

WEST BURNSIDE AND COUCH PROJECT

**IMPLEMENTATION
AND FUNDING STRATEGY**

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INTRODUCTION

Purpose of Study

The purpose of this report is to recommend a strategy to the Portland Bureau of Transportation (PBOT)¹ for implementing and financing the public improvements on West Burnside and NW Couch described in the “West Burnside/Couch Alternatives Analysis Report” dated November 30, 2006 (2006 Plan) approved by the Portland City Council on April 11, 2007 (Resolution No. 36499). This study was carried out concurrently with the 35% Engineering design and cost estimating recently completed by HHPR, engineering consultant to PBOT.

Before discussing an implementation and financing strategy, it is important for the reader to understand the impetus for the Project and the long and divisive role West Burnside has played in the Central City.

Problematic History

West Burnside Street has a long problematic history that has negatively impacted the downtown for decades.

In 1842, Captain John H. Couch platted Couch’s Addition -- his 640-acre land claim that stretched 1 mile north of Burnside and 1 mile west from the Willamette River to NW 20th. At least two of the characteristics of that and other adjacent plats had significance in creating problems on West Burnside that would become evident a little more than a century later leading to the development by PBOT in 2006 of an improvement plan to address the issues related to West Burnside.

First, Captain Couch established a right-of-way grid oriented to True North. The north Portland grid is approximately a 20-degree angle off of the downtown grid, said to have been platted on Magnetic North at the time, leaving awkward intersections and triangular spaces at many of the junctions of downtown streets as they cross West Burnside.

Second and more significantly, Captain Couch platted all of his properties with a 60-foot right-of-way. In the mid-1800s, a 60 foot width for West Burnside would have been adequate since upper West Burnside was probably little more than a country road, but that width has proved inadequate for what is now a major arterial connection with the Portland western suburbs, as well as the eastside. Some time early in the 20th century, apparently in an effort to correct the shortcoming, a portion of lower West Burnside (and East Burnside to SE 14th) was widened generally to 100 feet. The widening ended at NW Park on the Westside. This resulted in the arcaded buildings along E. Burnside as the street was widened and sidewalks moved outward into the ground floor space of adjacent buildings. The 60 foot width west of NW Park remains today and new development lacking setbacks along Burnside in recent years appears to preclude any future plan for acquiring private property for widening.

¹Prior to 2009 PBOT was known as the Portland Office of Transportation. For consistency purposes this report refers only to PBOT while some of the actual work was performed under the organization’s prior name.

Rise of the Automobile

Problems on West Burnside became more acute following World War II with the meteoric rise in use of automobiles. Most downtown streets were converted to one-way traffic creating a grid with progressive traffic signalization increasing street capacity, smoothing the flow of vehicles and minimizing pedestrian conflicts with turning vehicles throughout the downtown. The notable exception to this efficient and safe reconfiguration was West Burnside along with most east-west streets north of West Burnside which remained two-way.

By the early-1960s, the I-405 freeway was being planned and traffic congestion on Burnside gained the attention of traffic engineers and City planners. Planning Commission studies conducted in 1962 and 1965 culminated in a City Planning Commission report “West Burnside Improvements Alternate Plans” dated July 1966 (1966 Report). In that report, the City Traffic Engineer cites traffic accident rates on West Burnside equal to 65 accidents per million travel miles, nearly 5 times the accident rate on urban highways at the time. West Burnside between the river and NW 23rd was described as “the most dangerous street within the City” and traffic conditions as “worse than [on] any other street within the City of Portland”.

The 1966 Report illustrates seven couplet and right-of-way widening options and evaluated each with regard to traffic and land use factors. The City Planning Commission recommended Option 1, a full length couplet between NW 2nd and NW 24th Place with eastbound traffic on West Burnside and westbound traffic on NW Couch and NW Davis west of NW 19th. After considering objections from property owners over one facet or another of all the options, the City Council rejected the report and its recommendations. Only one recommendation calling for tree planting on Burnside between Park and the Burnside Bridge was eventually implemented by the City in the late-1960s.

Without right-of-way widening or a couplet, the City traffic engineers were left to address the West Burnside traffic congestion problem with what was described in the 1966 Report as a temporary solution -- removal of on-street parking and curb setbacks. Parking was removed and the 12-foot sidewalks were narrowed to 9 feet to create a 44-foot pavement for four traffic lanes. Left turns from West Burnside into downtown from both the west and east were prohibited to increase the capacity of the street while sacrificing the accessibility of downtown from this important thoroughfare. This configuration remains today.

Despite these changes, with its limited right-of-way width, angular street intersections and two-way traffic, the conflicts, congestion and safety issues on West Burnside largely remain. Plus, narrow sidewalks, no parking and lengthy four-lane crossings leaves pedestrians little refuge from automobiles speeding towards the parade of green lights up and down Burnside, emblematic of the two-way simultaneous traffic signal system.

The Burnside Barrier

Another factor which has exacerbated conditions on West Burnside is the recent growth and development in North Downtown and West End. In the last decade, the downtown north of West Burnside has experienced an astounding transformation from rail yards, light industrial uses and skid row to a vibrant mixed-use neighborhood. This change has been aided by enormous private and public investment in projects that include the renovation of Union Station, transit mall extension and addition of light rail, development of the Burlington Northern rail yards, streetcar, public parks, Chinese Garden, Saturday Market, theaters, galleries, restaurants, historic restorations and new mixed-use commercial projects with thousands of square feet of commercial floor area, market and low-income apartments and residential condominiums. And more projects, for example the full block Uwajimaya in Old Town, are on the drawing boards. Redevelopment of properties immediately south of West Burnside has also begun to appear, most notably the new 14-story SW 12th & Washington Tower and redevelopment of the property on West Burnside at SW 12th Avenue.

A growing number of people are attracted to North Downtown yet find it inaccessible from the west by automobile and difficult accessing by walking from Downtown. These new visitors and the permanent area population driving, walking, biking and riding transit in and between the Downtown, the West End and North Downtown experience increased congestion and delays created by the West Burnside “barrier”. Emblematic of this barrier is the fact that most redevelopment has “turned its back” on West Burnside, notably the Brewery Blocks.

Transit service and riders in particular are impacted by this barrier. Buses traveling on Burnside often experience delays, but the greatest impact is in crossing Burnside. On the newly renovated transit mall, nearly 700 buses and, since September 2009, 300 light rail vehicles cross Burnside each day. Added to this are 150 streetcars crossing on 10th and 11th, a number that will double to 300 streetcars per day when the Eastside Streetcar Loop Project is completed and service between OMSI and PSU/RiverPlace begins. And in the future, it can be expected that transit service will improve and the number of transit riders will increase.

Even with minor delays measured in seconds, with 10,000 average daily ridership, Portland Streetcar estimates that the Burnside crossings will result in its riders wasting up to 15,000 person-hours each year as streetcars wait for a green light or for congestion to clear at the crossings on SW 10th and NW 11th and West Burnside. Further, it is estimated that the West Burnside crossing adds up to \$100,000 each year to the streetcar operating costs. While estimates are not available, the impact on the TriMet light rail and bus riders and operations is even more substantial.

With a Burnside and Couch couplet, West Burnside signalization would be integrated into the downtown progressive signal system, saving many wasted transit rider-hours and reducing transit operating costs.

2002 West Burnside Plan

The current Burnside and Couch transportation and urban design project began almost 10 years ago. In 2000, anticipating the extent of North Downtown transformation and emergence of the West End Plan, a Stakeholder Advisory Committee was formed. The Committee was intent on addressing the problems on West Burnside -- the unnecessarily high numbers of vehicle and pedestrian accidents, poor pedestrian environment, lack of on-street parking, crowded and unpleasant transit stops, restricted left turns, traffic congestion and the barrier that West Burnside creates between SW and NW downtown neighborhoods. The Committee and its membership representing the neighborhoods, businesses, property owners, social service agencies and the general public, recommended the “Burnside/Couch Transportation and Urban Design Plan” (2002 Plan).

The 2002 Plan outlined recommendations that respond to the diverse needs of the Central City and its surrounding neighborhoods for integrating Burnside more fully into the fabric of the city. The plan identifies catalyst development opportunities, recommends functional and aesthetic improvements to the right-of-way, and establishes a blueprint for public and private investment. Specific improvements include a one-way traffic system for Couch and Burnside from east 14th to west 16th, full-time on street parking on both streets, and signals at every intersection.

The 2002 Plan received wide public support from the directly affected neighborhoods, residents and business as well as bicycle and pedestrian advocacy groups, and the public at large. Economic consultants retained by PDC estimated that implementing the 2002 Plan would generate over \$755 million in new development and renovation of existing buildings over the next twenty years including 1,060 new housing units and 3,330 employment opportunities.

The 2002 Plan was approved by the City Council with its adoption of Resolution No. 36114 on December 11, 2002. The City Council further directed PBOT to begin technical refinements to the plan and develop a strategy for funding implementation.

2006 Report

Consistent with the direction given by the City Council, PBOT undertook additional studies before embarking on the engineering work recommended in the 2002 Plan. This effort led to completion of the “West Burnside/Couch Alternatives Analysis Report” dated November 30, 2006 as a supplement to the 2002 Report. (2006 Report)

On April 11, 2007, the City Council approved Resolution No. 36499 adopting the 2006 Report. Resolution No. 36499 is attached to this Report as Appendix A. The 2006 Report recommended a West Burnside and Couch couplet between 2nd and 15th, substantially in the form approved in the 2002 Plan. However, the 2006 Report included a new feature -- a new streetcar line from NW 24 Place to NW 2nd and ultimately across the Burnside Bridge to SE 12th and potentially to the Hollywood District in NE Portland. The Resolution also directed PBOT to proceed with preliminary engineering and completion of 35% engineering documents, to report back to the Council with highly reliable cost estimates and a viable funding strategy; and to incorporate a streetcar in the Project.

2008 Report

After completing a public process in cooperation with the West Burnside/Couch Design Advisory Committee (DAC) appointed by then City Commissioner of Transportation Sam Adams, a consultant and PBOT staff team prepared a report entitled “Burnside/Couch Transportation and Urban Design Project, West Burnside Amended Technical Refinements” dated June 6, 2008 (2008 Report). This document further refined the 2006 (Supplemental) Report by adding streetcar and green street improvements.

The 2008 Report recommends urban design, traffic and street improvements on both West Burnside and NW Couch from NW 24th Place to NW 2nd. Features of the design include:

- Sidewalks on upper West Burnside widened from a minimum of 12 inches up to 9 feet
- 170 new on-streetcar parking spaces
- Left-turn lanes
- Bike lanes
- Streetcar between 2nd and 24th Place
- “Pedestrian Refuges” where Burnside obliquely intersects downtown streets
- Public art
- Storm water runoff system
- Traffic signals synchronized with the Downtown and North Portland progressive signal system
- Twin Ornamental street lighting
- Elevated table pedestrian crossings
- Street trees
- Other amenities.

Streetcar

In the Resolution adopting the 2006 Report and approving the Project, the City Council directed that the Streetcar should be included in the Project.

Subsequently as a separate effort commencing in 2007, PBOT initiated a City-wide study and public process directed towards preparation of a Portland Streetcar System Plan. A draft “Portland Streetcar System Concept Plan” dated July 1, 2009 (Draft System Plan) has been completed and circulated for comment. The Draft System Plan recommends a Burnside Couch Streetcar as a first priority project. However, the alignment of the Burnside Couch Streetcar in the Draft System Plan is different from that envisioned in the 2006 Report. The Draft System Plan proposes a substantially longer and more costly Burnside Couch Streetcar alignment between NW Thurman and the NE Portland Hollywood District. On the Westside, the streetcar would operate on the Burnside and Couch couplet to NW 18th and 19th and then north on the NW 18th and 19th couplet to a terminus at NW Thurman.

Metro rated alignments in the Draft System Plan report with their findings set out in an August 14, 2009 letter. The Metro ratings reinforce the PBOT identification of the Burnside Couch Streetcar Project as a first priority project. Metro analyzed eight segments of the immediate alignments described in the Draft System Plan and rated each with regard to Transit Oriented Development (TOD) potential by density, diversity, design and development readiness (the Four Ds) criteria. The analysis did not include alignments that are already in various stages of implementation such as the Eastside Loop Project, the Close-The-Loop Project and the Lake Oswego Streetcar Project.

As can be seen in Table 1, summary of the Metro TOD Ratings, the Burnside Couch Streetcar alignment between NW 19th and SE 14th received the highest Total Index rating of all of the potential future Streetcar alignment segments identified in the Draft System Plan. It ranked the highest in three of the eight categories including employees per gross acre (53), urban living infrastructure (amenities) per square mile (344) and lowest average block size (1.1 acres). As a result, Burnside/Couch between NW 19th and SE 14th scored 694 out of a possible 800 indexed points. Segment No. 5 -- NE Sandy Blvd. between NE/SE 14th and the Hollywood District is a part of the Couch Burnside Streetcar. It has a lower index of 441. However, when averaged with Segments No. 1 and 2 for the total 4.7-mile alignment between NW Thurman to the Hollywood District, the rating Index is 576, higher than Segment No. 3 -- Morrison/Belmont to 50th and Hawthorne alignment, the third highest Total Index rating.

Table 1

Portland Streetcar System Plan
Metro TOD Ratings

<u>Streetcar Segment</u> (Corridor)	<u>Total Index</u>
1. Burnside/Couch; NW 19th to E 14th	694
2. NW 18th/19th; Burnside to Savier/Thurman	595
3. Morrison/Belmont to 50th/Hawthorne	537
4. Broadway/Weidler; 7th to Hollywood	473
5. NE Sandy Blvd.; E 14th to Hollywood	441
6. MLK Jr.; Broadway to Killingworth	386
7. Gateway Circulator	347
8. SE Tacoma; Sellwood Br. to Springwater	218

While the Burnside Couch Streetcar is identified as a feasible project and is an appealing feature of the West Burnside and Couch Project, it potentially involves expanding the Project cost and boundaries and, if a part of the Project, could involve it in a protracted approval and funding process.

In order to qualify for federal funding, the Streetcar element of the Project may be subjected to complex Federal Transit Administration (FTA) procedures. These currently involve conducting an Alternatives Analysis (AA), the evaluation of alternative transit options (including diesel buses); selecting a Locally Preferred Alternative (LPA); completing an Environmental Assessment (EA), if not an Environmental Impact Statement (EIS), the related public environmental processes and an FTA Finding of No Significant Impact (FONSI); and at least a “Medium” rating under the FTA Transit Service User Benefit (TSUB) test.

These steps would be carried out in cooperation with Metro and TriMet (currently the locally designated FTA grant recipient, at least until the City completes a process underway to establish the City as an FTA grant recipient). Under current regulations, a Development Phase Grant application must be filed and approved by FTA prior to commencing the AA/EA/EIS procedures and a Construction Grant Application must be approved before commencing final design engineering and construction once the AA/EA/EIS procedures are successfully completed.

Present experience suggests that it could be three, four or more years before the streetcar could enter construction. The Portland Streetcar Eastside Loop Project, with FTA approval for construction expected this month, will have been engaged in project planning and the federal funding process for nearly 10 years.

The Loop Project will be the first streetcar project funded under the Small Starts grant program. The process for subsequent streetcar projects may be simpler and shorter. The work done in the System Planning effort described above may help in gaining early cooperation from Metro and TriMet and in expediting the AA/EA/EIS procedures.

This report does not address the funding strategy for obtaining federal and local funds for the Burnside Couch Streetcar Project estimated in the Draft System Plan to cost over \$200 million in 2013 dollars for the full line between NW Thurman and Hollywood. If an initial phase Minimum Operating Segment (MOS) truncation of the full line is pursued and approved, the cost could be substantially less.

PROJECT IMPLEMENTATION

If the Project is like other public and private projects, its timing and phasing will be driven largely by funding. Two fundamental approaches for building the Project were considered before PBOT began the 35% engineering designing effort: Build the entire Project, including streetcar, in a single phase; or build the Project incrementally.

Build the Project in a Single Phase

Building the entire Project including the streetcar element in a single phase has advantages and disadvantages as follows:

- With the streetcar, the cost of construction of certain portions of the streets, sidewalks, storm drainage system, handicapped ramps, streetlight, landscaping, signals and other features could be eligible under an FTA Streetcar Small Starts federal grant, potentially critical to filling a local funding shortfall.
- There could be savings in the cost of managing, designing and constructing the Project due to the larger volume of construction and the efficiency of building all improvements at the same time.
- The start of the Project would be delayed for several years while carrying out the FTA process for the streetcar element of the Project, adding even more cost due to inflation.
- The increased cost of the Project as a result of inclusion of the streetcar could exceed the current “Small Starts” funding limit resulting in increasing the local funding required beyond what is reasonably feasible, unless a shorter MOS can be approved and/or the current \$75 million project cost limit is increased by Congress and the Administration.
- Sources of local funds to build the entire Project in a single phase have not been identified.

Build the Project Incrementally

Building the Project incrementally starting with an initial NW 2nd to NW 16th phase while federal streetcar approval processes are being conducted presents some important advantages:

- Local funding for an initial limited scope phase of the Project appears to be feasible.
- The Project could move forward in the near term hastening further redevelopment of the West End and North Downtown.
- Moving quickly may result in lower cost due to the current low inflation rate, low interest rate for interim financing and falling construction costs, conditions that could change in the not too distant future if the federal and state economic stimulus packages prove to be successful.

- Establishment of the “bones” of the Project now sets the stage for proceeding with additional improvements to be constructed over time as funding from federal and local public and private sources become available. Fixing the final traffic pattern on West Burnside and NW Couch will encourage complementary responses from adjacent development projects and projects currently being considered or planned.
- Creation of jobs and economic benefit within the City during a time of recession with a relatively short duration construction infrastructure Project that can be implemented almost immediately after local approval.
- Disruption to traffic and adjacent businesses and residences would be less, in an initial phase and at a time when the retail and service sectors of the economy are already struggling.

35% Engineering Design

In response to significant budget constraints, Commissioner Adams, in Fall 2008, directed PBOT to reduce the cost of the couplet. The project was scaled back to include only an initial phase of the total project -- the most essential improvements for establishing the couplet on West Burnside and NW Couch. This reduced the estimated cost by more than \$20 million. The 35% Engineering design work carried out by PBOT and HHPR, its consultant, proceeded based on this approach.

The scope of the first phase work would be limited to traffic and street improvements on West Burnside and NW Couch between NW 2nd and NW 16th. Some, but not all of the amenities recommended in the 2008 Report would be deferred. Also, improvements that would be sacrificed if and when a Burnside Couch Streetcar Project is built were not included, except for the refurbishing of failing street paving on NW Couch.

The balance of the features recommended in the 2008 Report including improvements on upper Burnside could be built during a subsequent phase in conjunction with a streetcar after approval of federal funding or in additional phases independent of the streetcar. Also, some portions of the Project could be built in conjunction with adjacent redevelopment projects or as one of the City’s scheduled annual maintenance projects. Or, portions of or all of the balance of the Project could be financed with some unexpected sources such as a Federal or State economic stimulus grant or other program. The incremental approach requires particular care in shaping each phase so as not to preclude future phases or to include features that would have to be sacrificed in future phases.

Other Recommendations

It is recommended that the steps to implement the Project as defined in the recently completed 35% engineering design drawings begin as soon as possible, commencing with Final Engineering on or before March 2010 start date proposed in the schedule below. The sooner the Project gets underway, the higher the probability that the costs will be on or below the estimated cost. The sooner the form of the couplet is fixed, the sooner and greater likelihood that portions of the West Burnside and Couch improvements can be incorporated into development projects, annual City maintenance budgets and funding opportunities currently being planned or that arise from time-to-time. This might include adjacent sidewalk improvements that can be incorporated into private development projects at little or no cost to the City including curb and sidewalk reconstruction, street trees, street lighting, storm water quality basins, public art and other features proposed in the 2008 Report.

To the greatest extent possible, the Streetcar AA/EA/EIS work should proceed concurrently with Final Engineering of the Project. Every effort should be made to gain approval of a Streetcar Project, either an MOS or the entire alignment, that can maximize federal funding and leverage local funding; and to preserve the opportunity to incorporate the investment in the initial phase of the Project as local match for a future federal Small Starts grant.

An Alternative Contracting Method (Portland City Code section 5.34.810) should be pursued with a Construction Manager/General Contractor (CM/GC) consultant retained as soon as possible after authorization of Final Engineering. Involvement of a CM/GC in the design process usually does not involve a large expenditure and can help maximize cost savings in a Value Engineering effort. The CM/GC should be retained early in the process with the goal of establishing a firm Project cost before completing Final Engineering and requesting City Council authorization for construction.

Next Step/Schedule

- Presentation of the 35% Design and LID proposal to the public and individual property owners
- Presentation to and approval of the 35% Design and the Project Implementation Strategy/Finance Plan by the City Council
- City Council authorization to proceed with Final Engineering, to seek firm support and agreements from funding sources identified in the Project Finance Plan and to begin the consultant selection process for the Streetcar AA/EA/EIS work and a CM/GC. This will require a financial commitment of \$1,362,789 for Final Engineering (March 2010)
- Preparation and release of RFP/QBS documents, completion of a selection process and award of contracts for Streetcar AA/EA/EIS consultant services, and a CM/GC requiring a financial commitment of \$1,246,000 (April and May 2010)
- Complete Final Engineering and final cost estimates (December 2010)

- Bid and/or negotiate an amendment to the CM/GC contract (January and February 2011)
- City Council approval of a general construction contract or an amendment to the CM/GC contract (March 2011)
- Completion of Project construction and the Streetcar AA/EA/EIS work (April 2012)

A preliminary order-of-magnitude schedule is shown in Table 5 generally reflecting the dates for the above steps.

PROJECT FUNDING

Project Cost

Table 3 sets out a breakdown of the 35% engineering design cost estimate prepared by HHPR for PBOT, summarized into general categories of the work.

Table 3

First Phase
West Burnside and Couch Project
Estimated Cost

General Construction

Mobilization	\$532,600
Temporary Provisions	\$1,131,550
Excavation	\$245,424
Sewer/Water	\$754,841
Street/Sidewalk Paving	\$1,425,246
Traffic Signals	\$3,325,000
Street Lighting	\$450,000
Signs/Markings	\$175,000
Trees/Landscaping	\$251,050
Basement Extension	\$140,000
Bike Racks	\$5,000
Parking Meters	\$132,600
Contingencies	\$2,120,043
Inflation	<u>\$1,803,173</u>
Total Construction Cost	\$12,491,527
Construction Award Reserve	\$1,230,553
Construction Management	\$1,845,830
Right-of-way/easements	\$14,754
2% for art	\$80,000
Final Engineering	<u>\$1,845,830</u>
Project Cost (rounded)	\$17,508,000
Other Related Costs	
Streetcar AA/EA/EIS	\$1,246,000
Grand Total	\$18,754,000

Funding Sources

The recommended funding sources are a Local Improvement District, Transportation System Development Charges, River District Urban Renewal Area Tax Increment Financing and Parking Revenue Bonds as set out in Table 4. Each source is analyzed in the section titled Funding Source Analysis below.

Table 4

First Phase
West Burnside and Couch Project
Recommended Funding

Local Improvement District (LID)	\$3,000,000
Transportation System Development Charges (TSDC)	\$5,754,000
Tax Increment Financing (TIF)	\$6,000,000
Parking Revenue Bonds	<u>\$4,000,000</u>
Total Funding	\$18,754,000

Project Cash Flow

Once the funding sources are agreed to, the next questions are: how soon is the cash needed? When can it be obtained? A preliminary “order-of-magnitude” schedule is set out in Table 5 to help address these questions.

An estimate of the cash flow and draw down of the funding sources is set out in Table 6, related to the schedule in Table 5. These estimates are based on the assumptions that:

- The funds will be required in the month that follows the month in which work is completed.
- The funds will be required over the life of the work items on a simple straight line basis.
- the Streetcar AA/EA/EIS must be paid out of TSDC funds, since some of the AA/EA/EIS work may be for improvements outside of the Project area and the River District Urban Renewal Area.
- LID and Parking Revenue Bond funds will not be available until completion of the Project (which is a statutory requirement in the case of the LID).
- TSDC and TIFF funds will be available in FY 09-10 and FY 10-11 to cover early expenditures.

These assumptions may vary significantly based on the actual project schedule and detailed conditions agreed to by the participating agencies. However, from this analysis one can conclude that interim financing might only be needed to cover \$7.0 million in project expenses for 6 to 8 months until the LID and Parking Revenue Bond funds can be collected at the end of FY 11-12. The cost for this interim financing could be in the range of \$100,000 to \$300,000, depending on actual conditions. There appear to be adequate contingency allowances included in the cost estimate in Table 3 to cover this cost.

Table 5

First Phase
West Burnside and Couch Project
Preliminary Schedule

Work Items	Duration (months)	FY 09-10 7/1/09-6/30/10	FY 10-11 7/1/10-6/30/11	FY 11-12 7/1/11-6/30/12
Final Engineering	10	xxxx	xxxxxx	
Bidding	2		xx	
Construction	14		xxxx	xxxxxxxxxxx
Streetcar AA/EA	24	xx	xxxxxxxxxxx	xxxxxxxxxxx

Table 6

First Phase
West Burnside and Couch Project
Preliminary Cash Flow

Work Items	Duration (months)	FY 09-10	FY 10-11	FY 11-12	Total (rounded)
Final Engineering	10	\$554,000	\$1,292,000		\$1,846,000
Construction	14		\$4,475,000	\$11,187,000	\$15,662,000
Streetcar AA/EA	24	\$52,000	\$623,000	\$571,000	\$1,246,000
Expenditures		\$606,000	\$6,390,000	\$11,758,000	\$18,754,000
Sources					
LID				\$3,000,000	\$3,000,000
TSDC		\$303,000	\$3,195,000	\$2,502,000	\$6,000,000
TIFF		\$303,000	\$3,195,000	\$2,256,000	\$5,754,000
Parking Bonds				\$4,000,000	\$4,000,000
Funding		\$606,000	\$6,390,000	\$11,758,000	\$18,754,000

FUNDING SOURCE ANALYSIS

Local Improvement District (LID)

Friends of Burnside/Couch, Inc. met on January 1, 2009 and May 14, 2009 to discuss the Project design and the proposal to form an LID to assist in the capital funding of the Project. While the total assessment and details of the method of assigning benefit for distributing the assessment burden were not specific, attendees generally supported the Project and an LID to help fund it. However, there were some reservations about the LID. In particular, there was a concern about the economic impact that assessments would have on properties and businesses hard-hit by the current economic downturn. The timing of the LID proposal was questioned on this account and because these same property owners are currently being assessed by the City for the Portland Mall Renovation Project LID .

Subsequently, the LID was discussed with several property owners in private meetings with the objective of getting a better gauge on the characteristics of an LID that could garner broad support. While most continued to voice support for the Project and the LID, a variety of requests and conditions surfaced. The following is a synthesis of the informal comments about general features of an LID that might be supported:

- Assessments fixed at the total amount of \$3.0 million. Some property owners were willing to support a higher total, but others were not.
- LID bounded by I-405 on the west, the centerline of NW and SW 1st Avenue on the east and the centerline of NW Flanders and a parallel line 1820 feet to the south on the north and south. Many of the property owners consulted would like to have seen a large district, but all recognized that spreading the burden also increases the potential for opposition and failure. The recommended LID boundaries are shown in Figure 1.
- A lineal foot assessment amount on properties fronting on the improvements -- properties facing West Burnside, NW Couch and NW 2nd in the amount of \$20 to \$30 per lineal foot.
- Assessments on all properties in the LID based on dollars per square foot of land in an estimated amount of approximately \$0.80 for a single zone alternative or \$1.12 and \$0.56 for a two-zone alternative. Under the two zone alternative, all properties within 390 feet of the centerline of the LID boundary would be in Zone A and all others in Zone B. The \$1.12 and \$0.56 rates are based on Zone B properties being assessed at one-half the Zone A rate.
- Condominium and single family residences assess at one-half the rate of other properties.
- Delaying the assessment until Project completion, but not before January 1, 2012, by which time it is hoped that the current economy will have improved. It should be noted that the schedule in Table 5 suggests that the Project will not be completed until April 2012.

NW Naito Parkway

FIGURE 1



WEST BURNSIDE AND COUCH PROJECT
 LOCAL IMPROVEMENT DISTRICT

10/1/2009

- Crediting the LID assessments against any future assessments under an overlaying LID that might be formed for upgrading the Project including a future Burnside Couch Streetcar.
- 20 year City financing of the assessments with municipal bonds at federal and state tax exempt rates.

It is recommended that petitions be sought from as many large and small property owners as possible with the goal of obtaining support from owners assessed more than 50% of the total LID. As discussed below, certain features of the LID should be studied further before initiating discussion in public and private meetings and before seeking formal LID petition support.

Two alternative assessment approaches were discussed with selected property owners -- a one-zone and a two-zone alternative. Both should be considered further. Condominiums present a unique challenge. With the assessments based on frontage and area of the land occupied by the condominium improvement, consideration should be given to the method for equitably prorating the assessment among the individual condominium units. Alternative criteria might include prorating assessments by a straight line, unit floor area or market value method.

It is recommended that all properties, excluding condominium storage units and parking spaces typically valued under \$40,000, should be assessed a minimum of \$100.

It is also recommended that consideration be given to incorporating a 2 to 5% contingency in the assessments when estimated assessments at formation and the amount at the time of final assessment are presented to property owners. This will allow the City Council some flexibility to adjust a final assessment amount based on legitimate property owner objection without reducing the target assessment amount or raising individual assessments.

Tax Increment Financing

Approximately 53% of the West Burnside/Couch Project is within the boundary of the River District Urban Renewal Area managed by the Portland Development Commission (PDC). This would indicate an upper limit of eligibility for tax increment financing participation in the \$18,754,000 project cost of about \$9.9 million. While the project is on the FY 2008-9 to 2012-13 URA Program Map, it is currently unfunded. PDC will soon begin a process to allocate additional dollars available through the recently agreed increase in maximum indebtedness. It is recommended that \$5,754,000 be requested from PDC for the Project.

Transportation System Development Charges (TSDC)

Transportation System Development Charges (TSDC) are one-time fees assessed to new development and changes in use that result in increased demands on the transportation system. The amount of the fee is calculated based on a complex rate model approved by the City Council in adopting the TSDC Program. The obligation to pay the fee is established upon issuance of a building permit and may be paid at issuance of the permit or over a five to ten year period with interest. The fees collected under the TSDC Program are separately accounted for within the Transportation Fund.

With extensive public input the City has identified a list of growth-oriented, multi-modal transportation improvement projects that guides the expenditure of TSDC revenues over a ten year period. Currently the City is in year two of the ten year program cycle. The list includes 43 projects with an estimated cost of \$414 million. On average, about 25% of the project cost is attributable to new transportation capacity and therefore eligible for TSDC funding. By law, the balance of the project cost including pre-existing deficiencies must be paid from other sources. If the City does not collect the full amount of expected revenue, some projects will not be constructed or the City Council may opt to update and renew the project list. The City Council has final say in determining which projects will be funded as part of its annual Capital Improvement Plan.

The West Burnside and Couch Project is on the current (FY 2008-2017) City Council approved list. Analysis of the Project indicates that about 90% of the improvements are TSDC eligible resulting in a total maximum TSDC spending capacity of around \$16.8 million. However, as mentioned previously the TSDC Fund is constrained and over the ten year life of the program can be expected to generate only 40% of the eligible project costs on average. Therefore, keeping the Project TSDC funding at parity with other projects on the list results in a reduction of the total maximum TSDC spending capacity of 60% yielding a realistic estimate of Project TSDC funding of \$6.7 million. Under these circumstances PBOT has advised that the Project could expect to receive approximately \$6 million in TSDC funding.

The exact timing of the availability of these TSDC funds is in question. At present, the project is listed as “out year” which may require interim borrowing until TSDC cash flow is available. It is also possible that other nearer term projects will not move forward thereby freeing up TSDC resources for redistribution to other improvements. This issue is discussed in a previous section of this report.

Parking Revenue Bonds

Mayor Sam Adams has suggested that bonded revenues from new on-street parking spaces created by the Project be utilized as one element of an overall finance plan. The PBOT project team, in conjunction with the Parking Control Division (PCD), has determined that a total of 170 new on-street spaces will be created, largely due to the downsizing of West Burnside. To assist in determining the debt service capacity of these spaces, the PCD conducted an analysis of revenue from pay stations proximate to West Burnside. These pay stations are predominately located on NW Couch between Naito Parkway and NW 14th Avenue, the cross streets between West Burnside and Couch within this corridor and four block faces on lower West Burnside.

PCD utilized actual calendar 2008 revenues from these pay stations to determine the average revenue per space/day to be \$6.45. The detail of the PCD analysis can be found in Appendix A to this report. It should be noted that using calendar 2008 actual revenue automatically takes into account the effect of the current economic and retail downturn on parking revenues.

In July 2009 the on-street parking rate was raised from \$1.25/hour to \$1.60/hour, an increase of 28%. In addition, six hours of pay station operation and enforcement were added on Sundays for a 9% increase in total metered hours. A revenue analysis was performed to determine the estimated gross revenue which could be funded through the new on-street spaces and is summarized in Table 7 below.

Table 7

Parking Revenue Bonds
Projected Annual Revenue

Days of Operation	2008 Rate(\$)/Space/Day	2009 Rate(\$)/space/day	Pro-rata Sunday Hrs. (6/11ths)	New spaces created	Meter days/year	Projected annual revenue
Monday - Saturday	\$6.45	\$8.26	n/a	170	303	\$425,627
Sunday	\$6.45	\$8.26	0.55	170	52	\$39,809
Total Projected New Revenue						\$465,075

The addition of 170 on-street spaces will require the installation of seventeen new pay stations. The capital cost for purchasing and installing the pay stations is included in the Project cost estimate set out in Table 3. PBOT indicates that the annual operating and maintenance cost per pay station is \$2,585 resulting in a total annual operating and maintenance cost for the new pay stations of about \$43,495 which must be deducted for the total new revenue resulting in a debt service capacity of \$421,130. With annual debt service fixed at \$421,000, a 5.5% fifteen-year bond backed by parking revenues and the full-faith and credit of the City would have a present worth of \$4.23 million to contribute toward the overall project funding plan. From that amount approximately, \$100,000 must be used to fund the cost of issuance of the bonds resulting in a net available to the project of \$4.13 million. If twenty year bonds were issued the net available to the project would be \$4.93 million. Allocating \$4.0 million from this source to the Project appears reasonable.

APPENDIX A

RESOLUTION No. 36499 As Amended

Adopt the “West Burnside/Couch Alternatives Report” and direct the Office of Transportation to begin preliminary engineering next fiscal year as funds become available for the recommended transportation and streetscape improvements to the West Burnside and Couch Streets Corridor outlined in the preferred project alternative, the Burnside-Couch Streetcar Couplet (Resolution)

WHEREAS, there are serious problems on West Burnside that include unnecessarily high numbers of fatal and seriously injurious vehicle and pedestrian crashes, a poor pedestrian environment, no on-street parking, crowded and unpleasant transit stops, restricted opportunities for left turns, traffic congestion and the creation of a barrier between neighborhoods; and

WHEREAS, there are sections of Northwest Couch that have traffic congestion and pedestrian and vehicle conflicts; and

WHEREAS, Burnside is a street of citywide importance which touches the lives of hundreds of thousands of Portlanders every day and represents both figuratively and literally the “heart” of Portland and its central city area; and

WHEREAS, these fundamental problems directly affect the livability of the adjacent neighborhoods and the viability of many business districts including those near Northwest, Goose Hollow, Pearl, Downtown and Old Town-Chinatown; and

WHEREAS, each of these adjacent neighborhoods has developed and adopted a neighborhood plan that specifically identifies Burnside as a serious problem needing to be addressed and remedied for the abovementioned reasons; and

WHEREAS, this project is the product of extensive civic engagement and a comprehensive community decision-making process that was undertaken in order to develop and choose a preferred project alternative; and

WHEREAS, a Stakeholder Advisory Committee representing the affected neighborhoods, business associations, business and property owners, social service agencies and community members was formed in 2000 to address these problems and recommend a plan for improvements titled, “The Burnside/Couch Transportation and Urban Design Plan;” and

WHEREAS, this plan was adopted by Resolution No. 36114 by a unanimous vote of the Portland City Council on December 11, 2002; and

WHEREAS, before beginning the engineering and construction of the improvements recommended by the “Burnside/Couch Transportation and Urban Design Plan”, the current Commissioner-in-Charge for the Office of Transportation directed that additional analysis be conducted to ensure that the proposed improvements adequately address goals for transportation, urban design, economic development, environmental stewardship, and community livability; and

WHEREAS, the “West Burnside/Couch Alternatives Report” documents this new analysis and affirms all of the recommendations of the adopted “Burnside/Couch Transportation and Urban Design Plan” except that it also proposes extending the suggested couplet to Northwest 19th Avenue and adding a streetcar between Northwest 2nd Avenue and Northwest 24th Avenue; and

WHEREAS, the recommended alternative will increase vehicle and pedestrian safety, increase access to adjacent neighborhoods and businesses, reduce overall air pollution, sustainably process stormwater runoff, enhance neighborhood livability, reduce congestion and better regulate traffic flow on Burnside and in the Pearl District, increase transit ridership by expanding the City’s modern streetcar system, connect the south and north sides of the Central City by eliminating Burnside as a barrier, stimulate economic development and increase property values and encourage bicycling by turning NW Flanders into a bike Boulevard; and

WHEREAS, in response to the recommendations recently issued by the Peak Oil Task Force assembled by Commissioner Saltzman and the Office of Sustainable Development, the Office of Transportation has undertaken analysis indicating that this project alternative appears to have the least environmental impact in terms of carbon emissions and energy consumption of all those studied; and

WHEREAS, the emission reductions, fuel consumption savings, pedestrian enhancements, sustainable stormwater facilities, and expansion of our transit system entailed in the preferred alternative support the environmental policies and values of the City of Portland; and

WHEREAS, the recommended alternative will be funded through a public/private partnership and, to allow for active oversight, the funding strategy, cost estimate and preliminary design will be presented to the City Council for review when 35% of the engineering is completed. The project will again be reviewed by the City Council when the engineering is fully completed, the funding strategy is established and before advancing to construction; and

NOW, THEREFORE, BE IT RESOLVED, that the City of Portland adopts the “West Burnside/Couch Alternatives Report” which recommends turning Couch into a one-way street for westerly traffic from NW 2nd to NW 15th Ave., turning Burnside into a one-way street for easterly traffic from 15th to 2nd, and adding a new streetcar line from NW 24th to NW 2nd Ave. (and ultimately across the Burnside Bridge to SE 12th with options for streetcar on either Couch or Burnside from NW15th to NW19th).

BE IT FURTHER RESOLVED, that City Council authorizes the Office of Transportation to begin preliminary engineering of the recommended alternative, the Burnside-Couch Streetcar Couplet, in fiscal year ’07-’08, when funding will be secured.

BE IT FURTHER RESOLVED, that Council directs the Office of Transportation to develop cost estimates of a stronger confidence level and a funding strategy that will later come back to Council for a review and vote.

BE IT FURTHER RESOLVED, that upon completion of 35% preliminary engineering that the Office of Transportation report back to the Council regarding the design, revised, higher-confidence cost estimate and a proposed funding strategy for the project.

BE IT FURTHER RESOLVED, that Council directs the Office of Transportation to proceed with preliminary design work for the enhanced existing Burnside option as a backup option.

BE IT FURTHER RESOLVED, with this second endorsement of the Burnside-Couch Couplet Project, Council directs city agencies to adhere to standard administrative practices and make all street designation adjustments and plan amendments necessary as part of the normal system plan revision process, and do so as a part of a regular future administrative or technical update to affected City of Portland system plans.

BE IT FURTHER RESOLVED, that the City Council deeply thanks and expresses its gratitude to all of those who participated in the community-driven project development and selection process, a process that entailed countless hours and meetings and the immeasurable efforts of hundreds of people over the course of almost eight years.

BE IT FURTHER RESOLVED, that the City of Portland Office of Transportation is directed by Council to identify and implement as soon as possible appropriate and viable interim pedestrian safety improvements for the most dangerous parts of West Burnside.

BE IT FURTHER RESOLVED, that the City Council directs the Office of Transportation to identify and recommend a comprehensive package of safety and mitigation measures for the St. Mary's Cathedral and the Cathedral School, so that any risks and/or adverse impacts are minimized.

BE IT FURTHER RESOLVED, that the couplet will not be built without a streetcar and that the streetcar couplet will be integrated into the Central City Plan.

Adopted by the Council, April 11, 2007

Commissioner Sam Adams
Bill Hoffman:slg
February 16, 2007

GARY BLACKMER
AUDITOR OF THE CITY OF PORTLAND
BY /S/ SUSAN PARSONS

DEPUTY

BACKING SHEET INFORMATION

AGENDA NO. 385-2007

ORDINANCE/RESOLUTION/COUNCIL DOCUMENT NO. 36499 As Amended

COMMISSIONERS VOTED AS FOLLOWS:		
	YEAS	NAYS
ADAMS	X	
LEONARD	X	
SALTZMAN	X	
STEN	X	
POTTER	X	