

December 21, 2009

Mayor Sam Adams
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Randy Leonard
Commissioner Dan Saltzman
1221 SW Fourth Avenue
Portland, OR 97204

SUBJECT: Portland Milwaukie Light Rail Funding – City of Portland Contribution

Dear Mayor Adams and Commissioners,

As the Chair of the North Macadam Urban Renewal Advisory Committee (NMURAC), I am writing to express our concern about the extent of North Macadam funding utilized in the City of Portland \$30M contribution towards the Portland to Milwaukie LRT project and the impact this contribution has towards limiting the ability to provide funding towards other needed projects in the district.

As adopted by City Council in Resolution No. 36709, the following sources and amounts were identified as potential sources for the City’s \$30M:

PDC Tax Increment Financing	\$10M
PBOT Parking Revenue	\$3.22M
South Central City / University District / Science and Technology Triangle – LID or TSDC Overlay	\$5M
Citywide TSDC	\$1.78M
North Macadam TSDC Overlay	\$10M
Total	\$30M

As indicated in the above chart, there are two sources that impact North Macadam, the PDC Tax Increment Financing and the North Macadam TSDC Overlay.

PDC Tax Increment Financing: While the specific Urban Renewal Area(s) providing the \$10M TIF contribution have yet to be identified, the North Macadam URAC strongly recommends that this funding be shared by multiple URA’s. The Portland-Milwaukie LRT travels through multiple URA’s (South Park Blocks, North Macadam, and Central Eastside) and the TIF contribution should be shared accordingly. Many projects compete for TIF funding in each respective URA. However, it is important to note that if the expectation is that all of the TIF funding come from North Macadam, there are many transportation, parks and open space, and affordable housing needs still to be addressed in North Macadam that may need to be delayed. Because of the planned density of this

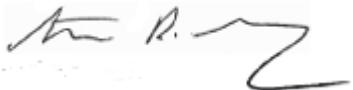
district, it is critical that these other projects receive some level of priority to ensure the continued build out of the district.

North Macadam TSDC Overlay: As you may recall, the North Macadam TSDC Overlay is intended to provide funding for transportation infrastructure improvements in the district, including the north and south portals, Moody Avenue street improvements, and the Kelly Way/Hood Avenue ramp as identified in the South Portland Circulation Study. As adopted in April 2009, this overlay is also providing \$10M towards Portland to Milwaukie LRT. The North Macadam TSDC Overlay is the first geographically bound TSDC in the City of Portland and the only area contributing towards this fund is North Macadam. With the first \$10M of TSDC overlay funding going to LRT, the ability to fund other necessary transportation projects is delayed. We are concerned about this for two reasons, one the redirection of funds to regional projects and the potential impact of such a steep system development charge on potential build out of the district when factored in on top of existing system development charges.

If the entire \$10M PDC Tax Increment Financing contribution comes from the North Macadam URA, and with the North Macadam TSDC Overlay contribution of \$10M, the North Macadam area will be funding \$20M, or two-thirds of the City of Portland's \$30M contribution to this project. With two stations within the North Macadam district, this is a contribution of \$10M per station, or \$3,806 per linear feet of line within the district. Prior URA contributions to the other LRT lines, such as the yellow and green lines, have averaged around \$2.35M per station or \$1,233 per linear feet of line within each district. We feel that that the North Macadam district is being asked to shoulder a disproportionate share of the financial burden of the project.

We acknowledge the importance of the Portland-Milwaukie LRT to the overall transportation functionality of North Macadam. However, we also recognize the importance of the project to the City of Portland as a whole and request that the \$30M City of Portland contribution, and more specifically, the \$10M PDC Tax Increment Financing portion of that contribution be equitably shared between URA's.

Sincerely,



Steve Gray
North Macadam Urban Renewal Advisory Committee Chair

CC: Scott Andrews, PDC Commission Board Chair
Bertha Ferran, PDC Commissioner
John Mohlis, PDC Commissioner
Steven Straus, PDC Commissioner
Charles Wilhoite, PDC Commissioner
Bruce Warner, PDC
Erin Flynn, PDC
Lew Bowers, PDC
Steven Shain, PDC