



U.S. Department  
of Transportation  
**Federal Transit  
Administration**

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JUN 20 2011

John A. Charles, Jr.  
President and CEO  
Cascade Policy Institute  
4850 S.W. Scholls Ferry Rd., Ste 103  
Portland, Oregon 97225

Re: Portland South Corridor Light Rail Project

Dear Mr. Charles:

I am responding to your letter of May 19, 2011, concerning the Tri-County Metropolitan Transportation District of Oregon (TriMet) and its South Corridor I-205/Portland Mall (Green Line) light rail project. As you indicated, the project was partially funded by the Federal Transit Administration (FTA) and it began revenue service in September of 2009. As a result of TriMet service cuts, you have requested FTA require TriMet to operate the Green Line at 100% of the originally planned service levels, or have TriMet return one-third of the total federal grant funding used for capital construction.

When FTA awards a full funding grant agreement (FFGA), it does so after a rigorous evaluation of the proposal against a full range of criteria for both project justification and local financial commitment. A funding recommendation is based on multiple evaluations within the project justification rating and the project finance rating. The former is developed from assessments of land use, cost effectiveness, operating efficiency, environmental benefits, and mobility improvements. The latter is developed from assessments of the operating finance plan and the capital finance plan including other federal funding besides the New Starts, Section 5309 share. In determining a rating, FTA evaluates the reasonableness and completeness of the information submitted, including underlying assumptions. FTA evaluated the Green Line proposal and gave it a "medium" on the finance rating and a "medium-high" for project justification. The project overall was given a rating of "medium." This enabled the Green Line project to be recommended for funding and TriMet eventually received an FFGA on June 17, 2007.

In recent years, TriMet, like many transit agencies across the country, has been impacted by the decline in economic conditions. FTA recognizes that light rail projects are long-term investments that may experience one or more economic downturns during their lifecycle. While the duration of almost any downturn is uncertain, transit agencies are often faced with service reductions as a way to temper immediate financial impacts until conditions improve. Such temporary actions are not typically viewed by FTA as a breach of contract. Section 19(a) of the FTA FFGA discusses "default" in terms of "...*substantial failure* of the Grantee to complete the Project in accordance

with the Application and this Agreement will be a default of this Agreement.” TriMet is not in “substantial failure” of completing the project nor is it in default of the FFGA as a result of recent service reductions.

While FTA tracks ridership on major capital projects from the initiation of revenue service to a twenty-year forecast year, ridership per se is not a performance standard that would trigger repayment of federal funds. Recent figures from TriMet for May of 2011 indicate that weekday trips for the Green Line averaged 23,300 which is 7.9 percent under the ridership forecasted for the 2009 opening year,. Given the current economic conditions and unemployment rates, TriMet’s current ridership levels do not represent a major concern to FTA at this time.

In conclusion, I would like to thank you for the analysis you have shared with us regarding TriMet’s projects and operations. We will continue to monitor TriMet’s major capital projects as well as their overall performance and appreciate your comments regarding FTA investments in the Portland metropolitan area.

Sincerely,



R.F. Krochalis  
Regional Administrator

cc: Neil McFarlane, TriMet  
Governor John Kitzhaber  
Matt Garrett, ODOT  
State Senator Ginny Burdick  
State Representative Phil Barnhard  
State Representative Vicki Berger