

Memorandum

November 26, 2012

To: Metro Council
From: Bob Stacey
CC: Sam Chase, Craig Dirksen, Martha Bennett and Randy Tucker
Subject: Legislative Position on CRC Funding

Via email

The agenda for your work session tomorrow includes recommendations from Government Affairs Director Randy Tucker on positions Metro should take in the coming Oregon legislative session. One of those addresses Oregon's share of funding for the CRC project. Because this matter likely will be back before the Council several times in the next six months, I want to share my thoughts with you now.

I've been outspoken in my criticism of the design, scale and likely community impacts of the Columbia River Crossing. This memo is not about that criticism, but about a concern we all share: that Oregon taxpayers not be exposed to avoidable financial risk from this project, and that the project deliver the transportation improvements and mitigation measures that have been promised to Oregonians.

Randy's recommended position statement on CRC funding reads:

"Support a funding approach for Oregon's portion of the CRC that recognizes the statewide importance of the project and does not disproportionately come at the expense of other projects in the region. Support investments as part of the project that mitigate its impact and the impact of the existing freeway on directly affected local communities."

The purpose of this language is to ensure that Oregon's share of CRC funding isn't taken out of the metropolitan area's hide at the expense of other established transportation priorities. That's an important message, but I believe it's not enough.

1. Oppose diversion of federal formula funding to CRC

A little background: The CRC staff estimates the project cost range to be between \$3.1 and \$3.5 billion. The finance plan assumes maximum revenue of just under \$3.5 billion: \$450 million each from the two states, \$850 million from the Federal Transit Administration, \$400 million from federal highway funds, and up to \$1.3 billion from toll revenue. In other words, "Oregon's portion of the CRC" should be \$450 million; and that should come from new revenue, not from existing commitments here or in other parts of the state.

However, if the CRC is not successful in getting a \$400 million federal highway earmark from Congress, the pressure will be on both state DOTs to carve \$200 million each from Oregon's and Washington's shares of federal highway formula funds. ODOT has built assumptions about continued federal formula funding into the Statewide Transportation Improvement Plan (STIP); reallocating \$200 million of those dollars to CRC would have a negative impact on other Oregon transportation policies, and should be precluded by the legislature. The clearest way I can think of to express this as a legislative position would be: "Oppose expansion of Oregon's share of CRC funding, from all sources, beyond \$450 million."

2. Oppose cost shifting from Washington to Oregon

I also suggest that staff's recommendation be expanded to address protection of Oregon's interests statewide in contrast to those of Washington, rather than only addressing the possibility that our region may suffer greater fiscal impacts than other parts of Oregon.

Washington's legislature has already imposed significant limitations on its participation in the funding of the CRC. If Oregon's legislature simply authorizes \$450 million for the CRC, it will be implicitly accepting Washington's limitations, which will leave Oregon holding the bag for a great deal more cost responsibility--or with a great deal less from the CRC project for our communities.

a. Washington's tolling limitation

The 2012 Washington legislature approved tolling for the CRC project. In so doing, it also limited tolling to the I-5 bridge, and purported to prohibit tolling "for travel on any portion of Interstate 205." RCW 47.56.890(2). This limitation will very likely prevent the CRC project from realizing its \$1.2 billion target for funding from tolling. Failure to toll I-205 will result in actual *reduction* in I-5 travel, as drivers choose to cross at I-205 to avoid the I-5 toll.

This isn't academic theory. It's exactly what's happening on the SR 520 bridge over Lake Washington between Bellevue and Seattle. WSDOT began tolling the bridge early this year as part of the financing plan for building a replacement span. However, Washington did not toll crossings on the parallel I-90 bridge five miles south. The result: a 40 percent drop in daily traffic on SR 520. See <http://daily.sightline.org/2012/09/10/sr-520-a-victim-of-bad-forecasting/>. A 40 percent drop in the CRC's \$1.3 billion tolling revenue will cause a half-billion dollar shortfall in CRC funding.

If Oregon consents to Washington's plan to toll only I-5, the result will not only be a big hole in the CRC project budget, but major traffic and livability impacts on the I-205 and I-84 corridors on this side of the river. Oregon should make its financial contribution to the CRC contingent on Washington agreeing to toll both crossings of the Columbia River.

b. Additional Washington conditions

In its CRC tolling legislation, Washington's legislature adopted several other limitations and restrictions on that State's financial participation in the project:

- An overall cap on project cost of \$3,413,000,000 (RCW 47.56.890(2));
- A prohibition on tolling until sufficient federal and state funds are committed to "complete the phase of the Columbia river crossing project that includes the construction of the Columbia river bridge and landings" (2012 Washington acts, ch. 36 sec. 7); and
- A time limit: the tolling legislation expires at the end of 2015 if federal funding is not secured or other conditions are not met (RCW 47.56.892).

Taken together, the conditions Washington has placed on its financial participation in the CRC protect Washington to Oregon's potentially severe financial disadvantage. A project that prioritizes only the freeway bridge and has at best \$800 million in toll revenue will fall far short of capacity to build the \$545 million worth of Oregon-side improvements included in the Locally Preferred Alternative, much less provide any money for mitigation and enhancement funding for affected communities—unless Oregon ups its own financial contribution far beyond \$450 million. That's not acceptable; and the Oregon legislature should say so.

3. Proposed Oregon Conditions for Funding

Washington's legislature has made its priorities clear: as soon as they have a project phase that builds "a bridge and landings", they're done. This region should ask the Oregon legislature to be just as clear about Oregon's priorities and conditions:

- Any initial phase of the CRC must include transit, active transportation, and the Oregon-side road improvements;
- A community enhancement and mitigation fund is an essential element of project funding;
- As noted above, both the I-5 and I-205 crossings must be tolled, to ensure sufficient tolling revenue and to prevent major traffic disruption on the Oregon side; and
- Oregon's contribution is capped at \$450 million. Any funding shortfalls or project cost over-runs must be covered by toll revenue, not by Oregon taxpayers.

It is likely that the conditions imposed on the CRC by the 2012 Washington legislature are simply an opening gambit in negotiations to determine the project's scope and the relative contributions to be made by the two states. The final position Washington takes

may be more reasonable. However, for that to happen Oregon will need to press its case now. If our legislature fails to impose its own deal terms as part of a funding approval in 2013, ODOT will find itself outgunned in any future agency-to-agency negotiations with WSDOT over cost responsibility or minimum project elements.