PMLR Concept Design Report.

BACKGROUND

On July 17, 2008, City Council adopted Resolution No. 36625 specifying a new locally preferred alternative for the Portland to Milwaukie LRT project. In this resolution, Council instructed PBOT to work with the Office of Management and Finance (OMF) and PDC to develop a financial strategy for the City of Portland's contribution. To address the question of how to fund

the City's match to this light rail project, a committee was formed comprising representatives from PDC, PBOT, OMF, and the Office of Governmental Affairs. This committee performed an extensive evaluation of available funding sources in 2009.

On June 17, 2009, City Council accepted Resolution No. 36709 which outlined the recommended conceptual funding plan for the \$30 million City of Portland contribution to the PMLR and directed PBOT to work with OMF, other City bureaus, and PDC to pursue the development of a final funding plan, including interim financing.

On February 24, 2010, City Council adopted Ordinance No. 183554 authorizing a City of Portland Intergovernmental Grant Agreement with TriMet for City of Portland local match financial contributions of \$30 million to help fund the PMLR final design and construction. This agreement includes that the City anticipates its \$30 million share of local matching funds to come from the following sources and in the following amounts:

- (a) \$20 million in cash or net proceeds of borrowings expected to be repaid from City transportation-related revenues including, but not limited to:
 - City-wide Transportation System Development charges;
 - N Mac Transportation System Development Overlay charges;
 - South Central City/University District/Science and Technology Triangle TSDC Overlay charges; and
 - Parking revenues received by the PBOT.

Borrowings to be undertaken by the City may be additionally secured by the full faith and credit of the City.

- (b) \$10 million from the net proceeds of urban renewal borrowings provided by PDC to the City through a separate agreement between City and PDC.

ATTACHMENTS:

- A. Project Summary
- B. North Macadam URA Requested Budget FY 2010-2011 and Forecast Years
- C. City Council Ordinance No. 183554 and City of Portland Funding Structure

PROJECT SUMMARY

Project Name: Portland-Milwaukie Light Rail Alignment

Description: 7.3-mile light rail line, with ten (10) stations along the line in Portland, Milwaukie, and Clackamas County.

Location: Downtown Portland; Inner Southeast Portland; Milwaukie; Clackamas County

URAs: South Park Blocks; North Macadam; Central Eastside

Current Phase: Concept Design complete

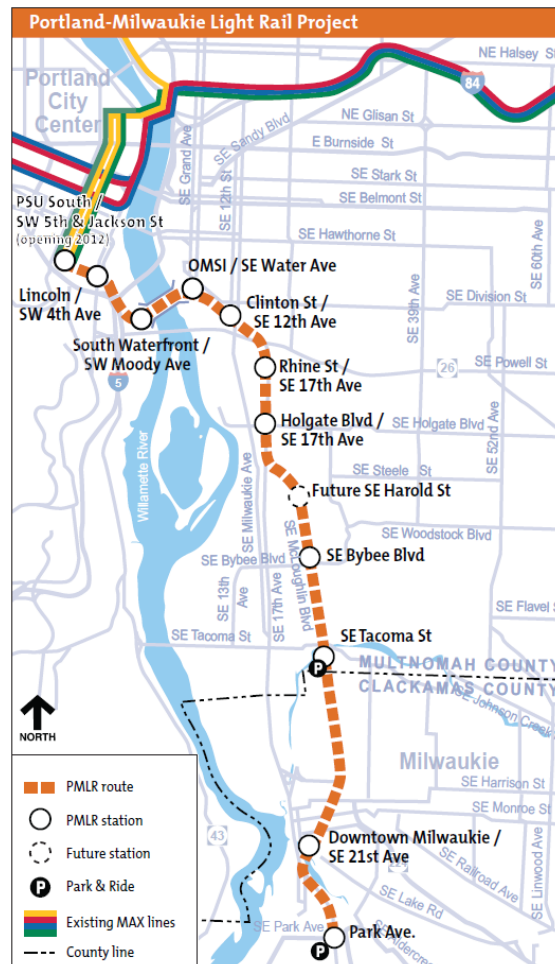
Next Milestone:

Final Design	Oct. 2010 – Jan. 2012
Full Funding Grant Agreement Executed	June 2012
Construction	2011 - 2015

Completion Target: September 2015 (service begins)

Outcome: Construction of light rail line and stations; direct creation of 12,300 jobs

Site/Project Map:



URA FINANCIAL SUMMARY

Five-Year Forecast Project Requirements

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
North Macadam URA						
Resources						
Beginning Fund Balance	5,468,582	4,225,659	463,814	1,010,396	340,013	496,906
Fees and Charges	306,880	315,472	0	0	0	0
Interest on Investments	20,000	20,000	25,000	25,000	25,000	25,000
Loan Collections	159,928	1,978,882	178,882	128,000	128,000	128,000
Property Income	1,500,000	1,550,000	50,000	50,000	50,000	50,000
TIF Proceeds	8,147,241	20,177,249	6,353,096	12,890,617	7,309,893	7,057,407
Total Fund Resources	15,602,631	28,267,262	7,070,792	14,104,013	7,852,906	7,757,313
Requirements						
Program Expenditures						
Business and Industry						
Community Economic Development						
H79020 Business Finance	0	0	0	0	0	81,944
High Growth						
H79020 Business Finance	0	0	0	0	0	81,944
Industry Cluster						
H11063 RiverPlace Lot 3 Redevelopment	30,000	0	0	0	0	0
H61000 Bio-Tech Build-Out	300,000	700,000	700,000	0	0	0
H61001 Industry Development	0	0	0	100,000	100,000	100,000
H61016 PSU Wetlab Project	1,200,000	0	0	0	0	0
H79020 Business Finance	0	0	0	0	0	163,887
Business and Industry Total	1,530,000	700,000	700,000	100,000	100,000	427,775
Debt Service						
Debt Service						
H98001 Debt Management	16,626	17,457	18,330	20,000	20,000	20,000
Debt Service Total	16,626	17,457	18,330	20,000	20,000	20,000
Housing						
Housing Operations						
H10543 Affordable Veterans Housing	8,000	0	0	0	0	0
Multi-Family - Rental Housing						
H10543 Affordable Veterans Housing	262,000	19,000,000	1,000,000	0	1,500,000	2,000,000
H10544 Block 33 Mixed Use Afford Rental Housing	10,000	0	0	0	0	0
Housing Total	280,000	19,000,000	1,000,000	0	1,500,000	2,000,000
Infrastructure						
Parks						
H10518 Central District Greenway Design And Construction	540,000	1,500,000	1,860,000	0	0	0
H10536 Neighborhood Park Design and Construction	2,177,205	0	0	0	0	0
H10540 New Initiatives - Parks and Greenway	0	0	757,000	700,000	1,960,000	655,548
Plans and Strategies - Infrastructure						
H11081 Harbor Naito Plan/Redev	15,000	0	0	0	0	0
Transportation						
H10532 Central District Infrastructure	1,224,000	0	0	0	0	0
H10537 Gibbs Street Pedestrian Bridge	213,795	364,205	0	0	0	0
H10541 New Initiatives - Transportation	0	0	0	0	1,900,000	2,300,000
H61002 Light Rail	0	0	0	10,000,000	0	0
H61003 South Portal Design	0	400,000	0	0	0	0
Infrastructure Total	4,170,000	2,264,205	2,617,000	10,700,000	3,860,000	2,955,548
Revitalization						
Plans and Strategies - Revitalization						
H10510 NMAC Implement Coord	60,000	95,000	50,000	0	0	0
H10512 Central District Development Agreement	20,000	0	0	0	0	0
H92110 Westside/Central City Study	0	15,000	0	0	0	0

Five-Year Forecast Project Requirements

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Redevelopment						
H11060 RiverPlace Environmental Parcel 1 - The Strand	12,000	0	0	0	0	0
H11062 RiverPlace Lot 8 Parcel Develop	40,000	0	0	0	0	0
H11063 RiverPlace Lot 3 Redevelopment	50,000	10,000	0	0	0	0
H27001 Storefront Grants	0	0	100,000	100,000	100,000	100,000
H27050 DOS Grants	0	0	50,000	50,000	50,000	50,000
H28030 Redevelopment Loan Projects	0	0	300,000	300,000	300,000	300,000
H61004 Pre-Development	100,000	200,000	200,000	200,000	200,000	200,000
Revitalization Operations						
H11080 RiverPlace Property Management	10,000	10,000	15,000	0	0	0
Revitalization Total	292,000	330,000	715,000	650,000	650,000	650,000
Total Program Expenditures	6,288,626	22,311,662	5,050,330	11,470,000	6,130,000	6,053,323
Personal Services	359,520	237,289	242,416	550,560	294,240	290,560
Debt Service	2,000,000	3,100,000	0	0	0	0
Transfers - Indirect	2,644,078	1,827,097	646,442	1,468,160	784,640	774,825
PHB Staff/Admin	84,613	327,400	121,208	275,280	147,120	145,280
Total Fund Expenditures	11,376,837	27,803,448	6,060,396	13,764,000	7,356,000	7,263,988
Contingency	4,225,794	463,814	1,010,396	340,013	496,906	493,325
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	15,602,631	28,267,262	7,070,792	14,104,013	7,852,906	7,757,313

**CITY COUNCIL AUTHORIZATION OF
CITY OF PORTLAND FINANCIAL CONTRIBUTION**

ORDINANCE No.

Authorize an Intergovernmental Grant Agreement with TriMet for City financial contributions to fund the final design and construction of the South Corridor Phase II: Portland-Milwaukie Light Rail Project. (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. City Council adopted Resolution No. 36625 on July 17, 2008, specifying a new Locally Preferred Alternative for the South Corridor Phase II: Portland-Milwaukie Light Rail Project.
2. The total project cost is estimated to be \$1.417 billion dollars and, under local funding match requirement, the City of Portland contribution to the local match is \$30 million dollars.
3. City Council accepted Resolution No. 36709 on June 17, 2009, which outlined the recommended conceptual funding plan for the \$30 million dollar City of Portland contribution to the South Corridor Phase II: Portland-Milwaukie Light Rail Project and directed the Portland Bureau of Transportation to work with the Office of Management and Finance, other city bureaus and the Portland Development Commission to pursue the development of a final funding plan, including interim financing.
4. The funding plan includes a \$10 million dollar contribution of Tax Increment Financing from The Portland Development Commission. An intergovernmental grant agreement will be prepared between the Portland Bureau of Transportation and the Portland Development Commission to secure that contribution.
5. City Council adopted through Ordinance 182652 a Transportation System Development Charge Overlay for the North Macadam area and allocated \$10 million dollars of that future revenue to the Portland to Milwaukie Light Rail Project.
6. The Bureau of Transportation has committed to funding the remaining \$10 million dollars through a combination of parking revenues, City Wide Transportation System Development Charges and a new South Central City/University District/Science and Technology Triangle TSDC overlay district.

NOW, THEREFORE, the Council directs:

- a. The Council to adopt the final funding plan for the city's \$30 million dollar contribution to the South Corridor Phase II: Portland-Milwaukie Light Rail Project as outlined in Exhibit A.
- b. That the Mayor and the Auditor are hereby authorized to sign the Intergovernmental Grant Agreement between the City of Portland and TriMet, substantially in accordance with the agreement attached as Exhibit B to the original of this ordinance and by this reference made a part hereof.
- c. Council directs the Portland Bureau of Transportation to prepare an IGA between the Bureau of Transportation and the Portland Development Commission for the PDC's \$10 million dollar contribution and bring back to Council for approval.
- d. The Mayor and Auditor are hereby authorized to draw and deliver warrants when demand is presented and approved by proper authorities.
- e. Council directs the Portland Bureau of Transportation to work with the Office of Management and Finance to secure interim financing for this contribution.

Portland to Milwaukie LRT Project

Funding Plan for City of Portland \$30 million dollar local match contribution

Source	Amount
PDC Tax Increment Financing – North Macadam URA	\$10M
PBOT Parking Revenue	\$3.22M
South Central City/University District/Science and Technology Triangle TSDC Overlay	\$5M
Citywide TSDC	\$1.78M
North Macadam TSDC Overlay	\$10M
Total LRT Match	\$30M