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Lagging traffic volumes could force taxpayers to cover bridge debt

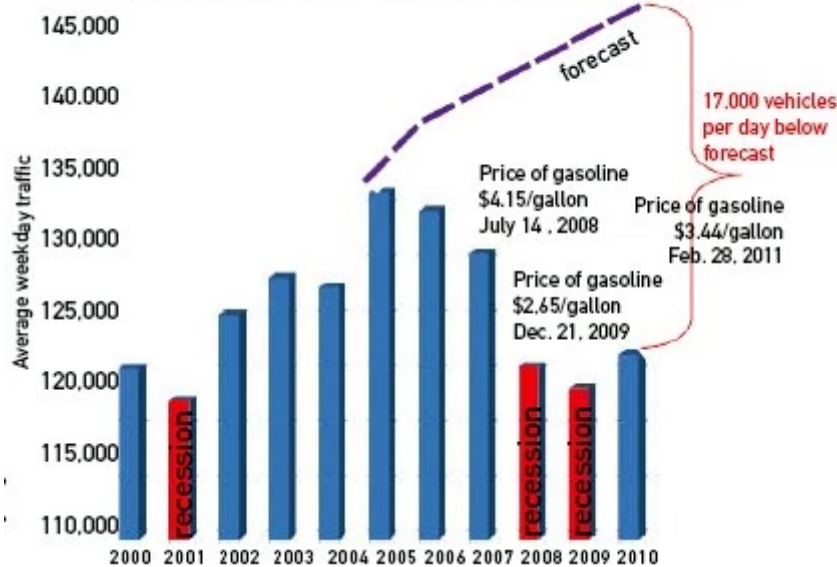
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POSTED BY: PAUL.KOBERSTEIN MARCH 31, 2011

CATEGORIES

Daily bridge traffic lags far below forecast



CROSS-BRIDGE TRAFFIC — Vertical bars show average weekday traffic on the I-5 bridge over the river. Traffic is lagging far below the CRC’s projections. The 17,000 vehicle per day shortfall in 2010 shown here would result in a debt payment shortfall of more than \$1 billion over the life of the project. Recessions and rising gasoline prices can trigger traffic declines. The recession of 2008-09 appears to be over but gas prices once again are on the rise. (Sources: Joseph Cortright, CRC, US EIA)

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This is part 3 of Cascadia Times' continuing series on the Columbia River Crossing and air pollution. Read the series [introduction](#), and articles on [induced traffic](#), [lagging traffic counts](#), [the cancer in Portland's air](#), [an environmental injustice](#), [ESCO and industrial air pollution](#), [global warming and the CRC](#), [a look to the future](#), and [the media's role](#).

Portland's air is polluted with dangerous levels of 14 different carcinogens. Click to download maps of Portland's air toxics.

Construction of the Columbia River Crossing, — the \$3.9 billion plan to build a new Interstate 5 bridge and expand the freeway between Portland and Vancouver — is several years off, but the project may already be in financial jeopardy because not enough cars are crossing the river to meet projections.

Too few cars means too little money collected at the tollbooth to pay the CRC's debt. The silver lining is that fewer cars means less pollution.

The full cost of the CRC, according to Portland economist Joe Cortright, is likely to exceed \$10 billion after project-related costs and interest are paid.

Cortright said the CRC's costs include \$3.875 billion for construction; \$2.7 billion for interest on the construction bonds; \$1.3 billion in supplemental construction costs to widen I-5 at the Rose Garden; \$275 million for credit cards, sales taxes and bond issuance costs; and \$175 million in transit operating costs.

So far \$117 million has been spent by the project for a fleet of engineers, architects, lawyers and public relations consultants, according to the CRC.

The project must borrow money to pay for construction long before it receives federal and state tax and toll revenues. The CRC will have to pay interest on those

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borrowed funds for 30 years. “It will have to pay interest on top of interest,” Cortright said.

But Matthew Garrett, director of the Oregon Department of Transportation, one of the project’s sponsors, objects to Cortright’s counting of interest payments as costs of the project. Garrett didn’t challenge the actual amounts cited by Cortright, but notes that including interest in the cost is akin to including interest costs when buying a home.

Typically, a home buyer must take them into account when calculating monthly mortgage payments, but normally they are not added to the purchase price.

Garrett quibbled that a homeowner, when paying off the mortgage, must pay utility bills, maintenance costs and interest costs associated with the mortgage. “However,” he said, “these other costs do not change the original cost of the home.”

Cortright said he had been “quite clear” that his estimates represented all costs that the CRC is expected to incur over 30 years. But he foresees other potential difficulties with the financing.

“We don’t know if we can get a loan (bonding), how much we can finance, what the interest rate, fees and terms will be, or how we can make the \$450 million ‘down payment’ in the current and foreseeable weak economy.”

He said the CRC will only get a loan by pledging “other state assets” as a guarantee, and agreeing to pay all of the contractor’s cost overruns.”

Those “other state assets,” he said, would probably be tax revenues. That puts the taxpayer on the hook for the CRC if it can’t pay the bonds.

In his calculations of project costs, Cortright includes money to add lanes to I-5 between the

Rose Garden and Interstate 84, the most toxic hot spot in Portland. Citing the URS report, he said that eventually

the CRC would decide to expand the freeway at that chokepoint, or face watching its bridge project yield only more traffic headaches for Portland.

URS said unless the chokepoint is fixed, the usefulness of the entire CRC investment is jeopardized. It called for new traffic studies to see whether the CRC would simply shift the bottleneck 5 miles to the south on I-5. It called on the state and the city to address that area as part of the CRC project.

Garrett said the CRC dismissed the URS recommendation because the Rose Quarter is outside of the CRC project area. He said relieving jams at that chokepoint is not part of the CRC project.

Traffic projections, offered several years ago by the CRC, are already falling short of actual traffic numbers.

Cortright said the shortfall as of November 2010 is about 17,000 cars per month.

A 17,000 vehicle per day shortfall, he said, “would have a material adverse effect on project financing.”

Over the life of the project, a traffic shortfall of that size would result in a revenue shortfall of more than \$1 billion, he added.

Such a shortfall, he said, raises “serious questions about the need for the project, its sizing, and how it will be financed.”

Garrett did not dispute Cortright’s claims about traffic shortfalls, but said the CRC plans to conduct a study to determine the investment risk of its bonds before they are sold.

There is, however, some doubt about the accuracy of the actual traffic counts used by the CRC, which says that “currently” the bridge carries 135,000 vehicles per day.

But a check with the Oregon Department of Transportation reported that daily traffic averaged that

much only during eight months since 2005, and not since 2007.

Since 2005, average weekday traffic crossing the Interstate Bridge has declined by about 6,000 cars per day, a drop of about 4 percent.

CRC spokeswoman Mandy Putney, said that in 2010, “there were two months with an average daily traffic volume near 134,000.” But according to ODOT, that level was reached only once in August 2010, when 134,213 cars crossed the I-5 bridge.

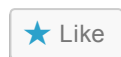
Cortright says traffic growth would have to almost double to meet the CRC’s forecasts. n

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1 COMMENT

ON "LAGGING TRAFFIC VOLUMES COULD FORCE TAXPAYERS TO COVER BRIDGE DEBT"

Matthew | April 13, 2011 at 12:48 pm |

The line: "17,000 cars per month"
shortfall should 17,000/day.

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