

# Metro 3% Local Contribution

## Metro Project Financing

Metro projects require significant financial support, and a key resource for new rail corridors relies on contributions from jurisdictions along the projects. **Per the Measure M Ordinance, 3% of the cost of each new rail project shall be paid by jurisdictions based upon the percent of track miles within a jurisdiction's borders, if a station is to be constructed within that jurisdiction.** This is known as the 3% local contribution.

In the early stages of project development Metro will conduct outreach to jurisdictions that may have a 3% local contribution obligation. Once a project reaches the 30% design level, Metro will calculate the local contribution and initiate negotiations with each applicable jurisdiction toward a 3% local contribution agreement. This agreement will establish the local contribution amount, specific financial and in-kind sources the jurisdiction intends to use, and timeframes necessary to support Metro project development.

## Contact Information

MMguidelines@metro.net

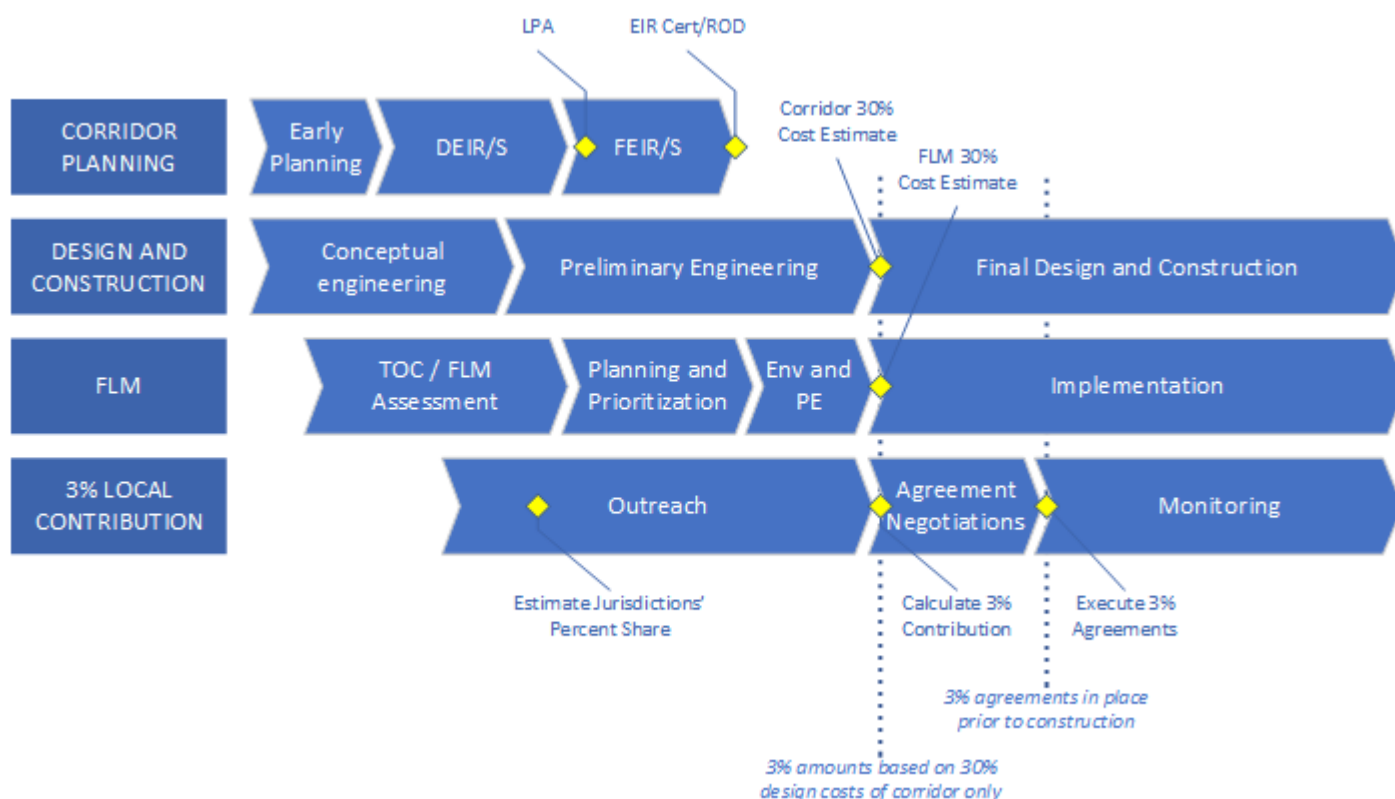
## Resources

Available on the Metro website:

- Measure M Guidelines
- First-Last Mile Guidelines
- Metro: How We Plan and Build
- Metro: Projects

*Technical Assistance available upon request*

## Integrating the 3% Local Contribution and Project Development\*



\*The diagram shows a typical design-build process. Other project delivery methods may realign some activities.

**How is it calculated?** Metro will first establish the cost basis for the local contribution by estimating the transit project cost based on 30% design. 3% of that cost basis will be the overall local contribution. Metro will then identify project segments that cross through jurisdictions where no station is to be constructed and subtract these from the overall project length. The overall 3% local contribution will then be allocated to jurisdictions where stations are to be constructed based upon the percent of adjusted centerline track miles within the jurisdiction's borders

Note that the 3% contribution only applies to the operable project segment and only for project scope identified by 30% design. Future project phases or project elements added after 30% design will not affect the contribution owed for the current segment.

If a jurisdiction is unable to satisfy the full 3% contribution, Metro may withhold Measure M local return funds until the obligation is met, or up to 15 years.

**What sources are eligible to pay it?** Jurisdictions may use any locally controlled funds. They may also receive credit for the value of in-kind contributions to the project (e.g. right-of-way) if those costs are specifically included in the project cost and contribution amount by 30% design. Additionally, jurisdictions may receive credit for qualifying First-Last Mile (FLM) improvements contained in a Metro Board adopted FLM Plan.

Jurisdictions owing a 3% contribution may receive credit for eligible improvements or actions taken by neighboring non-contributing jurisdictions. This would allow, for example, a jurisdiction to receive credit for qualifying FLM improvements made by another jurisdiction along a corridor. Note that this may increase the funding gap for the transit project.

In cases where Metro is withholding local return funds, a jurisdiction may still receive credit for qualifying FLM and in-kind improvements.

**When is the repayment deadline?** While the 3% contribution agreement will stipulate specific timeframes on a project-by-project basis, generally a jurisdiction should satisfy all financial obligations by the midpoint project construction. In-kind contributions and FLM improvements must generally be complete by the time the project is open for revenue service.

In cases where Metro is withholding local return funds, Metro will begin withholding approximately the same year as construction is authorized in the applicable jurisdiction.

**What is the process for receiving credit for in-kind contributions?** As project design progresses, jurisdictions should identify opportunities to contribute to elements of the project scope, the value of which can be credited to the jurisdiction. In most cases Metro will consider in-kind contribution proposals (e.g. right-of-way, city-led infrastructure improvements) during the preliminary engineering phase. Regardless of when the in-kind proposal is made, it must be for a project element that is included in the scope at 30% design per the Measure M Guidelines.