



U.S. Department
of Transportation

**Federal Transit
Administration**

The Administrator

1200 New Jersey Avenue, SE
Washington, D.C. 20590

APR 10 2012

Mr. Larry J. Smith
Chair, Board of Directors
C-Tran
P.O. Box 2529
Vancouver, WA 98668

Dear Mr. Smith:

Thank you for meeting with me on March 9 and for your follow-up letter of March 14 seeking clarity on the local financial commitment requirements of the Federal Transit Administration's (FTA) Major Transit Capital Investment (New Starts) program and the steps necessary for the proposed Columbia River Crossing (CRC) project to advance into final design and receive a Full Funding Grant Agreement (FFGA). FTA believes the project is critically important and will greatly benefit the entire region well into the future. Our support of the project is demonstrated by our inclusion of it as a funding recommendation in the President's Fiscal Year 2013 budget. We are also pleased with the recent progress made by the Washington State legislature to provide tolling authority for the project.

As you know, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) requires that FTA evaluate and rate projects seeking New Starts funding at various phases, including entry into preliminary engineering (PE), entry into final design, and prior to the receipt of construction funds through an FFGA. Further, SAFETEA-LU requires that FTA evaluate and rate a number of project justification criteria as well as local financial commitment, including evidence of stable and dependable financing sources to construct, maintain, and operate the project and the existing public transportation system, as planned, without a reduction in existing services. At each phase, the requirements to demonstrate local financial commitment become more rigorous, as described below, as project development progresses.

At entry into PE, FTA requires a reasonable financial plan be in place for funding the capital and operating needs of the project, including the existing public transit system, but firm funding commitments are not required. As the project progresses through PE, FTA expects that funding commitments will be secured. At least 50 percent of the non-New Starts capital funding for the project must be committed before final design will be approved. FTA expects to see some operating funding committed prior to entry into final design, but does not have a specific percentage requirement. Prior to FTA's consideration of an FFGA, all capital funding for the project as well as all operating funding must be committed. Importantly, FTA does not dictate the funding sources since those are local decisions; we simply seek to ensure the funding proposed by the project sponsor is committed, stable, and reliable, as required by law.

The current CRC project schedule anticipates entry into final design in October 2012 and receipt of an FFGA by October 2013. As part of an anticipated final design request, local officials plan to submit an updated financial plan to FTA in late May 2012. FTA understands that the revised financial plan will include an update on local officials' efforts to secure the project's non-New Starts capital funds. FTA will also review the reasonability of the financial plan's toll revenue assumptions based on the projected number of users (cars, other motorized traffic) that local officials expect would use a new CRC bridge.

Current Oregon State law allows the use of tolls on the Interstate 5 Bridge. In February 2012, the Washington State legislature formally authorized toll collection on all new tolling facilities in the state, including the CRC. Oregon and Washington will enter into a Memorandum of Understanding (MOU) to establish how tolls will be set on the proposed CRC bridge. It is unclear when the MOU will be executed. A bi-state commission will also be convened to determine toll rates for the new bridge. Since the new bridge will become part of the interstate highway system, the Federal Highway Administration (FHWA) will need to formally authorize tolling on the CRC bridge.

FTA acknowledges the progress that local officials have made to secure the non-New Starts capital funds for the CRC project. However, FTA requires that at least 50 percent of the CRC project's non-New Starts share be committed before requesting entry into final design. To achieve this, at least \$1.33 billion of the proposed sources of funds from FHWA, the Transportation Infrastructure Finance and Innovation Act loan, state funds from the Oregon and Washington Departments of Transportation, toll revenues, and toll revenue bond proceeds will need to be committed before FTA will advance the CRC project into final design. As noted above, demonstration of these funding commitments should be reflected in the project's updated financial plan that will be submitted to FTA later this spring.

FTA considers the Tri-County Metropolitan Transit District of Oregon's (TriMet) portion of operating costs for the CRC project to be committed, since it will come from TriMet's existing dedicated payroll tax. Thus, sufficient documentation of TriMet's future operating capacity to pay for the CRC project as well as the existing system would meet our requirements for entry into final design. Funding for the Clark County Public Transportation Benefit District Area's (C-TRAN) portion of the CRC project's operating costs would not have to be committed prior to final design, but would have to be committed before FTA's consideration of an FFGA. Thus, if a ballot measure is required for C-TRAN to obtain its operating funding for the project, it would need to occur prior to October 2013.

I hope this information is useful. If you have further questions please feel free to contact FTA Regional Administrator, Rick Krochalis, at 206-220-7954.

Sincerely yours,



Peter Rogoff

cc: Rick Krochalis, FTA Regional Administrator, Region X
Matt Garrett, Director, Oregon Department of Transportation
Paula Hammond, Secretary, Washington Department of Transportation