

Joint Legislative Oversight Committee on the Columbia River Crossing
May 21, 2012
Hearing Room A, Oregon State Capitol, Salem, Oregon

Members Present: Sen. Lee Beyer, Rep. Cliff Bentz, Rep. Tobias Read, Co-Chairs; Sen. Ginny Burdick, Sen. Frank Morse, Sen. Chuck Thomsen, Rep. Margaret Doherty, Rep. Katie Eyre, Rep. Nancy Nathanson, Rep. Matt Wand

The Joint Legislative Oversight Committee on the Columbia River Crossing held its fifth meeting of the 2011-12 Interim on Monday, May 21st from 11:30 AM – 1:30 PM in Hearing Room A of the State Capitol.

Project Update and Next Steps

Matthew Garrett, Director of the Oregon Department of Transportation (ODOT), provided copies of a PowerPoint presentation (Exhibit #1), a funding graph (Exhibit #2), a memorandum reviewing public testimony from the March 2012 committee meeting (Exhibit #3), a chart detailing expenditures by ODOT and the Washington Department of Transportation (Exhibit #4) and a packet outlining monthly deliverables (Exhibit #5) as informational materials for the presentation. He indicated that the presentation would respond to issues raised at the March meeting and outline the next steps for the Columbia River Crossing (CRC) project.

Project Selection and Design

Heather Wills, CRC Environment Manager, reviewed the screening process used during the project development process to reduce the list of 70 potential facility components (in categories such as crossings, transportation demand/system management, freight, transit and bicycle/pedestrian) to a list of 31 components. Those 31 components were, in turn, used to create 12 representative alternatives, which were narrowed to five potential alternatives from which the locally preferred alternative (LPA) was selected. Ms. Wills addressed several questions related to the selection of the LPA:

- *Would multiple bridges better meet the need?* – Following consideration of the different components, one additional bridge, a bicycle-pedestrian bridge to Hayden Island, was added to the LPA;
- *Would a different bridge meet needs better?* – Analysis indicates that traffic from the I-5 corridor would not divert onto an alternate corridor in numbers sufficient to reduce congestion; a third bridge was estimated to pull only 5-10 percent of traffic off the corridor;
- *Would high-speed rail be a better transit alternative?* – This component was analyzed early in the process and was determined to be too much in conflict with existing passenger and freight rail.

Committee questions and discussion focused on the issue of whether studies had been able to determine where and when traffic that passes through the bridge influence area (BIA) enters and

exits the corridor, in order to better determine exactly what the door-to-door destinations are for users of the current bridge. Questions were also posed with regard to: what percentage of local traffic was expected to shift to light rail transit under the LPA; and whether a replacement rail bridge for high-speed rail might better solve the Eugene-Seattle corridor travel needs.

Project Finance

Mr. Garrett then transitioned the discussion to how the project will be financed and responded to issues raised on that topic in the March meeting. He asserted that while the state must face the realities of declining fuel tax revenues, an increased percentage of funding going to pay debt service, and potential questions about future traffic and revenue projections, there are a number of factors that should encourage policymakers to go forward with the project. There is a great deal of support for the project at the federal level, giving the state the opportunity to leverage a great deal of federal money for the project. That, combined with the fact that interest rates are at historic lows, make now a good time to build.

Mr. Garrett then addressed a couple issues raised at the March meeting:

- *The project cost is based on incorrect scope, incorrect toll rate estimates, and faulty methodology* – ODOT utilized the low, conservative end of estimate ranges for traffic volumes and toll revenues; those estimates are “consistent” with the review by the Office of the State Treasurer; the current traffic volume is 127,000 per day, estimated to increase to 157,000 per day by 2030;
- *Peer review did not validate the modeling used* - The data shows that the peer review process has validated the models used in developing the financing plan.

Kris Strickler, CRC Deputy Director, provided a brief overview of the proposed funding sources for the project, which will be split roughly evenly between the federal government (one third), the states of Washington and Oregon (one third combined) and tolling revenues (one third). These revenue sources will be used to pay for the bonds of constructing the different pieces of the project as follows:

- *Bridge structure and approaches* – Paid for through toll revenues, state contributions and federal funding (\$1.2 billion);
- *Light rail transit extension* – Paid for through Federal Transit Administration New Starts grants (\$850 million).

Mr. Strickler indicated that tolling revenues are expected to cover between \$900 million and \$1.3 billion of the project’s total cost.

Travis Brouwer, ODOT’s Federal Affairs Advisor, addressed the reliability of federal funding sources anticipated to be used for the project. There are three primary sources of federal funding that can be tapped:

1. *Federal Transit Administration “New Starts”* – Provides funding for major capital projects, including the TriMet Orange Line; a full contribution cannot be received until a state contribution has been signed into law; remaining on course makes this allocation “relatively solid,” while delays create uncertainty; moneys for this program come from

the General Fund; application for the funding would take place in late 2013, with signing of an agreement taking place in 2014;

2. *Transportation Infrastructure Finance and Innovation Act (TIFIA)* – Often used to finance projects using toll revenues, it provides cheaper financing than open markets; the U.S. Department of Transportation has announced that the CRC would be a priority project for TIFIA funds if and when Congress acts to provide funding; this source also requires a state match;
3. *Federal Highway Funding* – Contingent upon passage of a new surface transportation bill, an appropriation could be all up front or through a continuing allocation; phasing the project could postpone some of the portions that would be funded later.

Mr. Strickler then indicated that the State of Washington's total contribution, based on the cost of the elements on the Washington side of the Columbia, total \$435 million, while the total cost of the Oregon-side components is \$595 million. There was then discussion regarding how to determine when each of the three partners would need to contribute, or at least commit, its portion to the project.

Phasing

Mr. Garrett noted that fiscal realities, informed by the Treasurer's Report, have led to alternatives to the full-bid proposal that would create a "first phase" alternative, with a smaller footprint and a lower price tag. The phasing would focus on the safety and mobility aspects of the project. Mr. Strickler indicated that by postponing features on Marine Drive and Hayden Island the total project cost could be reduced by \$145 million on the Oregon side.

Revenue Sources

Mr. Garrett discussed the potential revenue sources to cover Oregon's cost of the project:

- *Motor fuel taxes* – a one-cent increase would raise approximately \$26.7 million annually (Oregon currently has the nation's 8th highest motor fuel tax);
- *Vehicle registration fees* – a \$1 per vehicle increase would raise approximately \$5.19 million annually (Oregon currently has the nation's 44th highest vehicle registration fee);
- *Vehicle title fees* – a \$1 per vehicle increase would raise approximately \$1.22 million annually (Oregon currently has the nation's 37th highest vehicle title fees).

One proposal that includes a \$.01/gallon fuel tax, a \$1 vehicle registration fee and \$3 vehicle title fee was suggested as a potential funding package to provide Oregon's share of the project cost.

Next Steps

- Continued discussions with the Legislative Assembly
- Discussions between Oregon and Washington concerning governance
- Discussions between Oregon and Washington concerning tolling
- Pre-construction planning
- Preparing a final design application for submission to the FTA
- Refining phasing options

Committee discussion and questions focused on the following topics: whether the same bid modeling process that failed to control costs on the Highway 20/Eddyville project will work better with the CRC; ramifications of cost overruns on other transportation projects; differences between the Oregon and Washington tax structures; the potential impact of reduced state contribution on anticipated federal funding; and the extent to which the project can be modified or phased before a new environmental impact statement (EIS) would be required.