

IMPACT STATEMENT

Legislation title: *Authorize an Intergovernmental Agreement with Metro for the Project Development Phase of the Powell-Division Transit and Development Project. (Ordinance)

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Purpose of proposed legislation and background information:

The purpose of this item is to authorize an Intergovernmental Agreement with Metro to support the region's efforts on the Powell-Division Transit and Development Project and to formalize the City's commitment to provide an estimated total \$2 million of Transportation System Development Charge (TSDC) funds towards the transit project. The project is entering a 2-year-long Project Development Phase.

Background

Metro's 2009 *High Capacity Transit System Plan*, a 30-year plan to guide investments in light rail, commuter rail, bus rapid transit and rapid streetcar in the Portland metropolitan region, identified a route from Portland city center to Gresham in the vicinity of the Powell Boulevard corridor as one of three near-term regional priority corridors.

In 2013, Metro initiated the Powell-Division Transit and Development Project to develop a planning vision for future transit service and related investments in the corridor with project partners from TriMet, the cities of Portland and Gresham, Multnomah County, and the Oregon Department of Transportation. To support this work, the Metro Council awarded the City of Portland a Community Planning and Development (CPDG) Grant of \$450,000 to participate in and complete work during the Planning phase. (see Ordinances 186395 and 186906)

On June 1, 2015, the Project Steering Committee of community partners, agency leaders and elected officials approved the *Powell-Division Transit Action Plan*, reaching consensus on bus rapid transit (BRT) service and conceptual route alignments and termini to advance for further consideration between downtown Portland and Gresham via inner SE Powell Boulevard and outer SE Division Street.

Implementation of the transit project reinforces the proposed *2035 Comprehensive Plan Update* and supports strategies and policies identified in the *Portland Plan*, *East Portland Action Plan* and *East Portland in Motion*.

Next Steps

The project is now ready to enter into Project Development, the first phase of the Federal Transit Administration (FTA) process for discretionary funding opportunities of up to \$75 million through the Small Starts Program. Project Development activities include initiating preliminary engineering, preparing cost estimates, conducting environmental analysis and approvals required by the National Environmental Policy Act (NEPA), identifying and adopting a final Locally Preferred Alternative (LPA), and developing a finance plan and accompany information for a

Small Starts rating for the project. Metro and TriMet will lead these efforts and City of Portland staff would provide technical and expert support.

At their hearing on May 13, 2015, the Portland City Council received a presentation about the Project from PBOT, Metro and TriMet staff, along with testimony from key stakeholders and community leaders. The City Council voted unanimously to support entering the Project Development Phase and to declare the City's intent to access an estimated total of \$2 million of TSDC funds towards the project in fiscal years 2015/16 and 2016/17. Council directed PBOT staff to prepare an IGA with Metro to formalize the City's scope of services and financial commitment. (see Resolution 37123)

In spring 2015, TriMet and Metro prepared a formal request to the FTA to seek entry into Project Development under the Small Starts discretionary funding program for transit projects.

Project partners anticipate authorization from the FTA to begin Project Development in early fall.

Financial and budgetary impacts:

The Ordinance formalizes the City's commitment to provide an estimated total \$2 million of Transportation System Development Charge (TSDC) funds towards the transit project in Fiscal Years 15/16 and 16/17. The Ordinance does not amend the City budget nor does it amend current or future staffing levels.

PBOT's FY 15/16 budget towards the project includes \$500,000 in direct contribution (cash) and an additional \$507,894 in personnel expenses (SAP Cost Object T00465). The Ordinance directs PBOT to authorize payment to Metro for the \$500,000 in direct contribution.

There are currently no other funds budgeted towards the project in future years in PBOT's 5-Year Capital Improvement Plan. Therefore, the Ordinance directs PBOT to prepare a budget request for FY 16/17 to encumber the second half of the City's funding contribution in accordance with the IGA, which includes \$500,000 in direction contribution (cash) and an additional estimated \$500,000 in personnel expenses.

Project Development Phase: Cost Estimates and Funding Commitments from Project Partners

Metro estimates the total cost of the two-year Project Development Phase ranges between \$7,100,000 and \$8,870,000 depending upon the NEPA class of action, including both cash and in-kind staff time. Metro, TriMet and the partner agencies continue to develop a scope of work for staff and consultants that will further refine this cost estimate, therefore, the level of confidence for the Project Development work is moderate.

Metro is expected to spend \$1,240,000 towards the Project. Metro intends to enter into additional intergovernmental agreements with TriMet and other Project partners to secure funding and other commitments to accomplish the work.

Project Match: Leveraging Local Funds with Future Federal Funds

The TSDC funds require a 25% match over the life of the project. The IGA directs Metro to track Project expenditures to account for TSDC match and to provide documentation to the City to show Project expenditures for work on the Project's SE Division Street segment and anticipated cost-to-

complete. [note: Procurement of rolling stock (e.g. buses) is not an eligible expense and other project funding will be required.]

Once the project is in FTA Project Development, any project-eligible expenses can be counted as match toward a future federally-funded grant of up to \$75 million under the FTA Small Starts Program.

Project Implementation and Funding: Future Years

Upon the successful completion of Project Development, the project partners, including the City of Portland, may consider advancing the project to final engineering and construction and make a formal application to the FTA for a Small Starts Construction Grant.

In order to qualify for the Small Starts program and an FTA grant of up to \$75 million, the overall project cost must be less than \$250 million. During the two-year Project Development phase, formal cost estimates will be prepared based on a refined design and preliminary engineering.

Metro will lead the effort to develop a finance plan to determine the region's approach to funding the transit project.

Any future financial contributions from the City of Portland will require City Council action. Up to \$8.394 million of City of Portland TSDC funds are available for the life of the project for capacity increasing improvements to the transportation system along SE Division Street such as safer pedestrian crossings, new sidewalks and street lighting, and enhanced traffic signals to accommodate transit service.

If Ordinance is Not Approved

If this Ordinance is not approved and the City does not enter into an agreement with Metro, this would either halt the project entirely or substantially reduce the extent of the project and the City's role in this regional transit project.

Community impacts and community involvement:

Meaningful public involvement is critical to the success of the project. The Project work plan attached to the IGA directs Metro and the project partners to continue to explore opportunities to advance additional planning activities and development opportunities that align with the local aspirations of the community the transit project will serve. The Project will continue efforts to engage diverse and representative community members, businesses and institutions to develop a project that meets the needs of transit riders, identifies related transit, roadway and active transportation infrastructure, complements existing neighborhoods, and serves commercial neighborhoods, educational institutions and major destinations. Project partners are committed to a realistic proposal with strong community support.

Response to Community Concerns

The Project Steering Committee weighed public input and technical information to approve the *Powell-Division Transit Action Plan*. Stakeholder testimony at the May 13 City Council hearing requested that the Project develop and recognize Community Benefit Agreements to document how the project promotes economic growth and workforce development for people who live in the corridor. As a result of that testimony, action items were added to the *Powell-Division Transit*

Action Plan to direct the project partners to explore Community Benefit Agreements, to monitor the US Department of Transportation's (DOT) Ladders of Opportunity Contracting Initiative Pilot Program, and to track and support new rule making regarding geographic hiring provisions for labor on DOT-assisted projects.

Public Involvement with Diverse Communities Shaped Project Decision-Making

During the planning phase, the project partners worked with communities along the corridor through broad and inclusive engagement. Public engagement activities, led by Metro with support from all of the project partners, included numerous input opportunities in inner Southeast and East Portland.

Latino, Chinese, Vietnamese, Russian, Tongan, Bhutanese and Native American Portlanders were reached through public involvement efforts, as well as Portland youth and seniors. The project team also engaged with community building and economic development efforts in the Jade District and the Division Midway Alliance, which are two of the Portland Development Commission's Neighborhood Prosperity Initiative districts, and reached Portland Community College students and administration. Project staff sought input through a variety of methods including: briefings to committees, neighborhood associations, business and advocacy groups; open houses; bus stop surveys; and an online map comment tool. Project working groups held meetings focused on specific topics: transportation, development, equity, and safety and security.

Important themes emerged during engagement activities that contribute to Portland Plan goals for a prosperous, educated, healthy, equitable Portland:

- 1) People see the transit project and supporting action plan work by the City as a means to advance desired community outcomes including:
 - mixed income neighborhoods
 - intentional affordable housing
 - safer, more welcoming streets and community spaces
 - more jobs in the corridor
 - support communities of color
 - protecting existing small businesses, especially ethnic businesses at the heart of communities
- 2) People want safer, more comfortable transportation that includes:
 - safe sidewalks, crossings and bike facilities
 - continued or improved mobility for all road users
 - faster, more reliable transit
 - better access to transit
- 3) There are places that could be made safer, more welcoming, healthier and better connected, which could present opportunities for business development and community building.

Metro is the lead agency for public involvement activities. Metro's primary contact for public involvement is Dana Lucero, Senior Public Involvement Specialist (503-797-1755; Dana.Lucero@oregonmetro.gov)

Budgetary Impact Worksheet**Does this action change appropriations?**☐ **YES:** Please complete the information below.☒ **NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

KK 9-10-15