Welcome and Introductions presented by Neil McFarlane, TriMet General Manager; Chair, Steering Committee

Neil McFarlane welcomed the Steering Committee members and acknowledged a change of membership. He thanked former members Susan Stone, Robert Liberty, Susan Kiel and Bruce Warner for their service. He asked committee members to introduce themselves.

Neil recapped significant milestones on the Portland Milwaukie Light Rail (PMLR) Project since the committee last met. Among the highlights: In July 2010, the Federal Transit Administration announced it planned to fund the project with a 50 percent match. A notable highlight: In three months, the region was able to raise $100 million for the project and agree on $60 million in scope reductions. Neil expressed his appreciation to all project partners. He called it a model for transit projects. Next, he asked Dan Blocher to review project status.

Project Status Update presented by Dan Blocher, TriMet Executive Director of Capital Projects
Dan commended staff and partners for their efforts in recalibrating the PMLR budget to bring it into balance. These involved very difficult conversations, particularly with scope cutting. On one hand, people want to advocate for pieces of scope most dear to them. On the other hand, this team worked together brilliantly to balance that. It did so, and quickly. Our FTA friends did not think we could turn the package around as quickly as we did. They told us it couldn’t happen anywhere else. Hats off to Portland and this group for finding a way to get it done. We can be really proud of that.

We were able to resubmit a recalibrated project in September. That started the line of dominoes to get us to where we are today. Among highlights:

- The publication of the Final Environmental Impact Statement in October.
- The Record of Decision, which closes the NEPA process, on Nov. 29.
- After that, TriMet began hiring the design-build contractor and two construction management general contractors.
- We got a letter from FTA that allows construction ahead of the Full Funding Grant Agreement (FFGA).
- We gave notice to proceed to the bridge design builder Dec. 22. They are off and running.
- FTA gave us final design approval at the end of March. Final design approval and the FTA process are generally seen as the tough hurdle. That puts you at the front of the cue for projects.
- We saw that reinforced with the President’s proposed budget. We look at that as the sort-of opening bid. We were one of four recommended New Starts projects. That is a great achievement.
- We are forging ahead. The bridge designer is well along with the design. The line section designers are preparing the 60 percent designs – about half-way through the final design phase. It’s an important step. From that, we will ask our track contractors to provide a real market estimate of the project. Until now, we’ve been doing the estimating. It will be good to get that two-way dialog going. We use this style of contracting so that, if we find a surprise, we can bend the trajectory to land on our budget.
- The main work for us in the near team is beginning working in the river in July. We have everything in place to allow us to do that. The last steps of permitting are coming along. The contractor is ready to work. It’s going to be an exciting summer.

Neil McFarlane: What happens this summer? What will we see?

Dan Blocher: There will be a little going on this week. The contractor will do exploratory drilling to fine-tune their geotechnical analysis. The main event starts with building some access bridges from each bank out into the river. And then building a large steel can on the river bottom. This is then used to create an artificial island. From that, they will do the foundation work. That is important. We
can only work in the river certain times of the year. Once that island is finished, then you are officially out of the river.

Carlotta Collette: So the cans are where the piers go? That’s the only impact in the river?

Dan Blocher: Yes. The two piers in the river will be to build the main towers. Eventually those islands go away. They’re not permanent.

Project Finance Update, presented by Dan Blocher, TriMet Executive Director of Capital Projects

Agreements we need in place to memorialize the recalibration are nearly completed. We have signed Intergovernmental Agreements (IGA) with Metro for their additional $27.8 million contribution and the City of Portland. We are close to signing the Oregon Department of Transportation IGA for two contributions valued at $23.5 million. And TriMet’s additional contribution is done.

That leaves one piece left to finalize: in-kind property donations of $50.3 million. Some of this is already complete. It’s an extensive process, which includes FTA approval of the appraisals. We added three large properties during recalibration: two in South Waterfront worth $20 million, which have been approved. And another large one on the Willamette shoreline, worth about $26 million. We submitted that to FTA. They asked for a second appraisal. That’s important because they will match that dollar for dollar with New Starts funds.

The remainder are small pieces, none big on their own. We have seen lower right-of-way values. That’s no big surprise: Property values are down. And there were a couple parcels added in recalibration that have some entanglements due to zoning issues. We may not be able to get some of those smaller pieces completely in hand. We feel we are going to be close enough unless the FTA conclusion on the Willamette shoreline is a big difference. We feel very confident we’ll be at or around the $50 million and will be ready to wrap it up. That means being done in June. July 1 is our schedule to submit our FFGA. To do that, you have to have all the pieces in place and signed. We could probably have a couple of exceptions to that and still move ahead with the review. But those are exceptions. They really expect the application to be complete. That’s our goal.

Neil McFarlane: Once we submit in July, when would we be likely to receive the FFGA?

Dan Blocher: Staff believes it would be in March 2012. It’s a nine-month process to get through. The last two months of that is the notification period for Congress.
Carlotta Collette: The assessed value is fixed at this date? If property values go up, you don’t get to re-evaluate that before construction?

Dan Blocher: Yes. That works in our favor. I don’t think (values) will be going up in the near future. The main thing is to get them locked in.

Neil McFarlane: It’s an amazing story that we’ve been able to pull together. Everyone understands the real reason to keep the project moving on schedule is money. As dates slip, you add dollars. Being able to hold the date has expedited the project.

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Deferred Decision Planning presentation by Rob Barnard, Portland Milwaukie Light Rail Project Director

Rob provided background on the recalibration effort. He highlighted the criteria developed to assess scope additions. And he pointed out the recalibration milestones. These are presented in chronological sequence, beginning with those decisions that must be made earlier to be most cost-effective.

The next step is to figure if we have the funds. We use the CMGC model. We have our contractors and designers on board working as a team all through the design process up to 100 percent design. This gives us the opportunity to fine-tune prices. Our first shot at that is in July, at the 60 percent design step. Then there will be another shot at 90 percent design in December, and one in March 2012 at 100 percent. When get the price, it takes lots of analysis. TriMet does its own independent estimate. We also hire a third party to look at the contractor’s estimate. Three elements comprise an estimate: hard costs (e.g., sidewalks, shelters, etc.); general conditions relating to the conduct of construction (e.g., maintaining access for businesses); and risk elements (e.g., labor escalation, unforeseen conditions, etc).

On July 1, we will have a window into where we’re at. Then there will be the December price and the March price.

As we get our 60, 90 and 100 percent design estimates, the team will know how we’re trending. The team will be able to evaluate where there are additional resources. How can we evaluate when to add things back? The team worked with stakeholders, refreshing our criteria.

Rob recapped the recalibration criteria and provided some examples. For example, the team will weigh scope additions by their ability to leverage dollars. Our piece helps leverage “Close-the-Loop,” for example. We are looking for synergies.
With that, we have our Project Team Leaders. They are your director-level staff. They meet once a week. As we get pricing information, the team will look at the whole list. If there is money available, what could come back? The PTL group will make recommendations to the Project Management Group, the executive directors, with the help of other stakeholders and the guiding principles. The PMG will bring a recommendation before the Steering Committee. We will meet in July, and another meeting in the September-October period. The only decision that needs to be made this year is “Close-the-Loop.” All the others can be made next year.

QUESTIONS:

Jason Tell: Can a local jurisdiction get back funds if costs come in lower?

Neil McFarlane: The agreements are independent of scope. We’re using this process to define the scope together. That said, clearly some of the jurisdictions have made it clear that “Close-the-Loop” is very important to them. But it’s not locked into the agreement.

Jason Tell: So it plays out in the process, but it was not specified in the agreement.

Neil McFarlane: Yes. Are there any questions about the elements?

Carlotta Collette: What is Streetcar “Close-the-Loop” exactly?

Rob Barnard: “Close-the-Loop” is a separate project with many components. This piece of it is rail within the operating envelope of our trains. It’s just the area within our trackway, not the area to the north or south, not the additional vehicles or other elements. This is so that, as well get done, we don’t have to tear that part back out. There also is additional work on the ground to do, for example, a plaza connection with OMSI. We are working on supplemental funding for some of those things.

Neil McFarlane: It was in scope originally and among the $63 million that came out. We wanted to be sure that, once we built the trackway, we wouldn’t have to shut down and tear it out later to build this connection. That’s why this is early. And because the special track work requires long lead times before installation.

Rob Barnard: We found that, when we shut down the Steel Bridge, we had to do a bus bridge. That a quarter million dollars a week.

Carlotta Collette: I’m happy to see the Harold Station has moved up. It was my understanding that if we did it now, it was $127,000, but a couple million dollars later. I realize the expense is to prepare for the station, not to built it.
Rob: The thought is to make it wider to accommodate the future station. However, we have learned lessons along the way. We can’t always precisely anticipate our needs 10 years in advance. So we’re on the fence about that. We want to make sure we put it in the right place, but we’re not sure we’re going to get it in the right place in 10 years.

Rob: Before you get your contractor pricing at 100 percent, you want to make sure you’ve added this so the final design includes those retaining walls in the package for bidding.

Carlotta Collette: I wish Clackamas County was here. My understanding is they had hoped the additional parking for the Park Avenue park-and-ride could move up. Is there a reason it’s so far down?

Rob Barnard: Remember, these are ordered by, when is the last point in time to add an item cost-effectively. One of our guiding principles is, at each point, consider the entire alignment. At each decision point, the team reviews the entire list. You don’t want to just pick things from the top of the list and exclude stuff at the end. You want to plan for the whole.

Greg Chaimov: Thank you, Mr. Chair, that addresses the question I would have asked.

Neil McFarlane: Even before we consider the mid-2011 “Close-the-Loop” addition, we need to focus on our estimates and see if room appears in the budget.

Rob Barnard: I want to give a shout-out to the team. It was very difficult to create the list. Your team has worked diligently, come to all the meetings, acted very professionally. They’ve continued to look at the region as a whole. I want to say thank you to your staff.

Neil McFarlane: We have a tentative meeting scheduled for July. We should hold on to that date related to this decision about “Close-the-Loop.” It may be we have enough information that it’s an easy call with an email check-in. But if there is a lot of discussion required, we will need to meet.

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Growing Places: Leveraging the Portland-Milwaukie Light Rail Project, presented by Jillian Detweiler, TriMet Property Development Manager

Today I’m going to ask you to pan back to look at this corridor and all the supporting investments and accomplishments you think it could leverage. This started with discussion at the Project Team Leader level. We know what this alignment is, but we asked what it will become. What is its tag line and mission,
in the much broader sense than the transportation purpose. We took that assignment and started doing research on all the supporting programs that our partners are taking on. (Pointing out the matrix in their packet) What you'll see is that your jurisdictions are very busy with programs that support the PMLR project, in jobs, housing, placemaking, environment and equity.

That is the homework we got from the PTL. While it’s a draft now, we think it shows tremendous potential for PMLR beyond its transportation investment itself. Aristotle said the whole is more than the sum of its parts. That is what we’re going for here. How to ensure these programs and investments leverage each other and end up being more than the individual programs.

We’re seeing this question asked at the federal level as well. They’re asking communities how transportation investments can benefit affordable housing, and how affordable housing can benefit the environment. And we’re seeing related funding opportunities. We have gone after some of that money. And we’re seeing other communities responding to this federal call for leveraging. This includes Atlanta, Minneapolis-St. Paul and Denver.

In Portland, we have a lot of strengths in this area. We have the 2040 Plan, and a regional conversation with more depth than most areas in making connections among different goals. We’re very strong in place-based planning near station areas. We’re strong in site-specific development, as well as planning and investments in biking and walking.

We see opportunities in expanding our strengths to the rail corridor. We can make sure we’re talking among disciplines. Other communities are bringing is foundation and private support, and maybe we could package PMLR to attract that kind of attention. We want to ensure we’re ready for the next federal, state and private sector funding opportunities.

We’re calling this our leverage agenda. We want to invest resources to establish the baseline for the corridor and develop recommendations for goals. For example, what kind of housing is in the corridor now? What do we want our growth goals to be? Who does that growth need to serve?

Next, we want to look at this matrix, and other work we may not have captured, and see if we have a program underway that will help us achieve those goals. We want to identify where more work is needed. And then, track progress.

The discussion we want to have to today is what your jurisdictions can bring to the table to leverage PMLR investment. What kind of interest and staffing might be available? What do you think is the appropriate level of effort? How would you direct us to pursue what is necessary?

QUESTIONS:
Neil McFarlane: It might be helpful to walk through this.

Jillian Detweiler goes through a draft of the Growing Places document. The subjects include:

- What is going on around jobs: Not only construction jobs but jobs generated, for example, in the Innovation Quadrant.
- Housing: Not just broad-based initiatives but those along the corridor.
- Access and mobility.
- Place-making: A traditional activity for us.
- Equity: An emerging area. It’s a question the federal government will ask us. We need to have answers for different segments of our community.

Patrick Quinton: I appreciate this. I have two provocative observations. One, the context is broader than this. Speaking for the city, we have broader strategies around things like jobs and affordable housing. Compartmentalizing it like this misses that. We don’t think of the Innovation Quadrant as placemaking. We think of it as part of an overall economic development strategy. If we’re going to have this conversation, you’re going to have to pull that in. Two, we have to be honest about the impact of light rail on populations along the corridor. And disprove how we are not going to cause displacement. If we try to make it denser, to create more jobs, we will transform these neighborhoods in ways that might not be ways those neighborhoods want. If we really talk about equity, it’s not just about who works on this project. It’s fundamentally about how neighborhoods adjacent to this corridor are affected. As a region, are we willing to go above and beyond what has happened in the past? And make sure they don’t just end up being attractive places for people with higher incomes. It’s hard. You gave good examples around the country of cities tackling those issues. How does transit make things better for disadvantaged populations? In Atlanta, that is the objective.

Carlotta Collette: That is becoming more the discussion. Last week at a national conference I attended, most of the questions were about equity, housing, gentrification, the impact of light rail. In Los Angeles, for example, 90 percent of the bus riders are people of color, while 99 percent of the light rail riders are white, affluent people from the suburbs. I don’t think we have this discrepancy in our system. But we do need to address the housing piece. I want to feel that when we put in light rail, we put in affordable housing as well. I hope we don’t lose that. And in this formula, equity only refers to jobs. To me, it’s really above this other piece, housing, as well.

Tom Miller: There are studies from the EPA, noting that lower-income populations are spending as much on transportation as they are on food. Historically, the City of Portland has not sufficiently looked at affordable housing and partnership opportunities in close-enough coordination with transit
investments. Commissioner Fish is aware of that dynamic. It’s on our radar screen, and I know we’re working to improve it. But, for the purposes of this conversation, there’s a lot more work for the city to do on that front. The facts are compelling.

Neil McFarlane: Yes. Achieving the objectives talked about here is very difficult. Do you have thoughts about that resource question?

Tom Miller: It’s hard. Speaking from previous experience with the City of Portland, we need to anticipate these changes. As a city, we need to identify opportunities, as TriMet did on North Interstate. It’s incumbent on us to do it. We have to buy land early before the valuations make development cost-prohibitive.

Patrick Quinton: I want to caution us not to just think of this as development. We’re trying to figure this out in our economic development work. Who’s driving decisions about what development happens and what role do communities have in that? We’re presuming certain areas along the route need development. That may be the wrong presumption. There has to be more of an element of what the community wants to see out of this.

Neil McFarlane: We can ask that question of CAC.

Tom Miller: To add to that, I concur with Patrick. At the same time, these are, what, 100-year investments? The point is to be mindful that far out in terms of maximizing return on community investment.

Susan Pearce: Speaking more for this neighborhood, the Clinton station is interesting because it overlaps an industrial area and a residential area. And it is right outside the Urban Renewal Area boundary. Overlaid now is a transit system development charge. People in the Central Eastside Industrial District see that as an impediment to development. But I also see that as an impediment to low-income housing development. The Hosford-Abernathy Neighborhood Association is very supportive of low-income housing. The Central Eastside Industrial District, on the other hand, is more interested in workforce housing. They already have a lot of low-income housing.

Neil McFarlane: The workforce housing is an important addition to the conversation. The reason I brought up the two projects on North Interstate was, in addition to meeting the objectives, they’re really high-quality projects. That’s the other part of it: You have to do it well.

Patrick Quinton: The other role that’s played is, what connections does this line and system play with residents of this corridor to where jobs are in the region? The notion of people living where they work is probably outdated. So, where is the quality job growth, and how is this making it possible for people who live along this corridor to get to those jobs? And – what you’re beginning to do –
where are people going to get to work? It’s another way to think about the benefits of this and the equity issue. Maybe you don’t or maybe you do see change in the neighborhood. But is it easy for someone who lives along this line to get to a job in Hillsboro or Gresham? Can we think about that in a systematic way, so we’re really thinking about the connections, the last-mile connections? That’s the other piece of it – people getting to jobs.

Neil McFarlane: In TriMet’s system overall, we have pretty good access to people’s homes. But some of those jobs, for example, in western Washington County, are hard to serve that last mile.

Carlotta Collette: One of the issues with people in my community, getting to jobs in Washington County, if you’re going to take transit through downtown Portland, it’s a game breaker. That connection doesn’t work well. A lot of people in my community are going to the VA hospital, OHSU or downtown Portland. It does work for that. But to talk about making connections to jobs in Washington County is not the best fit yet.

Neil McFarlane: Something that has washed across me the last nine months is the work we do connecting students to educational facilities, and how important that is. More than half the students at Portland State University ride transit. Connections to educational facilities is turning out to be very important.

Carlotta Collette: This is great work. I’m excited to see us looking this comprehensively at the places. When we did the high-capacity transit study, this was the goal. To look at station areas and the surrounding communities as full service. That’s what you’re getting to with this. Really looking at what are the synergies happening around these and how to maximize them. I don’t know who does the planning. That partnership is critical to making this work – making sure there’s a reason – and the reason is always money – to keep people at the table working on this together. It’s great stuff, and builds ridership as well. It makes these investments practical. Otherwise, you get projects with no development along them. In other communities, there’s no ridership because nobody has planned to build the community at those stations.

Greg Chaimov: This is very helpful to all our planning processes. Milwaukie has about 7 percent of the population of Clackamas County but two-thirds of the use of Section 8 vouchers. This demonstrates some of our challenges. On that regard, how do we get those folks to the transit station? Most don’t live near the station. They live a bit away. We’ve talked about things like hopper buses to try to get folks to those stations. A document like this certainly helps us achieve some of those goals.

Tom Miller: The last mile is very important anywhere in the region. Neil and I were just talking about bike share, for instance. That wouldn’t be an appropriate tool across the region at this stage of development. But in other cities more
dense than Portland, they’ve seen transit use rise just with the inclusion of bike share. It’s a cheap, practical way of closing that last mile, where appropriate. That’s the kind of tool we’ll see certainly in the city in the near future and perhaps elsewhere.

Carlotta Collette: Another model I’ve asked the Metro staff to look at it is short-term electric vehicles. It would be particularly suitable for an Intel, where they already want to partner with us.

Jillian Detweiler: I’m happy to hear the interest. How we operationalize this is of course what’s needed. We need to get an interdisciplinary discussion – one meeting where we have great minds, one opportunity where people are thinking about interconnections and keeping those in mind, and give us places where we can take advantage of work that’s already been done on the data of population, housing, etc.. And really, we think that, in fairly short order, we’d start working with the team leaders on some draft corridor goals that ultimately would come back to you. We think if we look on it on a corridor-wide basis, then the jurisdictions can drill back down on specific changes in their communities.

Jason Tell: As long as federal funds keep coming to us, we’ll have future rounds of the flex funds opportunities. When I went through the list, it seemed there were a lot of trail, pedestrian, other connection pieces. This group or a subgroup, maybe prioritizing what could be ready and when, would probably be a short-term good thing to do. Also, we’re working with the City of Milwaukie to look at our maintenance yard in the area to see if we can free the site for development.

Greg Chaimov: We appreciate that. One of dynamics is, folks want all that comes with density – without density. An event center like a baseball park, or a reason for people to go, creates density without having so many neighbors. That’s why that kind of a project is attractive, at least in Milwaukie. The more we can find things like that, where you’re bringing in people – the old Tom McCall, ‘please visit but don’t stay’ – will find more favor, at least among my constituency.

Tom Miller: Even where density is more attractive, it’s still a challenge. An observation washing over me is, the challenge of good densification falls disproportionately on transportation. We will need new resources. And, in the context of maximizing these billion-dollar resources, making the community sees something they like. But this is excellent work. Very, very important.

Neil McFarlane: Do you have what you need to follow on then, Jillian?

Jillian Detweiler: We’ll want to communicate when we’re inviting people and asking people for a little of their time.

Neil McFarlane: OK, good. This has been a catch-up meeting. I recognize we’ll have some issues as we advance through this, as we do the metering between
scope and budget. We have a meeting scheduled for July 25. Hold on to it. If we can get there without a meeting, we'll try that. We'll be in close communication with you. But if there are other issues, we will keep you apprised.

Generally, these Steering Committees have a role as we march through final design decisions. But as we advance, it moves more into implementation of all of your staffs. I don't expect to need frequent meetings in the future but focus on the scope decisions we all face. I would like to continue to touch base on the topic we just discussed. It's important to get the maximum value out of our investments.

Other questions?

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Public Comment

Peter T. Stark (representing owners of Oregon Worsted property): Oregon Worsted is willing to donate property on Tacoma. I was surprised that wasn’t listed here. In addition, we would build 60,000 square feet of retail space. We are willing to build a parking structure. Given the discussion of public and private investment, it’s a great opportunity. We're hoping to come up with something that works for TriMet. At this point, we’re still putting together our response.

The other question I have for staff, we understand you’ve fulfilled all the obligations for matching funds to the FTA. Is that true? Or is there any amount of money that this donation could benefit?

Neil McFarlane: I encourage you to check with the guy to your left.

Peter Stark: What I heard is you have $40 million committed, but $50 million is what you’re shooting for. The reason I ask is, I understand we need to close the donation quickly. We are willing to do this within a month.

Neil McFarlane: Jillian, could you give us a process update on where we are on the Oregon Worsted proposal?

Jillian Detweiler: TriMet received an unsolicited proposal from the Oregon Worsted Co. TriMet has a policy that encourages the private sector to make proposals. We want to harness private sector interest. We received their proposal a month ago. It has been reviewed by TriMet managers. Our response was, there was not enough information to make a decision in the agency’s best interest. (Discusses the process further.) Based on what we received, we couldn’t evaluate the terms and make a finding. We provided a response. We asked and encouraged them to provide more information by June 10.
Peter Stark: Which we do plan to do.

Neil McFarlane: Anybody else? Questions?

Neil McFarlane adjourned the meeting at 4:20 p.m.