



DATE: March 12, 2014
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 14-08

Authorizing the Executive Director to Enter into an Intergovernmental Agreement with the Tri-County Metropolitan Transportation District of Oregon which Includes the Conveyance of Portions of RiverPlace Parcels 3 and 4 for an In-Kind Contribution of \$1,780,403 for the Portland Milwaukie Light Rail Project

BOARD ACTION REQUESTED

Adopt Resolution No. 7041

ACTION DESCRIPTION

This action authorizes the Portland Development Commission's (PDC's) Executive Director to enter into an Intergovernmental Agreement with the Tri-County Metropolitan Transportation District of Oregon (the PDC/TriMet IGA). The PDC/TriMet IGA includes the conveyance and contribution of in-kind property related to portions of RiverPlace parcels 3 and 4 in the North Macadam Urban Renewal Area (URA) as shown in Attachment A.

The in-kind contribution of property proposed by this action is contemplated in the City of Portland Bureau of Transportation and TriMet Intergovernmental Agreement (the PBOT/TriMet Agreement) for the Portland-Milwaukie Light Rail project (PMLR), which was approved and amended by Portland City Council (City Council) on April 13, 2011. The PBOT/TriMet Agreement is designated as the governing agreement in the May 2010 Intergovernmental Agreement between PDC and PBOT (the PBOT/PDC IGA) for contribution of \$10,000,000 in tax increment financing (TIF), as approved by the PDC Board of Commissioners (Board) by Resolution No. 6791.

The land is valued at \$1,780,403, based on an appraisal dated August 9, 2012, and, together with PDC's TIF contribution, leverages over \$1,400,000,000 of other funding, including federal New Starts funds from the Federal Transportation Administration (FTA) and a combination of other local match contributions from the State of Oregon, Metro, the Cities of Portland and Milwaukie, Clackamas County, TriMet, and other in-kind land contributors. A project summary describing the realized light rail alignment and related improvements is provided in Attachment B.

The PDC/TriMet IGA also summarizes the value of usage rights assigned by PDC to TriMet under separate agreement, including temporary land use value, and the payment for said use by TriMet to PDC, which is within the authority of the PDC Executive Director.

BACKGROUND AND CONTEXT

On February 24, 2010, City Council adopted Ordinance No. 183554 authorizing the PBOT/TriMet Agreement for City of Portland (City) local match and financial contribution of \$30,000,000 to help fund

the PMLR project, reflecting a combination of \$20,000,000 in City of Portland Bureau of Transportation resources and \$10,000,000 in PDC TIF from the North Macadam URA.

On May 12, 2010, by PDC Resolution No. 6791 and on May 26, 2010, by Ordinance No. 183833, the Board and City Council, respectively, authorized the execution of the PBOT/PDC Agreement, wherein PDC committed its \$10,000,000 share of local matching funds as a part of the financing plan for PMLR during fiscal year (FY) 2012-13. These funds have since been conveyed to TriMet by PDC per the PBOT/PDC Agreement.

In August 2010, TriMet was notified by FTA that the maximum share of New Starts funds FTA could provide would be 50 percent of the project funding, and not the assumed 60 percent. In response, TriMet, together with local partners, prepared a revised funding plan which included an increased obligation of the City from the estimated \$30,000,000 to \$55,000,000, including via the contribution of identified parcels of in-kind City and PDC-owned property required for the alignment construction. On April 13, 2011, by Ordinance No. 184517, City Council approved a Revised and Restated PBOT/TriMet Agreement to this effect.

Together with the \$10,000,000 in TIF funding provided by PDC in FY 2012-13, the in-kind property transfer will increase PDC's contribution to PMLR by an additional \$1,780,403. The property being transferred is part of Pacific Power & Light's donation of the Lincoln substation lands made to PDC in 1985. The in-kind land contribution is reflected in both the Resources and Requirements sections of the Board-approved FY 2013-14 Rev 1 North Macadam URA budget as provided in Attachment C. The PDC/TriMet IGA further summarizes the value of PDC's agreement with TriMet for temporary use of parcel 3 for purposes of PMLR construction-related activities.

COMMUNITY AND PUBLIC BENEFIT

The PMLR introduces a new Orange Line to the TriMet system, a 7.3 mile alignment between Portland State University (PSU), inner southeast Portland, Milwaukie, and Oak Grove in north Clackamas County. Within Portland's Central City, the alignment offers improved connectivity between key anchor educational institutions, such as PSU, Oregon Health & Science University, and Oregon Museum of Science and Industry, together with Portland's eastside neighborhoods. To date, the PMLR project has created 4,816 direct jobs, 4,845 induced jobs, and will help spur new development along the rail line, including the new Collaborative Life Sciences Building in South Waterfront and at key opportunities on the eastside. PMLR is expected to carry 17,000 passengers in its first year of service and save riders more than \$10,000 per year compared to driving.

PUBLIC PARTICIPATION AND FEEDBACK

The development of TriMet's funding plan had significant input from various technical and leadership level advisory committees and underwent significant public comment opportunity as part of the various City Council and Board actions referenced above. The in-kind contribution of PDC parcels was reviewed by the North Macadam Urban Renewal Advisory Committee as part of PDC's FY 2013-14 budget development and approval process.

BUDGET AND FINANCIAL INFORMATION

The final-approved North Macadam URA FY 2013-14 budget included the in-kind contribution of \$1,780,403 (see Attachment C). The proposed Board action has no financial impact to the North Macadam URA budget and does not negatively impact available funding for other projects in the North Macadam URA.

RISK ASSESSMENT

There is minimal risk to PDC in authorizing this transaction, as the 9,547 square feet of land slivers being transferred does not negatively impact the development potential of the remaining parcels owned by PDC, and the parcels are being transferred on an as-is basis to TriMet. The square footage being conveyed runs along the very western edge of the two RiverPlace parcels and does not significantly impact the parcels' development footprints. In addition, parcel 4 is under a long-term utility lease and is not anticipated for near-term redevelopment. Subsequent to conveyance, PDC will maintain the right to acquire the floor area ratio entitlements off of those slivers in the future if deemed appropriate and desirable to PDC.

ALTERNATIVE ACTIONS

The Board could elect not to authorize this agreement or conveyance of the parcel slivers per the governing PBOT/TriMet Agreement, which would have significant negative impact to the PMLR project given that the remaining local match contributions are in place and the PMLR's west segment is already into construction per the various agreements referenced above together with Permits of Entry provided by PDC to TriMet for purposes of construction.

ATTACHMENTS

- A. Property Conveyance Maps
- B. PMLR Project Summary & Map
- C. URA Financial Summary

Property Conveyance Maps

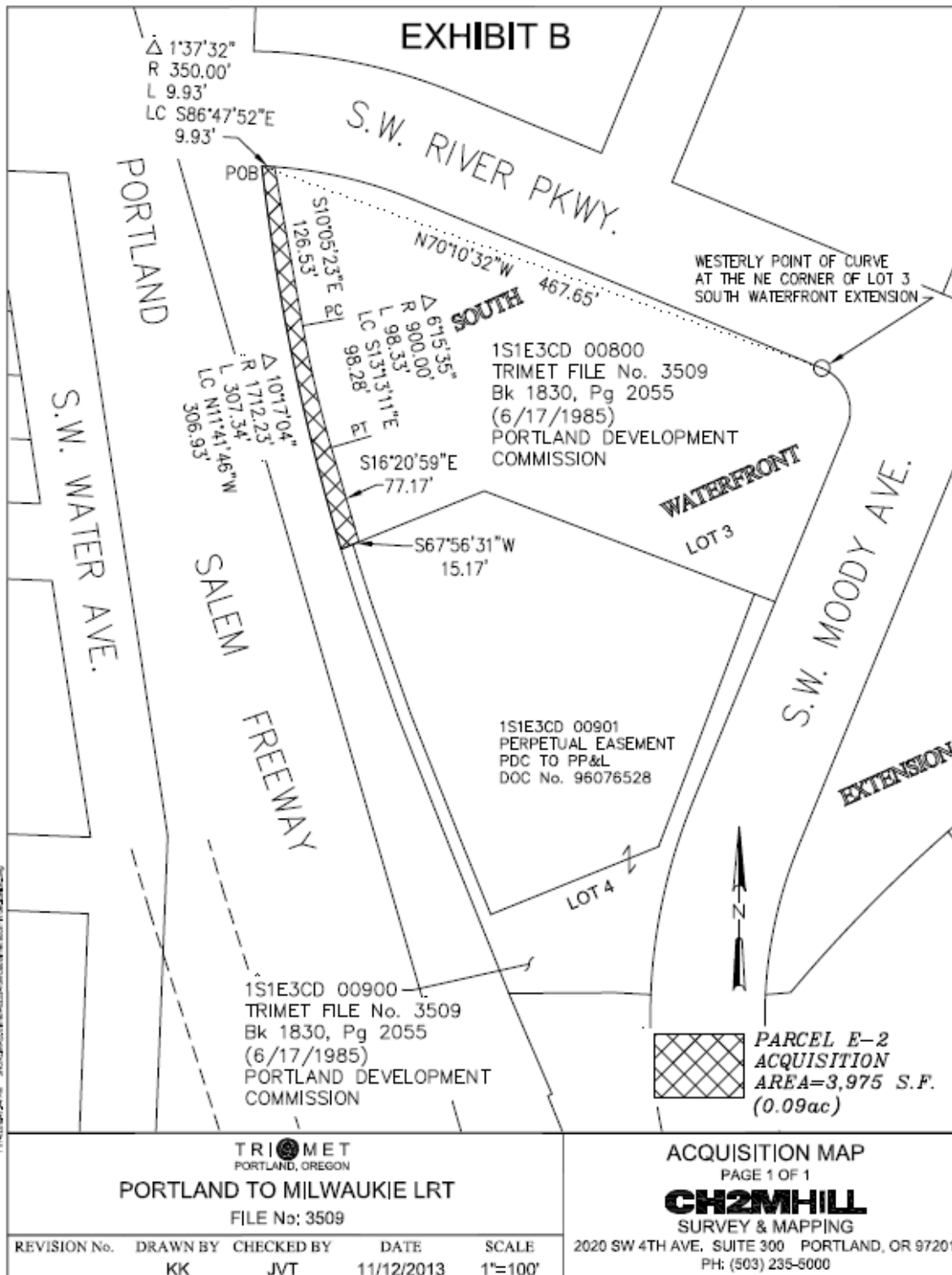


Exhibit B-3

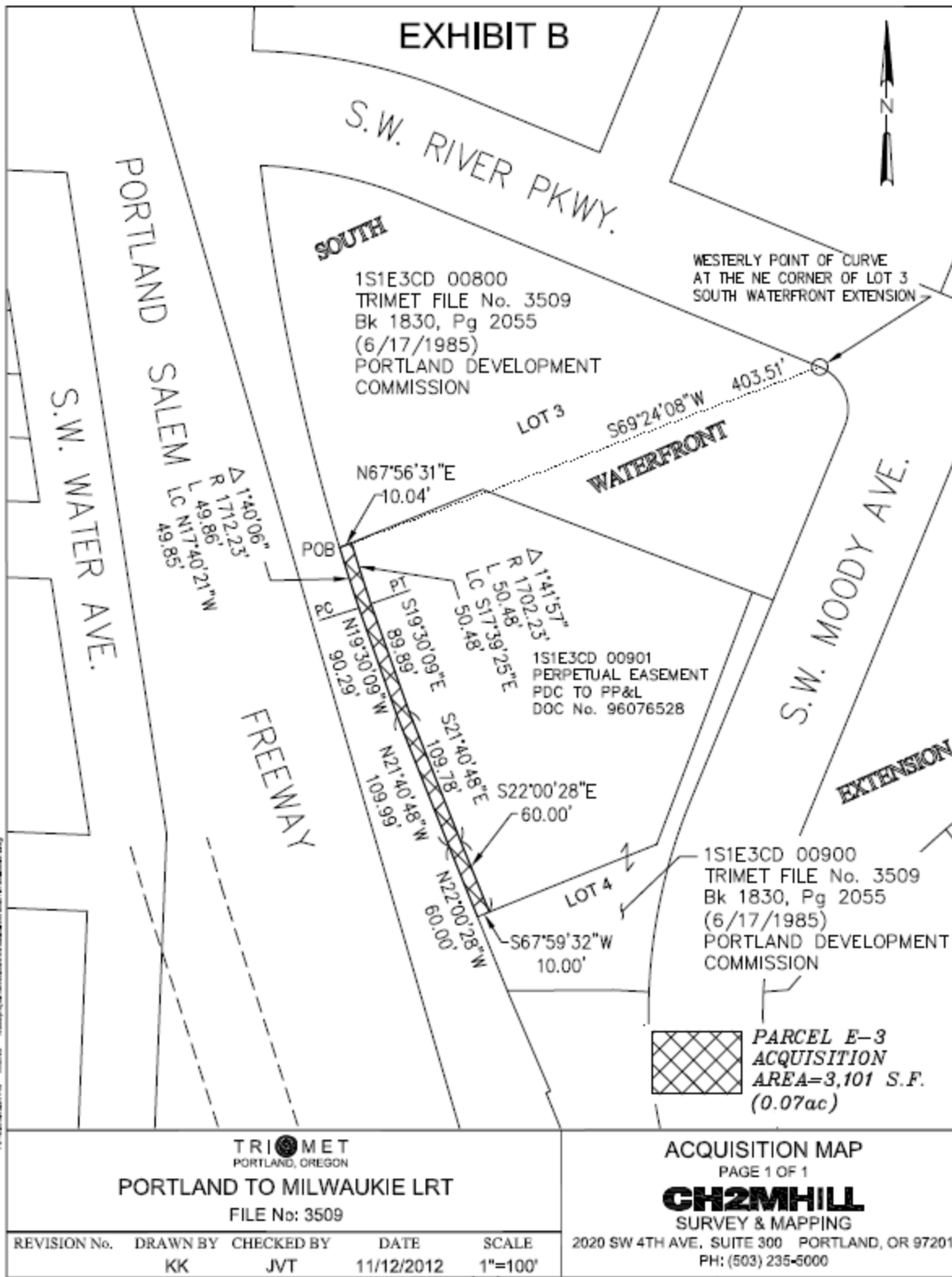


EXHIBIT B-4

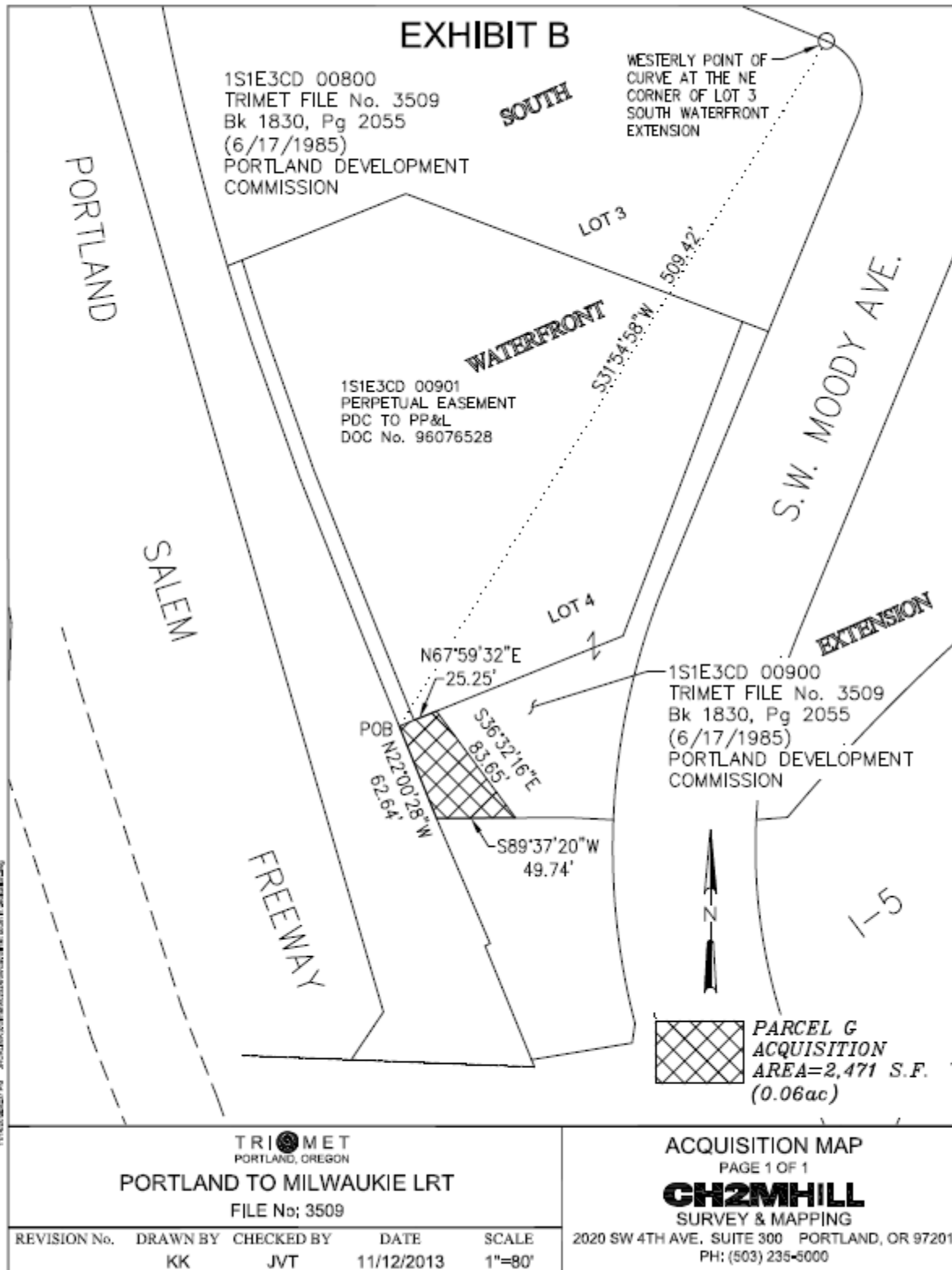
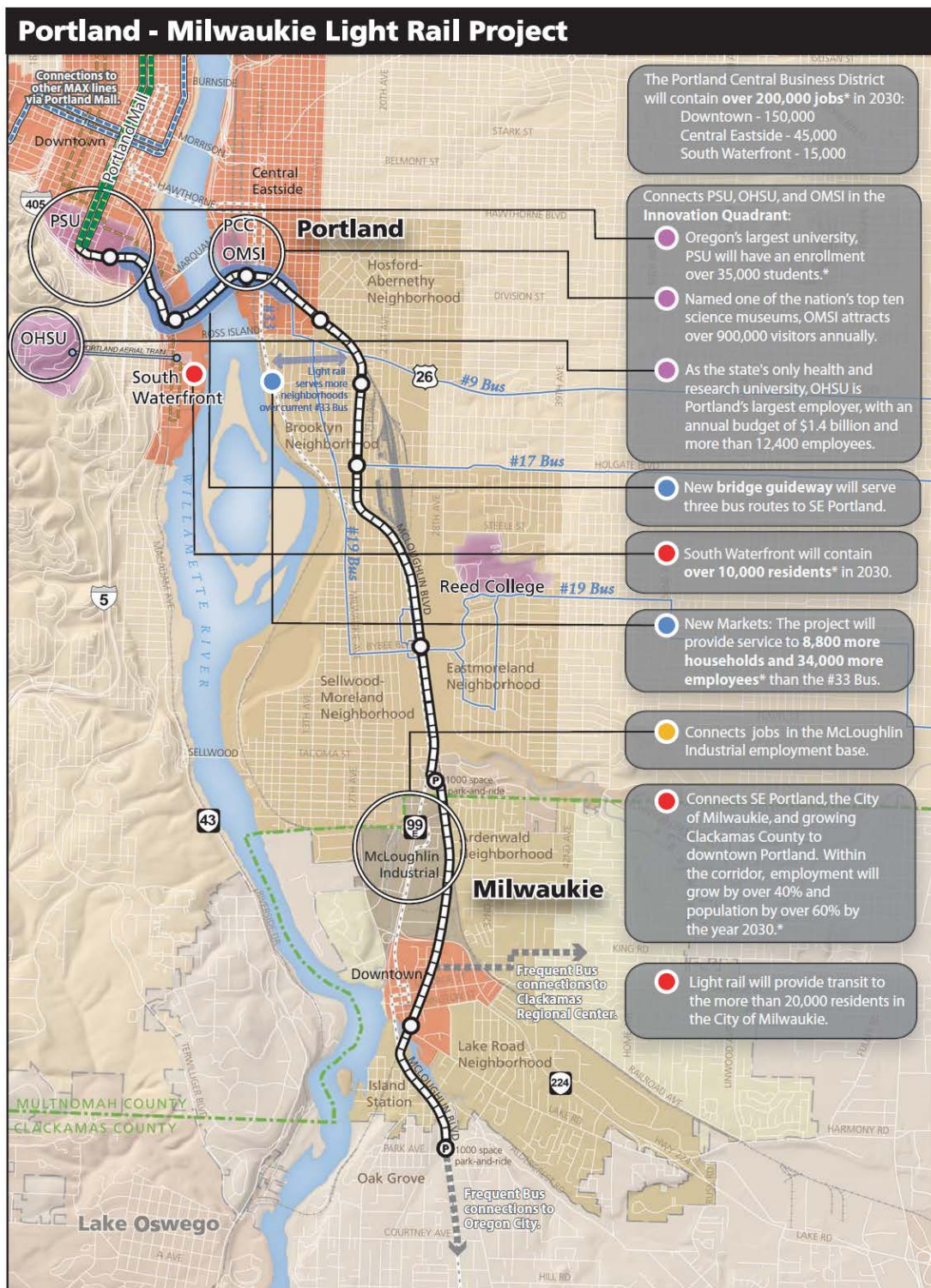


Exhibit B-5

PMLR Project Summary & Map



OHSU: Oregon Health & Science University PCC: Portland Community College * Based on modeled 2030 forecast year
 OMSI: Oregon Museum of Science and Industry PSU: Portland State University

URA Financial Summary

Five-Year Forecast Program Requirements Detail

	Revised- 1 FY 2013-14	Draft FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19
North Macadam URA						
Resources						
Beginning Fund Balance	2,161,086	1,857,005	2,909,331	2,361,877	2,283,340	6,527,373
Fees and Charges	333,397	343,341	353,641	364,251	375,178	386,433
Interest on Investments	10,000	5,000	20,000	30,000	30,000	30,000
Loan Collections	31,130	27,238	27,239	27,238	12,387	0
Property Income	1,936,403	1,126,000	156,000	156,000	156,000	156,000
Short Term Debt	5,040,192	1,359,681	572,407	5,762,167	6,114,272	6,371,293
Total Resources	9,512,208	4,718,265	4,038,618	8,701,533	8,971,177	13,471,099
Requirements						
Program Expenditures						
Administration						
Financial Administration						
A45101325 Debt Management-NMC	20,000	20,000	20,000	20,000	20,000	20,000
Total Administration	20,000	20,000	20,000	20,000	20,000	20,000
Business Dev						
Business Lending						
L02100325 BIF-General-NMC	200,000	200,000	200,000	200,000	200,000	200,000
L02110325 BIF-Cluster Group-Budget-NMC	300,000	300,000	300,000	300,000	300,000	300,000
Traded Sector Business Dev						
B15102325 Site Recruitment-NMC	32,000	0	0	0	0	0
Total Business Dev	532,000	500,000	500,000	500,000	500,000	500,000
Infrastructure						
Parks						
N32514015 New Init - Parks & Gr-NMC-Adm	0	0	0	2,000,000	0	0
Public Facilities						
N32520115 Life Science Parking-NMC-Adm	1,703,625	0	0	0	0	0
Transportation						
N32530715 Trans Strategy Dev-NMC-Adm	50,000	50,000	0	0	0	0
N32530215 Light Rail-NMC-Adm	1,780,403	0	0	0	0	0
N32530315 South Portal Design-NMC-Adm	100,000	5,000	0	0	0	0
N32534115 Trans Initiatives-NMC-Adm	50,000	50,000	50,000	2,000,000	0	0
N32539915 Streetcar/Scapes-NMC	130,613	0	0	0	0	0
N32530815 Central Dist Infra-NMC-Adm	0	166,000	166,000	83,000	0	0
Total Infrastructure	3,814,641	271,000	216,000	4,083,000	0	0
Portland Hsg Bureau						
PHB Housing						
H15430325 Affordable Rental Hsg-NMC	0	0	0	0	925,000	1,785,128
H15900325 PHB Staff & Admin-NMC	65,328	80,883	76,771	85,000	85,000	85,000
H15943325 Affordable Veterans Hsg-NMC	1,622,829	0	0	0	0	0
Total Portland Hsg Bureau	1,688,157	80,883	76,771	85,000	1,010,000	1,870,128
Property Redev						
Commercial Property Redevelopm						
P32552315 N Distr Partnership-NMC-Adm	5,000	0	0	0	0	0
P32591015 Public Outreach-NMC-Adm	1,500	1,500	1,500	1,500	1,500	1,500
P32580155 RiverPlace Prkng -NMC-Adm	40,116	40,116	40,116	40,116	40,116	40,116
P32552215 CC 2035-NMC-Adm	89,807	0	0	0	0	0
P32550515 Eco District-NMC-Adm	50,000	0	0	0	0	0
P32590015 Project Development-NMC-Adm	500,000	500,000	500,000	500,000	500,000	500,000
Commercial Real Estate Lending						

Five-Year Forecast Program Requirements Detail

	Revised- 1 FY 2013-14	Draft FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19
R03100325 Comm Energy Eff Retro-NMC	100,000	0	0	0	0	0
Total Property Redev	786,423	541,616	541,616	541,616	541,616	541,616
Total Program Expenditures	6,841,221	1,413,499	1,354,387	5,229,616	2,071,616	2,931,744
Personal Services	307,147	190,247	81,308	304,980	96,506	133,112
Transfers - Indirect	1,209,643	205,188	240,956	883,506	275,593	374,037
Total Fund Expenditures	8,358,011	1,808,934	1,676,741	6,418,192	2,443,805	3,438,893
Contingency	1,154,197	2,909,331	2,361,877	2,283,340	6,527,373	10,032,205
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	9,512,208	4,718,265	4,038,618	8,701,532	8,971,178	13,471,098