

# Memo



**Metro**

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Date: Thursday, June 5, 2025  
To: Joint Policy Advisory Committee on Transportation (JPACT) and Interested Parties  
From: Grace Cho, Principal Transportation Planner, Metro  
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Subject: 28-30 Regional Flexible Fund Bond Proposal (Step 1A.1) Updates

**Purpose:** To provide 28-30 Regional Flexible Fund Allocation (RFFA) bond proposal (Step 1A.1) updates and information on:

- Revised revenue forecasting and total bond funds available
- Potential roles of the MPO and Metro Council in the RFFA bond program
- Need for federal to local fund exchange
- Proposed legislative materials, including draft conditions of approval
- Public comment period report

## Background & Context Setting

As part of the adoption of the 2028-2030 Regional Flexible Fund Program Direction in July 2024, JPACT and the Metro Council agreed to move forward to develop a new project bond proposal, referred to as Step 1A.1. Following activities to solicit and evaluate potential projects and establish an estimated range of funds, JPACT voted in March 2025 to forward for public comment a bond proposal totaling \$88.5 million for five regionally significant projects. (*See Table 1*) The public comment period ran from March 26 to April 30, 2025.

*Table 1: Regional Flexible Fund Bond Proposal*

Project	Amount
Tualatin Valley Highway Transit Project	\$28 million
82 <sup>nd</sup> Avenue Transit Project	\$28 million
Burnside Bridge Transit Access and Vehicle Priority Project	\$10 million
Montgomery Park Streetcar Extension	\$10 million
Sunrise Gateway Corridor Project	\$10 million + \$2.5 million
<b>Total Bond Package</b>	<b>\$88.5 million</b>

JPACT is scheduled to take action to approve projects for a new Regional Flexible Fund bond at its meeting on July 17, 2025, and the Metro Council is anticipated to act on that project approval at the July 31, 2025 Council meeting.

The June TPAC and JPACT meetings are an opportunity to discuss the bond proposal and identify any outstanding issues.

## Discussion Questions

1. Are there any questions in need of resolution before taking action to recommend approval of projects for a new 28-30 Regional Flexible Fund bond proposal (Step 1A.1)?

**RFFA Revised Revenue Forecast and Total Bond Funds Available**

At the March 20<sup>th</sup> meeting, JPACT referred for public comment a set of five projects proposed for \$88.5 million in bond proceeds. The proposal adheres to the adopted Program Direction bond principles. During the meeting, JPACT members asked Metro staff to come back with an analysis of how the bond proposal would impact Step 2 revenues available for community scale projects.

Since the March JPACT meeting, Metro staff have reviewed the Regional Flexible Fund revenue forecast according to the most recent annual federal appropriations. The updated forecast shows a total estimate of Regional Flexible Funds for federal fiscal years 2028–2030 at approximately \$161 million. This is an increase of \$8 to \$11 million in Regional Flexible Funds over earlier estimates. This updated revenue estimate supports using higher revenues for bond repayment to meet the proposed \$88.5 million allocation.

Metro staff will continue to look for opportunities to reduce bond costs by using Regional Flexible Fund revenues in a “pay-as-you-go” manner for projects when working to match bond payments with project delivery schedules.

**Roles of the MPO and Metro in the Regional Flexible Fund Bond**

Moving forward with the new Regional Flexible Fund bond requires clarity on 1) overarching decision-making roles and functions; and 2) funding mechanisms to generate the total allocated proceeds.

Together, JPACT and the Metro Council function as the MPO board and decision-making body over the allocation of Regional Flexible Funds. Selecting projects to receive bond proceeds is within the shared purview of JPACT and the Metro Council. This is consistent with previous RFFA bonding decisions.

This bonding cycle includes a significant departure from previous Regional Flexible Funds bonding practices. Historically, TriMet served as the bonding entity for RFFA projects. In this new Regional Flexible Fund bond effort, Metro is requested to perform that role. However, it is important to highlight that Metro will serve as the bonding entity in its capacity as a public agency – *not* in its role as the MPO. This means that Metro exclusively would be the borrower and the entity holding liability of repayment of bond debt. As such, the Metro Council is the ultimate decision-maker with respect to bond actions – including the timing of bond execution and payment of bond revenues to projects. This is a new role for Metro.

As the board of the borrowing agency, the Metro Council would act as the oversight body for any Regional Flexible Fund bond. By contrast, since the project allocation decision is an MPO decision, the Metro Council does not have the ability to unilaterally change how much any project receives. Ultimately, the Metro Council is not obligated by the allocation decision to issue bonds. If the Council concludes the conditions of the RFFA allocation decision cannot be met – or for any reason it is not in the interest of the agency to issue bonds – the MPO would then need to decide how (or whether) to modify the funding allocation decision.

Metro staff will keep JPACT apprised of any issues that may arise and will return to JPACT for any needed MPO board action.

**Federal to Local Fund Exchange**

To enable transportation programs and projects to proceed faster and with less cost from the federal oversight process, Metro often exchanges Regional Flexible Funds – which come from the federal government – with local dollars. These exchanges occur across agencies, directing the less flexible federal funding toward already “federalized” projects and replacing it with more flexible local funds. Should Metro agree to be the borrower, this type of exchange would allow the agency to take out bonds on the local bond market. This would result in greater flexibility on eligible uses than bonding federal funds. In turn, the flexibility allows for more favorable repayment terms, better rates, and cost savings. Bonding locally would also reduce the number of separate federal bond programs that would otherwise be necessary.

A fund exchange is executed by agreement between the lead project agency – in this case Metro as the local bond borrowing agency – and the agency providing local funds. Programming the federal funding to a project led by the agency providing local funds would be approved by the MPO as an amendment to the MTIP.

**Legislative Materials Preview and Draft Conditions of Approval**

To prepare for the adoption process in July, a draft Resolution and illustrative funding tables are included as **Attachment 1** for TPAC and JPACT review. These materials are informational only at this point and may be revised before final adoption.

For projects receiving RFFA bond funds, conditions of approval will be incorporated as part of an exhibit to the legislation. The draft conditions of approval, included as **Attachment 2**, are organized under three different areas:

- 1) Legislative overarching bond conditions;
- 2) General legislative conditions applicable to all recipients; and
- 3) Project specific legislative conditions.

These draft conditions of approval are informational only and may be revised before final adoption.

**Public Comment Period Results**

Following the action at the March 2025 JPACT meeting, Metro held a five-week public comment period that opened on March 26th and closed on April 30th. Metro used an online open house format—available in both English and Spanish—to educate participants about funding for large capital transportation projects, the tradeoffs of bonding Regional Flexible Funds at this time, and the five projects proposed to receive bond proceeds.

Participants were invited to provide comments on any of the five projects proposed for the bond, as well as respond to two optional open-ended questions asking for additional comments to share with decision-makers. Table 2 outlines summary statistics of the public comments Metro received.

Themes to emerge from the Step 1A.1 public comments include: transportation safety concerns and safety for pedestrians and bicyclists, transportation infrastructure improvements for all users, leveraging funds while at the same time remaining fiscally responsible, the importance of economic and community development benefits from transportation investments, having the benefits of new and upgraded transportation infrastructure improve mobility for all people (with special consideration for the historically underserved), and supporting climate resilience and regional connectivity.

*Table 2: Summary Statistics of Public Comments Received on Regional Flexible Fund Bond Proposal & Projects*

	<b>Online Open House Comments</b>	<b>Emails and Electronic Letters</b>	<b>Public Testimony</b>
82 <sup>nd</sup> Avenue Transit Project	61	1	6
Tualatin Valley Highway Transit Project	50	1	5
Montgomery Park Streetcar Extension	39	2	3
Earthquake Ready Burnside Bridge	67	11	21
Sunrise Gateway Corridor Project	65	12	6
<i>Subtotal</i>	<b>282</b>	<b>27</b>	<b>42</b>
Comments on opportunities and challenges	139	N/A	N/A
General comments on bond proposal	100	2	1
<b>Total</b>	<b>521</b>	<b>29</b>	<b>43</b>

The Step 1A.1 Engagement Report, a summary of the approach and the results, is included as **Attachment 3**. The full text of comments is in the report appendices, which is included as **Attachment 4**.

The report and appendices can also be found on the Regional Flexible Fund New Project Bond webpage: <https://www.oregonmetro.gov/public-projects/2028-30-regional-flexible-funding-allocation/new-project-bond>

### **Next Steps**

Table 3 outlines the near-term next steps in 28-30 Regional Flexible Fund bond proposal (Step 1A.1) process through adoption in July.

Activities related to initiating the new Regional Flexible Fund bond will occur after JPACT and Metro Council adoption of the entire 28-30 Regional Flexible Fund Allocation. If approved, this will include projects identified for funding from the new bond, along with allocations committed to previously existing high-capacity transit bond repayments (Step 1A), region-wide programs and planning (Step 1B), and awards to the local agency capital projects (Step 2). New bond-related next steps include: identification of bonding agency, securing funding exchanges with regional partners, developing project agreements with each lead agency, and execution of the revenue bonds.

Comments and questions brought forward at the June TPAC and JPACT meetings will inform the legislative materials for adoption, as well as work to initiate the bond and project agreements. Metro staff will return to JPACT and the Metro Council if issues arise or next steps need to be modified.

*Table 3: Next Steps in the 28-30 Regional Flexible Fund Bond Proposal (Step 1A.1) Process*

<b>Activity</b>	<b>Date</b>
Step 1A.1 Public Comment: <ul style="list-style-type: none"> <li>Issue Step 1A.1 public comment report</li> </ul>	May 30, 2025
TPAC: Step 1A.1 bond proposal updates <ul style="list-style-type: none"> <li>Opportunity to discuss public comment received</li> <li>Preview of draft legislation with draft conditions of approval</li> <li>Address miscellaneous items and next steps</li> </ul>	June 6, 2025
JPACT: Step 1A.1 bond proposal updates <ul style="list-style-type: none"> <li>Opportunity to discuss public comment received</li> <li>Preview of draft legislation with draft conditions of approval</li> <li>Address miscellaneous items and next steps</li> </ul>	June 12, 2025
Metro Council Work Session: Updates on Step 1A.1 bond & Step 2 allocation package options	June 17, 2025
TPAC: Request TPAC recommendations to JPACT to approve the package of projects recommended for a 2028-2030 RFFA Step 1A.1 bond	July 11, 2025
JPACT: Request JPACT approve and recommend the 2028-2030 RFFA Step 1A.1 bond recommendations for Metro Council adoption	July 17, 2025
Metro Council: Adopt 2028-2030 RFFA Step 1A.1 project recommendations	July 31, 2025

**Attachments**

- 1) Step 1A.1 Bond: Draft Resolution
- 2) Step 1A.1 Bond: Draft Conditions of Approval and IGA Provisions
- 3) Step 1A.1 Engagement Report
- 4) Step 1A.1 Engagement Report: Appendices A - E