Refinancing Milwaukie's Light Rail Construction Debt

Fact Sheet: Proposed General Obligation Bond

Milwaukie City Council is looking for ways to retain core City services and save money.

In May, voters will be asked to approve a $4 million general obligation bond to refinance the City’s debt obligation for light rail construction. By refinancing the City's debt, the City has an opportunity to lock-in a lower interest rate, saving taxpayer money.

Voter Approval Required

These savings are possible only if Milwaukie voters approve the sale of general obligation bonds. The sale of general obligation bonds would eliminate the City's debt payments, rising to $365,000 per year, and preserve the general fund that pays for core services such as police protection, library services and parks development.

The bonds would be payable from property taxes. If the bonds are approved, the additional tax is estimated to cost $36 per year for a Milwaukie home with a taxable value of $200,000.

Milwaukie's Light Rail Investment

The City’s $5 million contribution to light rail is paying a dividend of $13 million in local improvements, including:

- Rebuilding intersections to add lighting, curbs and safer pedestrian crossings
- Reconstructing and Widening sidewalks
- Moving utility lines underground in the downtown
- Restoring wildlife habitat along Crystal Creek and Johnson Creek

I Want To Learn More:

www.milwaukieoregon.gov/citycouncil
or contact Grady Wheeler: wheelerg@milwaukieoregon.gov / 503.786.7503

Voter approval of general obligation bonds will allow Milwaukie to refinance debt, save money and retain core services.

Milwaukie's light rail investment supports rebuilding intersections, adding lighting, curbs and safer crosswalks.
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Did you know benefits of Light Rail include...

The City's $5 million investment is paying a dividend of $13 million in local improvements, including:

Rail crossing at Monroe Street in Downtown (right, below). Harrison, Washington, Adams crossings also improved.

- Lighting, curbs, and safer crosswalks
- New, wider sidewalks

A new bicycle and pedestrian bridge linking Island Station neighborhood to Downtown Milwaukie

Other improvements include:

- Undergrounding utility lines in parts of Downtown
- Restoring wildlife habitat along Crystal Creek and Johnson Creek
- Realignment of Lake Road for improved bicycle access

To see more photos of Light Rail improvements and to learn more:
www.milwaukieoregon.gov/citycouncil
or contact Grady Wheeler: wheelerg@milwaukieoregon.gov / 503.786.7503
Frequently Asked Questions About the Bond Milwaukee City Council is Considering for the May 2014 Ballot

Has the decision been made to have a bond election?
City Council unanimously voted to refer a bond to the May 20, 2014 election and its February 18, 2014 meeting.

What new services do we get if we pass the proposed bond?
No new services will be created if the bond is passed. The proposed bond would refinance the City's debt obligation for light rail construction, allowing the City to continue providing the services the public has come to value throughout the remainder of the economic downturn and to prevent any further cuts such as we experienced the past 3 years.

How is the City currently paying for its portion of the light rail project?
The City Council in place in 2008 passed a resolution supporting the project. The 2012 City Council entered a 20-year agreement with TriMet to make annual payments. Currently these payments are made from the City’s General Fund, and are rising up to $365,000 per year. Milwaukee’s $5 million contribution is .3% of the project’s cost.

How does the bond allow the City to maintain services?
The bond provides two main benefits. First, the City’s current debt for the light rail construction would be paid off by the bonds issued, eliminating the current debt payments of up to $365,000 per year. Property taxes paid by the taxpayer over the next 20 years would go directly towards paying off the bonds, preserving the City’s General Fund, and allowing the preservation of core services like police protection, library services and parks development.
Second, by refinancing the City’s light rail construction obligation the City has an opportunity to lock-in a lower interest rate than the 5% rate it currently has, which would save tax-payer money over the 20-year-life of the bond.

What happens if the debt is not refinanced?
Three to four positions that provide core services through the General Fund would likely be cut. The City of Milwaukee has already made cuts over the years and operates efficiently with fewer employees than peer communities (Oregon City, Wilsonville, Tigard, Lake Oswego). Any additional cuts will reduce services provided to the community.
How much would the City save by refinancing its light rail obligation?
That depends on the bond interest rate at the time the bonds are issued.

If approved, how much would the bond cost me?
If the bond is approved by voters, the additional tax is estimated to cost $36 per year for a Milwaukee home with a taxable value (assessed value) of $200,000.

So, the bond would pay for City services?
No. That is not allowed. The bond would pay off and refinance the City's light rail construction obligation. The money currently being used to pay for that debt would be freed up and reallocated to preserve City services paid for out of the General Fund.

What services are funded through the General Fund?
Police protection, code enforcement, court, parks development, parking enforcement, planning, engineering, human resources, community development, public works administration, public access studio, finance, fleet, facilities, records, city management, and information technology. Library service, though accounted for separately, is partially funded through General Fund contributions.

How are other City services funded?
The City's public works functions, things like streets, water, and sewer, are funded through utility rates.
Would the bond put the city back on a stable financial footing?
Yes. The proposed bond would help the city to maintain staff and service levels. While the future is never certain, we believe the proposed bond would help stabilize the City's finances and provide a more solid foundation for future growth as the economy recovers.

Why does the City have to come to us for more money, why can't they cut waste?
Over the past 3 years, the City has "cut waste" while gearing up for the cost of light rail. The City has strived to find cost savings in all operations and projects without impacting current service levels and has succeeded in many respects. Specific examples of what the City has done include holding positions vacant for as long as it is feasible and cost effective, reducing spending in employee training and education, implementing more sustainable and efficient programs like online business licensing, and reducing office type expenditures. The City has gone as far as it can without impacting service.

If we give you this money, how do I know you won't come back for more in the future?
The City will likely not come back for more money in the future for this light rail project but other projects could possibly be placed on the ballot in the future. These projects are identified by the community and the City Council and would be to improve the City of Milwaukee. Examples include the riverfront project, library expansion and development of Neighborhood parks. Putting these projects and their related funding needs on the ballot allows citizens to decide if the project is done or not.

How does the City get money from a bond?
The issuer of a municipal bond, in this case it would be the City, receives a cash payment at the time of issuance of the bond in exchange for a promise to repay the investors. The City repays the investors with tax dollars collected over time, in this case, 20 years.

How can I find more information about the City's bond rating?
http://www.milwaukieoregon.gov/finance/credit-ratings

Has the City passed a bond before?
Yes, Milwaukee voters approved a bond for the construction of the Public Safety Building. That bond was paid off on-time, in 2011.
What happens if the interest rate for borrowing money is more than the current 5%?

Paying off the City's light rail debt through a bond provides two benefits—retaining core services and the opportunity to save money. Even if the interest rate for borrowing exceeds the current rate, the City keeps General Fund dollars to preserve core services.

If voters pass a general obligation bond, does the City need to borrow the money even if interest rates go up?

Voter approval does not commit the City to borrowing money. The City and their financial advisors will ensure money is borrowed under the best possible financial conditions.

What is the City getting for its $5 million light rail construction commitment?

An estimated $13 million in local improvements, including: rebuilt intersections that add lighting, curbs and safer pedestrian crossings, reconstructed and widened sidewalks, undergrounded utility lines in Downtown, restored wildlife habitat along Crystal Creek and Johnson Creek.
New MAX line brings opportunities for transit service improvements

In September 2015, the 7.3-mile Portland-Milwaukie MAX light rail extension will go into service. The new MAX line will serve 10 new stations, and all existing MAX stations on the Portland Mall (SW 5th and 6th avenues) in downtown Portland. Trains will run between approximately 4:30 a.m. and 1:30 a.m. daily (ending one half hour earlier on Sundays). Trains will arrive every 15 minutes most of the day, and every 10 minutes on average during weekday rush hours. Operating in a dedicated right-of-way that does not include vehicle traffic except at intersections, MAX provides schedule reliability.

Regional planning for the light rail project envisioned bus lines meeting up with the new MAX line in Milwaukie. Now as we begin preparations for the opening of the new Orange Line, we want to remind the community of those assumptions and to see if any adjustments need to be made. We are asking the community for feedback on how to configure bus service in the area while minimizing duplicative service and relieving traffic congestion. Assumptions based on project planning include:

- Bus lines that currently travel north of Milwaukie on SE McLoughlin Boulevard would no longer do so, ending their trips in or near downtown Milwaukie
- Bus lines that currently travel across the Ross Island Bridge would instead use the new transit bridge, improving reliability by avoiding traffic congestion

Making sure bus and light rail service work together
TriMet will be working with residents, transit riders, governments, businesses, neighborhoods, employers, social service providers and other stakeholders to identify how bus service can work best with the new MAX light rail.

During the first few months of 2014, TriMet will engage stakeholders with the goal of developing proposals for using limited resources to make bus service work efficiently with the new MAX line. Public feedback on these proposals will then be sought before a plan is finalized in early 2015.

During the same period, we will be working with the community to create a longer term vision for transit service in the southeast part of the region, including the area around the new MAX line, but...
This service planning process will also focus on ridership potential, costs, transit equity, and service capacity, speed and reliability. Underlying considerations include:

- Most people walk or bike to transit. Less than five percent of current TriMet riders access the system from Park & Rides.
- Most people are willing to walk up to a quarter-mile to a bus stop and a half-mile to a light rail stop. Many (though not most) walk much farther.
- Improved frequency (how often the train or bus comes) typically increases ridership more than increased service coverage (where the train or bus goes).
- Bus lines that serve multiple destinations typically have the highest ridership.
- The cost of providing a ride on MAX is lower than on bus. TriMet’s current average cost per ride on MAX is $1.61, versus $2.86 on bus. Lower ridership bus lines cost more to operate.

**Timeline**

**Winter 2014**—Gather public input
**Spring 2014**—Summarize input, evaluate service options and develop draft service changes
**Summer 2014**—Gather feedback on draft and create refined proposal
**Fall 2014**—Gather feedback on refined proposal
**Winter 2015**—Finalize and share service changes
**Sept. 2015**—Begin Portland-Milwaukie light rail service and bus service changes

**Get involved**

Visit trimet.org/pm/busplanning to share your comments and to learn of bus service planning meeting dates and locations. You can also call 503-962-2150 for more information.
Bus Service Planning Open Houses

TriMet staff will provide information and answer questions regarding bus service planning related to the operation of the Portland-Milwaukie Light Rail Transit Project. At each open house, a brief presentation will take place 10 minutes after start time.

**Tuesday, February 25**
6:30 to 8 p.m.
Sacred Heart Villa
3925 SE Milwaukie Ave., Portland

**Thursday, February 27**
6:30 to 8 p.m.
Milwaukie High School
11300 SE 23rd Ave., Milwaukie

**Wednesday, February 26**
4:30 to 6:30 p.m.
CH2M HILL Lunch Room, 5th floor
2020 SW 4th Ave., Portland

**Tuesday, March 4**
6 to 7:30 p.m.
Pioneer Community Center
615 5th Street, Oregon City
Visit trimet.org/pm or call TriMet Community Affairs at 503-962-2150 for more information.

Para mayor información, favor vea trimet.org/pm (en inglés) o comunicarse con TriMet en español al 503-962-7433.