Memo

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Date: Tuesday, January 7, 2025

To: Joint Policy Advisory Committee on Transportation and Interested Parties

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Subject: 2028-2030 Regional Flexible Fund Step 1A.1 – Bond Scenarios and Reference Scenarios

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Purpose: To provide an overview of five bond scenarios and reference scenario options and gather JPACT input prior to finalizing the scenarios to undergoing the financial assessment for the new project bond proposal development process.

Background & Current Place in Development:
As part of the adoption of the 2028-2030 Regional Flexible Fund Program Direction, regional leadership agreed to move forward in the development of a new project bond proposal (also referred to as Step 1A.1) for consideration by the region. After the candidate project evaluation of the nine transit projects in contention and gathering input towards concepts/themes as direction in shaping bond scenarios, the following materials are to share five identified potential bond scenarios (not financially assessed to date) and financial information for the reference book end scenarios.

28-30 RFFA Step 1A.1: Getting to a Preferred Bond Scenario
As a reminder, the potential scenarios presented for input and the subsequent financial assessment of finalized scenarios are among several pieces of information to inform and shape an eventual preferred bond scenario/proposal for consideration by TPAC, JPACT, and Metro Council. These pieces include:

- Technical Information
    - Performance evaluation
        - Bond purpose and principles
        - Regional Transportation Plan (RTP) goals and outcomes
    - Project delivery assessment
    - Financial assessment of bond scenarios
- Financial, Administrative, and Regulatory
    - Bond mechanism selection and requirements (e.g. restrictions, reporting, costs)
    - Regulatory and economic outlook
- Policy Direction
    - Objectives of the 28-30 RFFA Program Direction are met
- Partner and Public Input
    - TPAC, JPACT, and Metro Council input bond scenario themes/concepts
    - Public comment
    - TPAC, JPACT, and Metro Council input on local priorities

Summary Input on Bond Scenario Concepts & Themes
The input on the concepts and themes is to help guide and shape bond scenarios (also known as investment packages) to undergo financial assessment. The financial assessment of scenarios will help to answer critical questions on debt servicing, schedule, proceeds availability and understand the trade-offs. The information will support a discussion among regional partners as to whether a potential package can meet all the program direction objectives and ultimately if the region sees it as a strategic decision to move forward with a bond package at this time.

At the December meetings of TPAC and JPACT, Metro staff requested input on concepts and themes for bond scenarios development. Members responded and a summary of what was heard included the following:

- Maximize advancing the RTP goals and outcomes, with particular emphasis on equity, safety, and climate.
- Ensure the costs of bonding creates positive value and therefore:
    - Emphasize discretionary funding leverage
    - Take into account project readiness for implementation
- Represent a mix of transit investment types by having the three transit project categories represented.
    - Honor the deliberation by JPACT to expand bonding for other types of transit projects beyond high capacity transit.
- Emphasize regional and corridor-scale projects meeting regional needs.
- Ensure all Program Direction objectives are met, including having regional flexible funds invested throughout the region.
    - To create public support and unified lobbying power for federal discretionary dollars.

Metro staff aims to have a limited and manageable number of bond scenarios taken through the financial assessment to understand the overall commitment, tradeoffs, and costs for advancing revenues. In addition, Metro has a set of reference book ends scenarios to set context (described in a following section). As previously stated, regardless of the bond scenario concept, all bond scenarios will need to meet the policy direction adopted in the 2028-30 RFFA Program Direction.

Initial Bond Scenarios

Based on the inputs available to date, Metro staff developed an initial draft set of scenarios which focuses on maximizing an individual theme. Table 1. outlines the draft scenario according to the theme. The theme of funding projects throughout the region – geographic representation – is not an individual project performance theme, but rather assessed on the package of projects identified. It may be utilized, along with other bond packaging considerations, such as the financial analysis, as a factor in selecting projects to include in a proposed bond package.

Table 1. Bond Scenarios to Maximize Individual Themes

Scenario	*Maximized RTP Outcomes*	*Leverage*	*Categorical Representation*	*Regional/Corridor Scale*	*Readiness*
Projects	82nd Avenue Transit Project	82nd Avenue Transit Project	82nd Avenue Transit Project	82nd Avenue Transit Project	82nd Avenue Transit Project
	TV Highway Transit Project	TV Highway Transit Project	TV Highway Transit Project	TV Highway Transit Project	TV Highway Transit Project
	Montgomery Park Streetcar Extension	Montgomery Park Streetcar Extension	Better Bus Program	Sunrise Gateway Corridor Project	Montgomery Park Streetcar Extension
	Transit Access and	Transit Access and	Sunrise Gateway	Transit Access and Vehicle	Transit Access and

	Vehicle Priority – Burnside Bridge	Vehicle Priority – Burnside Bridge	Corridor Project	Priority – Burnside Bridge	Vehicle Priority – Burnside Bridge
	OR99E (McLoughlin Boulevard)	185th MAX Overcrossing			
Requested Bond Proceeds Total	$114 million	$117,618,499 million	$86 million	$100 million	$105 million
Other Themes/Factor Achieved					
Readiness	high	medium-high	medium-low	medium	high
Leverage	high-medium	high	medium-low	medium	high
RTP Outcomes	high-medium	medium-high	medium	medium-high	high
Category Representation	high	high	high	high	medium
Corridor/Regional Scale	medium	medium	medium-high	high	high-medium
Geographic Representation	high	low	high	high	low

The draft bond scenario concepts try to maximize performance according to an individual theme. As identified in the "other themes achieved" section of the table, maximizing performance under one theme can lower performance in other themes. Under these draft bond scenario concepts, no one scenarios can meet all the Program Direction objectives without considering a tradeoff in performance.

With the resulting bond scenario concepts unable to meet all the Program Direction objectives, Metro staff propose developing bond scenarios that achieve a balance of maximizing acceptable performance across all the bond themes. The development of these scenarios will be informed by the input and performance analysis to date. These scenarios will be utilized, along with financial analysis of bond funding capacity and costs, to frame the development of a preferred bond proposal. Metro staff seeks input on this approach. The approach will be presented to TPAC at their January 10th meeting and subsequently to the Metro Council at their January 14th work session. input received at those meetings will be summarized in the JPACT meeting presentation materials for the January meeting.

Financial assessment has not begun on the bond scenarios, so at this time it is still undetermined as to whether the scenario as an investment package can meet certain key bond principles as outlined in the Program Direction.

Bond Mechanism Reference Options

In efforts to provide context setting for the building the bond scenario packages, Metro staff developed a set of bond mechanism reference scenarios. While a bond mechanism has yet to be selected, among the several different factors affecting the selection of a bond mechanism, two basic options are in consideration.

- Bond mechanism option 1 – single bond: use of a single bond mechanism to advance funds for projects identified in the preferred bond scenario, as long as the projects meet bond requirements and administrative criteria. Requires additional partnerships to facilitate the ability to utilize a single bond mechanism to meet the bond mechanism requirements or administrative criteria.
- Bond mechanism option 2 – multiple bonds: use of more than one bond mechanism to advance funds for projects identified in the preferred bond scenario. Allows for different types of projects without additional partnerships to meet bond mechanism requirements or administrative criteria.

Based on revenue forecasts, each bond mechanism option has a high and low estimate of possible proceeds to be generated to address the Program Direction principles specified for consideration of bonding Regional Flexible Fund revenues.

Bond Mechanism Option 1 – Single Bond

Optimistic RFFA Revenue Forecast	
Proceeds generated	$84M
Overall cost (in year of expenditure)	$127M
Less Optimistic RFFA Revenue Forecast	
Proceeds generated	$70M
Overall cost (in year of expenditure)	$109M

Bond Mechanism Option 2 – Multiple Bond*

Optimistic RFFA Revenue Forecast	
Proceeds generated	$TBD
Overall cost (in year of expenditure)	$TBD
Less Optimistic RFFA Revenue Forecast	
Proceeds generated	$TBD
Overall cost (in year of expenditure)	$TBD

*Multiple bond mechanism costs are still under development

While the proceeds and costs under a multiple bond mechanism are still under development, the higher costs to account for double the number of fees and requirements will likely result in less bond proceeds available to allocate to projects. Lastly, if the region elects not to move forward with a new project bond at this time, then the estimated 28-30 Regional Flexible Funds under each category is as follows:

- Step 1A - $51.78 million
- Step 1B – $40.58 million
- Step 2 – approximately $57-$60 million

Discussion Questions

1. What input do JPACT members have on utilizing an approach that balances maximizing acceptable performance across all the bond themes of: RTP outcomes performance, leveraging of other funds, inclusion of all transit category types, corridor scale projects, project readiness, and geographical representation, to develop bond package scenarios and a preferred bond package? (e.g. are there specific trade-offs in performance of bond themes that JPACT members would like to have presented by draft bond package scenarios? Are there local factors or priorities for consideration?)

2. What questions do JPACT members have in relation to the bond mechanism reference scenarios?

Next Steps – 2028-2030 RFFA – New Project Bond Development Process
Through March 2025, Metro staff will continue analysis and provide information to support the discussion of shaping bond scenarios and ultimately shaping a preferred bond scenario in which TPAC and JPACT will approve to carry through public comment. Tables 2. summarizes upcoming bond development activities and key dates leading through the process.

Table 2. Upcoming Activities, Timeframe, and Audiences

Timeframe	Activities	Audiences
January 2025	Technical Information • Financial assessment of bond scenarios (draft) Financial, Administrative, and Regulatory • Bond mechanism identification and requirements (e.g. restrictions, reporting, costs) Partner and Public Input • Metro Council input bond scenario themes/concepts	TPAC JPACT Metro Council
February 2025	Technical Information • Financial assessment of bond scenarios (revised) Financial, Administrative, and Regulatory • Bond mechanism selection and requirements (e.g. restrictions, reporting, costs) (tentative) Policy Direction • 28-30 RFFA Program Direction objectives met Partner and Public Input • TPAC, JPACT, and Metro Council input on local priorities	TPAC JPACT
March 2025	Technical Information • Financial assessment of bond scenarios (for preferred scenario) Policy Direction • 28-30 RFFA Program Direction objectives met Partner and Public Input • TPAC, JPACT, and Metro Council input on local priorities • Open public comment	TPAC JPACT
April 2025	Partner and Public Input • Public comment • Public hearing	Public
May 2025	Partner and Public Input • Public comment report with comment summary, responses, and as appropriate staff recommendations Technical Information • Updated financial assessment of bond scenario (if necessary) Policy Direction • Continue assessment 28-30 RFFA Program Direction objectives met	TPAC JPACT
June 2025	Partner and Public Input • TPAC, JPACT, and Metro Council deliberations	TPAC JPACT

	Technical Information
	• Updated final financial assessment of bond scenario (if necessary)
	Policy Direction
	• Final assessment 28-30 RFFA Program Direction objectives met
	Financial, Administrative, and Regulatory
	• Draft conditions on the allocation approval
	  ○ Maintenance of Program Direction principles and objectives
	  ○ Bond mechanism and bonding agency requirements
	  ○ Intent of final allocation decision
	  ○ Project delivery risk management issues	

July 2025	TPAC and JPACT action on 2028-2030 RFFA including the preferred bond proposal (Step 1A.1) and Step 2	TPAC JPACT Metro Council*

*Indicates tentative date. Unconfirmed on committee or Metro Council calendars.