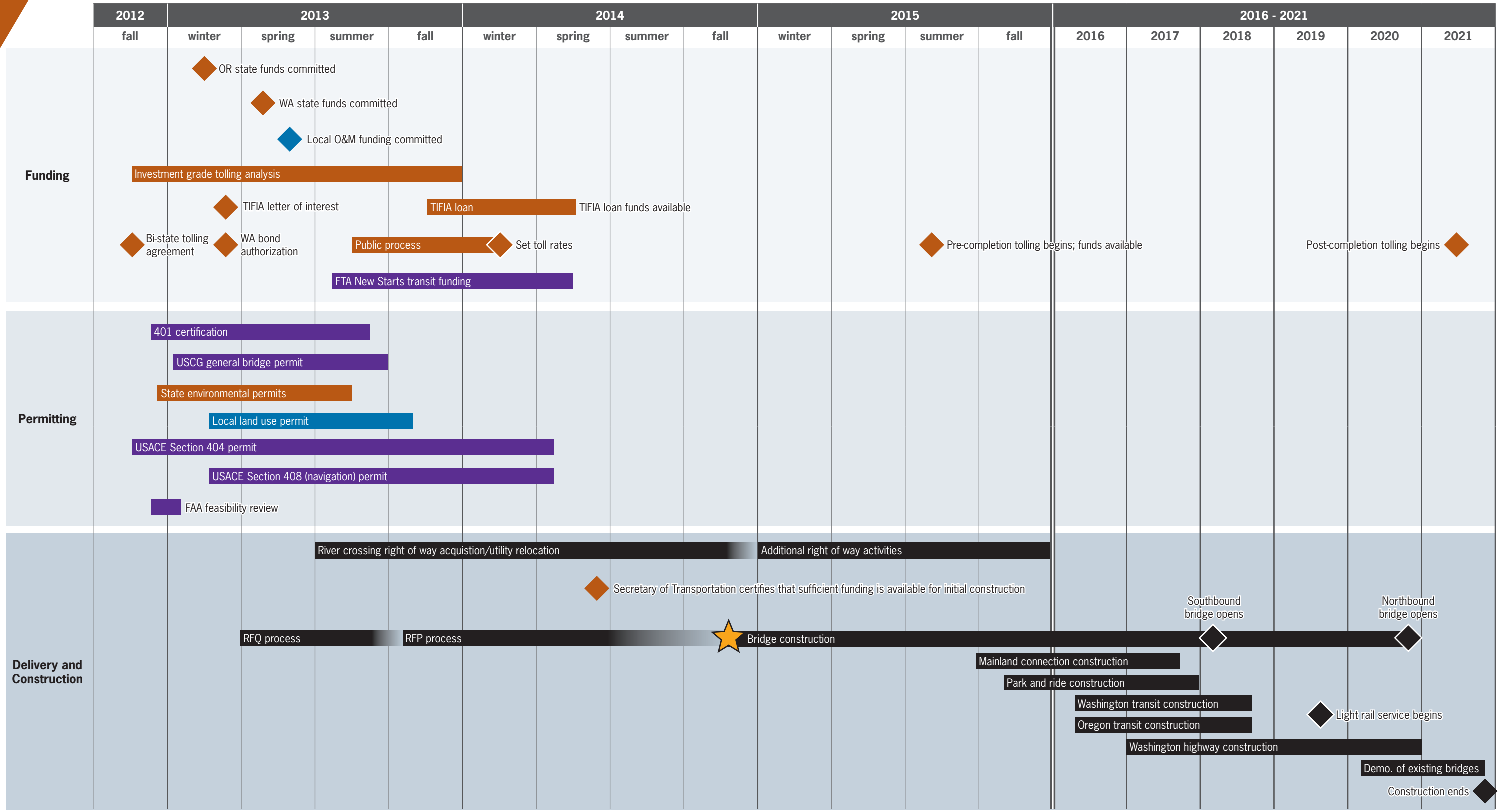


# Columbia River CROSSING Project Master Plan

DRAFT



◆ State ◆ Local ◆ Federal

Updated 12/10/12

December 5, 2012

**TO:** Paula Hammond, Secretary, Washington State Department of Transportation

**FROM:** Nancy Boyd, Washington CRC Project Director

**SUBJECT:** Review of Acuity Group correspondence to Washington legislators regarding Columbia River Crossing – Contracts and Task Order Analysis

## Introduction

At your request, we have reviewed assertions made by Tiffany Couch about the Columbia River Crossing (CRC) project that the CRC project has not complied with accounting and contracting processes as required by law or policy.

Project staff has spent considerable effort fulfilling requests for information and responding to previous claims by Ms. Couch on the topic of accounting and contracting, several of which have been repeated in this recent letter. WSDOT responded to a similar set of assertions from Ms. Couch in February 2012 (attached) which was provided to Washington legislators and others. Our review finds that claims of conflict of interest, duplicate work and inadequate documentation are unsubstantiated. As before, we have found CRC procurement, management and accounting practices adhere to federal and state law and established agency policies.

## Findings

1. Assertion: Appropriate procurement procedures in selecting a consultant for the CRC project were not followed.

**Finding: CRC solicited a competitive request for qualifications from a wide area for the CRC project prior to awarding the contract to David Evans and Associates.**

Consistent with national best practices learned from other large transportation projects, WSDOT issued a competitive and widely advertised Request for Qualifications (RFQ) in February 2005 for a general engineering consultant (GEC) to quickly mobilize a workforce and provide expertise and specialized skills that ODOT and WSDOT did not have available in-house. In addition to being advertised online, notification was provided in the Seattle Daily Journal of Commerce which is a paper of record in the Pacific Northwest and widely known as a source of information on contracting opportunities. The tasks identified in the RFQ included completing the environmental planning process under the National Environmental Policy Act (NEPA), permitting, and performing necessary preliminary design work leading to construction. This solicitation was completed under federal regulations that preclude a “low bid” process. Instead, selections must be based on professional qualifications provided at a reasonable cost to complete the work.

All potential bidders interested in leading the consultant team as the “prime” were required to participate in a pre-bid meeting prior to the submittal deadline. Seven firms attended the meeting indicating interest in being the prime consultant. Seventeen firms attended the meeting as potential sub-consultants. For a project of this size, it is expected that teams of consultants would submit proposals. In this case, one team, primed by DEA and consisting of 26 sub-consulting firms, submitted a proposal. Any submittal must meet pre-determined qualifications to be

evaluated and selected. The proposing team, led by David Evans and Associates (DEA), met all necessary qualifications and was selected following WSDOT procurement procedures.

Staff from the DEA consultant team provides services in roadway engineering, bridge engineering, transit engineering, travel demand modeling and forecasting, public communications, and project support and administration. DEA currently has active sub-contracts with 25 different firms to provide specialized work in structural, transit and highway engineering; computer-aided design; environmental planning and analysis; cost-estimating and scheduling; stormwater management planning; public communications; and document control. DEA is a well-qualified consulting firm with a strong reputation nationally. The firm was procured in accordance with applicable state and federal rules, regulations and procedures.

2. Assertion: David Evans and Associates' previous work on projects in the I-5 corridor creates a perceived Organizational Conflict of Interest.

**Finding: DEA has no real or perceived conflict of interest and was selected for unparalleled understanding of local and regional issues, as well as national expertise in bi-state and other FHWA mega projects.**

WSDOT has developed detailed guidance on Organizational Conflict of Interest (OCOI), cited by Ms. Couch, and adheres to these policies in its procurement, project management and engineering work. OCOI is important as it helps to safeguard the agency, competing firms and the public's trust by ensuring that contracting processes remain competitive. OCOI policies apply to all WSDOT-managed contracts to prevent competitive advantage of consultants or contractors. An example of a conflict of interest is where a contractor designs one phase of a project and then bids to further refine and/or construct these designs.

Ms. Couch alleges that work performed by DEA between 2000 and 2005 constitutes an Organizational Conflict of Interest. This work was completed under several contracts, each awarded through a competitive procurement process. DEA served as a prime contractor for four contracts and a sub-consultant on one. These contracts included work by DEA and subconsultants for the Portland Vancouver I-5 Trade Corridor Freight Feasibility and Needs Assessment, the I-5 Trade and Transportation Partnership and other economic and traffic analyses of the I-5 corridor. Associated work products included reports of research and findings, which were widely available to the public, and in the case of the I-5 Trade and Transportation Partnership, the result of a multi-month long public process with a stakeholder advisory group.

Work performed by DEA in previous projects did not provide privileged information or competitive advantage in obtaining work on the CRC project. Instead, DEA submitted its team's qualifications and was awarded the work on the basis of its qualifications.

3. Assertion: Design refinements amount to "design flaws" and the state should be reimbursed by the consultant.

**Finding: CRC design refinements were typical of large transportation projects advancing through the environmental phase.**

Design and refinements have been developed by an integrated team, made up of WSDOT, ODOT, partner agency and consultant staff in consultation with outside experts and multiple stakeholders. Design is an iterative process and design refinements occur as more information is known and the project advances. For example, the current bridge type was selected after an independent review because it met certain evaluation criteria related to project purpose and need, environmental effects, schedule and cost. The state departments of transportation made a risk management decision to proceed with a more standard and lower cost bridge type compared to an earlier design.

Oversight and direction of consultant work is provided by WSDOT and ODOT. Scoped deliverables are submitted by DEA to the DOTs for review and approval before being accepted.

4. Assertion: Budget increases above the original contract amount to “cost overruns.”

**Finding: CRC and DEA have followed appropriate contracting processes related to budget increases.**

When the project was initiated, the DOTs estimated that \$50 million was a reasonable budget for the initial level of effort to be conducted under this contract. The original budget amount was not intended to represent the total cost of the entire environmental and planning work effort, and the contract was not established, nor managed, as a “lump-sum” contract.

The CRC project team carefully managed the work effort to move through the federally mandated environmental process. As the environmental impact statement was developed, WSDOT and ODOT added work tasks and increased levels of technical analysis as the project evolved based on public input from more than 1,000 meetings and events, the guidance of 10 different project advisory committees, and recommendations from five expert review panels. Design refinements and analyses defined the level of work elements necessary and contract estimates were updated accordingly. The end result was a level of expenditure well within national norms for projects of this size and complexity.

Given the inherent variability (and uncertainty) of the project work effort, WSDOT and ODOT have utilized the appropriate contract approach to help closely manage the consultant team’s scope of work and level of effort. This contract approach involves a master agreement that establishes the broad range of contract services, timelines and levels of effort, which is then supplemented with individual task orders for specific work efforts and deliverables. These task orders are closely monitored through the contract and invoice payment process. The contracting process included oversight by the project directors, WSDOT and ODOT headquarters, and legal counsel. We believe the contract limits with the selected GEC have been appropriately increased over time and managed in accordance with all applicable state and federal rules and policies.

Ms. Couch’s expresses a misunderstanding of this contracting approach. She questions how the master contract could have value without associated task orders. It is standard practice to for agencies to identify a master contract amount and then rely on detailed task orders to appropriate smaller, budgeted amounts for specific work efforts.

5. Assertion: Duplicate work was conducted between several task orders and amendments.

**Finding: DEA has not been provided budget to perform duplicate work.**

As in previous inquiries, Ms. Couch questions why Task Order AF, which was initiated after the adoption of a locally preferred alternative in 2008 was closed and a new Task Order, AH, was initiated in spring 2010. At the beginning of Task Order AF, the level of public engagement and technical analysis that would be necessary to obtain consensus on the number of bridge structures, light rail alignment, station locations, multi-use path location, bridge type, number of bridge lanes and interchange designs was unknown. While Task Order AF was in effect, it was determined that additional design work was necessary to evaluate newly proposed concepts, which led to the approval of task order amendments.

By early 2010, all work on uncompleted tasks was halted and the budget zeroed out (through an amendment) so that a new task order could be implemented. The new task order (AH) re-allocated resources to better match the work effort with necessary tasks to analyze the community and environmental effects of the refined project, publish the Final Environmental Impact Statement and obtain the Record of Decision.

It would have been technically possible in the spring of 2010 to amend Task AF to add scope and budget to complete the work related to the Final EIS and ROD. However, by that time it was clear that significant other work was necessary that was not identified in the Task AF scope of work. WSDOT started with a fresh slate (Task AH) to provide additional specificity and clarity to both the project owners and consultants. Amendments to Task AH have been necessary to accommodate continual design refinements and analysis and provide close oversight of contract expenditures.

Ms. Couch questions Task Order AR, which addressed resolution of key project issues identified through the 30 percent transit engineering phase and to advance design toward the Full Funding Grant Agreement (FFGA). This task order was initiated when advanced transit design work, unanticipated in Task Order AF, was necessary.

Ms. Couch also questions the amendment to Task Order AI, stating that it appears to be duplicative of the original task order and has no associated deliverables. Amendment 1 of Task AI clearly indicates the purpose of the amendment is for “additional work not anticipated.” The Independent Review Panel conducted a comprehensive analysis of project designs and processes which required more staff support time and analysis than originally planned. Deliverables for this work are identified under the original task order, as noted in the amendment.

6. Assertion: CRC is unable to produce accounting reports that provide project costs to date.

**Finding: CRC project accounting reporting provides costs to date in an easy to understand format.**

Reconciliation of project expenditures occurs on a monthly basis. Project management information is contained and tracked at the CRC project office using Prolog database software. The outputs are compared with information contained in each state’s accounting systems. The reconciliation documentation is provided to project leadership in both agencies for review and oversight.

Project expenditure data contained in the WSDOT accounting system shows amounts that have been paid or accrued in accordance with generally accepted public accounting principles. A one to two month lag may occur before an invoice is fully logged as paid in the accounting system as WSDOT reviews the invoice, confirms work was completed, confirms payment meets state and federal policy, and issues payment.

In addition to the reports available from the WSDOT accounting system, the project office provides public information reports. On a monthly basis, expenditure information is provided to interested stakeholders and members of the public in a summary document called the “Monthly Financial and Schedule Report.” Monthly expenditure details and financial information also are provided to the Federal Highway Administration and Federal Transit Administration, as required to receive federal transit construction funds. These documents use the same project data that is contained in the “Expenditure Summary” and “Cost Report Sorted by Consultant and Agency” cited by Ms. Couch. Project database reporting outputs are based on total amounts invoiced to WSDOT for payment by the state.

## Conclusion

Ms. Couch repeats many assertions previously addressed by WSDOT with regards to project contracting and accounting practices. CRC entered into contract with DEA in 2005 after a competitive procurement process, selecting a well-qualified consultant to assist with a variety of tasks that could not be provided in house. Contract and task order management has been accurate and consistent, with oversight from agency leadership and legal staff. Regular reporting of project costs remains available. As before, we find Ms. Couch’s claims to be without full understanding or merit.

NB:ro  
Attachment  
cc: Project Controls



**Washington State  
Department of Transportation**  
**Paula J. Hammond, P.E.**  
Secretary of Transportation

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Olympia, WA 98504-7300

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February 14, 2012

The Honorable Mary Margaret Haugen  
Chair, Senate Transportation Committee  
PO Box 40410  
Olympia, WA 98504

The Honorable Judy Clibborn  
Chair, House Transportation Committee  
PO Box 40600  
Olympia, WA 98504

Dear Chair Haugen and Chair Clibborn:

Representative Rivers recently held a brown bag work session where Ms. Tiffany Couch shared the findings of her report on the Columbia River Crossing project. David Dye, Deputy Secretary and Bob Covington, Director of Financial Services at WSDOT were both in attendance.

Ms. Couch expressed a number of concerns about the CRC projects management and compliance with standard accounting and contracting practices. She stated that the project lacks transparency and accountability. I want you to know I take these assertions very seriously. Good government, accountable and transparent government, has been a cornerstone of WSDOT since I became secretary and I'm proud of the way we conduct our business. Obviously, Ms. Couch's assertions describe a WSDOT that is not consistent with how we strive to do business. To assess the validity of Ms. Couch's report findings, I asked Dave and Bob to review her report and work with the CRC team to get to the bottom of this, and provide an independent evaluation of the assertions and facts.

Attached you will find Dave and Bob's summary memo. They found no merit to Ms. Couch's claims. I think you will find their memo enlightening.

I would be happy to discuss with you if you have any questions.

Sincerely,

Paula J. Hammond, P. E.  
Secretary of Transportation

PJH:jaa

cc: Representative Ann Rivers  
Representative Mike Armstrong  
Representative Jim Moeller  
Representative Paul Harris  
Representative Ed Orcutt  
Marty Loesch, Governor Office  
Matt Garrett, ODOT

Beth Redfield, HTC  
Kelly Simpson, STC  
Dillon Auyoung, WSDOT  
Bob Covington, WSDOT  
Steve McKerney, WSDOT  
Dick Ford, WTC Chair



February 14, 2012

TO: Paula Hammond, Washington State Secretary of Transportation  
Matt Garrett, Oregon Director of Transportation

FROM: David L. Dye, Deputy Secretary of Transportation  
Bob Covington, Director of Financial Services

RE: Letter dated Jan. 19, 2012, from Ms. Tiffany Couch concerning Columbia River Crossing

Per your request, this memorandum responds to the findings and assertions presented in Ms. Tiffany Couch's letter to Rep. Rivers on Jan. 19, 2012. We have reviewed Ms. Couch's letter, attended Ms. Couch's briefing to Representative Rivers and others, and have reviewed the project team's detailed response to the report as a basis for our findings.

We acknowledge the time investment made by Ms. Couch to review the financial records of the Columbia River Crossing project and welcome public involvement in, and oversight of, this complex project. However, we are concerned by Ms. Couch's report and public statements suggesting that the CRC team has mis-managed the CRC project and that the project lacks accountability, transparency, and oversight. We found in our review quite the opposite, that in spite of very challenging circumstances the CRC team has conducted business in accordance with applicable policies, standards, and guidelines and has steered the project to a successful completion of the Record of Decision. Specifically, we found:

- Total project expenditures for the CRC Project to date fall well within national averages for complex, large transportation projects
- Review and oversight of CRC financial accounting processes has shown they are consistent with state and federal laws, accounting standards, and policies
- Each funding source and all project expenditures are tracked in detail for reporting and monitoring
- Financial reports are regularly produced and distributed at the agency and project level
- The contracting practices employed at CRC are consistent with state and federal policies for mega-project planning and with national best practices
- Project task orders are administered and overseen in a manner consistent with WSDOT policies and guidelines
- Responses to public record requests meet state law intent and timelines



### **General Observations**

The Columbia River Crossing project is one of a handful of mega-transportation projects in various stages of delivery in Washington and is certainly among the most complex. This complexity arises from its size, multi-modal structure, and bi-state leadership and ownership by Washington and Oregon. Issues associated with planning in an urban environment with an engaged populace, endangered species, numerous tribal treaty rights, archeological and historic resources, major shipping channel and proximity to two airports are well documented. With receipt of the federal Record of Decision, CRC has completed the required environmental review process in six years, in accordance with the National Environmental Policy Act (NEPA) and Washington's State Environmental Policy Act (SEPA). Six years to complete the NEPA process falls within the average amount of time necessary to complete large transportation projects across the country. Total expenditures incurred during this timeframe (approximately \$142 million) also fall within the average range up to 10 percent of total project cost.<sup>1</sup>

The Washington State Department of Transportation (WSDOT) and Oregon Department of Transportation (ODOT) use the same systems and policies to deliver the CRC project that are successfully used throughout Washington and Oregon. Financial accounting services and oversight for the CRC project, procurement, and contracting comply with applicable state and federal laws, accounting standards, and policies. Expenditures on the CRC project are tracked within each transportation department's accounting systems using unique identifiers which allow for project-specific reporting. Expenditures also are closely tracked at the CRC project office level to ensure payments do not exceed available funding. Internal financial audits by WSDOT and ODOT are ongoing to further ensure that policies and procedures are being appropriately followed. In addition, the Federal Transit Administration reviews project delivery and oversight mechanisms on a monthly basis through the use of a Project Management Oversight Consultant (PMOC).

To date, review and oversight efforts have shown the CRC project's financial accounting and contracting processes to be consistent with state and federal laws, policies, standards and directives.

### **Detailed Discussion**

The following sub-sections respond in more detail to questions, assertions, and comments raised in Ms. Couch's report.

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<sup>1</sup> See FHWA's *Evaluating the Performance of Environmental Streamlining: Development of a NEPA baseline for Measuring Continuous Performance*, for discussion, <http://environment.fhwa.dot.gov/strmlng/baseline/section2.asp>).

*Assertion 1: Sources and uses of funds are difficult to track and lack an audit trail.*

**Sources and uses of funds are tracked in detail for reporting and monitoring, and are supported by a strong system of management oversight, strong internal controls, a complete audit trail, and supporting documentation of project expenditures.**

The public expects, and the law requires, that WSDOT maintain detailed systems to track each fund source and payment and track it back to the CRC project. Detailed systems connect large volumes of data for monitoring and legislative reporting.

The CRC project has received funding from state gas tax revenue and federal “formula” funds through the highway trust fund as well as competitive discretionary funds. Under agreement between the two states, project planning costs have been and will be shared equally. With differences in each state’s funding cycles, the ratio of funding is not always equal. At the conclusion of the project, any remaining discrepancy will be reconciled, according to the states’ signed agreement. Currently, WSDOT has contributed approximately 6 percent more in total funding than ODOT, as shown in the table below provided by the CRC project team. (Data presented in Ms. Couch’s report was current as of May 18, 2011.)

<b>CRC Funding Summary</b>	
Joint WSDOT/ODOT - Projects of National Significance	15,000,000
<b>Oregon Department of Transportation</b>	
Federal Highway Administration	79,897,847
State of Oregon	10,414,880
<b>Wash. State Dept. of Transportation</b>	
Federal Highway Administration	52,445,055
State of Washington	50,153,377
<b>TOTAL (through Dec. 2011)</b>	<b>\$207,911,159</b>

From late 2004 through Dec. 31, 2011, total invoiced expenditures for the CRC project are \$142 million. About \$104 million of the expenditures have been invoiced by private companies contracted to provide a variety of professional services, testing, and research related to project development. About \$37.5 million has been paid to project sponsor agencies, government agencies providing independent reviews, and tribal governments consulting with the project. Of the total invoiced by all private consultants, \$98 million has been invoiced by the prime consultant, David Evans and Associates, for work completed by its own staff and its 25 sub-consultants. As an individual firm, DEA has billed a total of \$34.5 million, or 24 percent of the total project expenditures. The table below provided by the CRC project team shows a current summary of expenditures by agency and invoiced costs to date. (Ms. Couch provided similar data from July 18, 2011, in Exhibit D.)

<b>CRC Invoiced Costs by Agreement or Expenditure</b>		
Description	Costs through Dec. 31, 2011	Percent
All Consultant Agreements	104,223,539	73.5%
Oregon Dept. of Transportation	6,379,888	4.5%
Wash. State Dept. of Transportation	24,814,375	17.5%
Intergovernmental Agreements	5,925,590	4.2%
Other Government Agreements	378,052	0.3%
Tribal Agreements	42,383	0.0%
<b>TOTAL</b>	<b>141,763,827</b>	<b>100.0%</b>

Some expenditures made by WSDOT for the CRC project are tracked through “journal vouchers” in WSDOT’s accounting system. These transactions include organizational charges, such as CRC staff payroll, geotechnical drilling, information technology support and equipment, supplies and materials, data entry corrections, staff training, and facility maintenance. Supporting documentation and tracking for these transactions is handled in detail through agency systems. Extensive documentation for all expenditures is available upon request and was offered to Ms. Couch via email July 8, 2011. In addition, WSDOT provided Ms. Couch with a description of the various types of journal vouchers and examples of supporting documentation, and recommended she select a random or representative sample of transactions if she desired further detail due to the volume of records. To date, WSDOT has not received additional requests for the records of journal voucher transactions. Regardless, journal vouchers are a routine part of doing business using WSDOT’s accounting system and are being used appropriately at the CRC project.

Likewise, individual vendors are tracked uniquely using the Statewide Vendor numbering system employed by all State of Washington agencies. Within that system, each vendor has a unique identifier (Social Security Number or Taxpayer Identification Number) so all payments to the vendor may be accurately tracked, but they may have a Statewide Vendor Number with various suffixes that accommodate unique payment needs of the vendor (e.g., payment via warrant, payment via direct deposit, differing addresses for mailing of remittance advice). The use of suffixes does not degrade the accountability or reliability of the statewide vendor tracking system and is an accepted practice within WSDOT.

Paula Hammond  
February 14, 2012  
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*Assertion 2: There is a lack of appropriate project reporting.*

**Rigorous financial management and use of reporting systems provides managers and the public with sound information to support project activities and decisions.**

Reconciliation of project expenditures occurs on a monthly basis with WSDOT and ODOT. Project management information is contained and tracked at the CRC project office using Prolog database software. The outputs are compared with information contained in each state's accounting systems. The reconciliation documentation is provided to project leadership in both agencies for review and oversight.

Project expenditure data contained in the WSDOT accounting system shows amounts that have been paid or accrued in accordance with generally accepted accounting principles. A 1-2 month lag may occur before an invoice is fully logged as paid in the accounting system as WSDOT reviews the invoice, confirms work was completed, confirms payment meets state and federal policy, and issues payment.

In addition to the reports available from the WSDOT accounting system, the project office provides public information reports. On a monthly basis, expenditure information is provided to interested stakeholders and members of the public in a summary document called the "Monthly Financial and Schedule Report." Monthly expenditure details and financial information also are provided to the Federal Highway Administration and Federal Transit Administration, as required to receive federal transit construction funds. These documents use the same project data that is contained in the "Expenditure Summary" and "Cost Report Sorted by Consultant and Agency" cited by Ms. Couch. Project database reporting outputs are based on total amounts invoiced to WSDOT for payment by the state.

*Assertion 3: Questionable contracting practices and contractor payment processes are used.*

**Competitive contracting practices have been employed, which are consistent with state, federal policies for mega-project planning and national best practices.**

Consistent with national best practices learned from other large transportation projects, WSDOT issued a competitive Request for Qualifications in February 2005 for a general engineering consultant (GEC) to quickly mobilize a workforce and provide expertise and specialized skills that ODOT and WSDOT did not have available in-house. The tasks identified in the RFQ included completing the environmental planning process under NEPA, permitting, and performing necessary preliminary design work leading to construction. The procurement process that resulted in selection of a GEC for the CRC project was open and competitive. Competition in this sense is defined by federal regulations that preclude a "low bid" process. Instead, selections are based on professional qualifications provided at a reasonable cost to complete the work.

All potential bidders interested in leading the consultant team as the “prime” were required to participate in a pre-bid meeting prior to the submittal deadline. Seven firms attended the meeting indicating interest in being the prime consultant. Seventeen firms attended the meeting as potential sub-consultants. For a project of this size, it is expected that teams of consultants would submit proposals. In this case, one team consisting of 27 consulting firms submitted a proposal. Any submittal must meet minimum qualifications to be evaluated and selected. The proposing team, led by David Evans and Associates, met all necessary qualifications and was selected.

Staff from the DEA consultant team provides services in roadway engineering, bridge engineering, transit engineering, travel demand modeling and forecasting, and project support and administration. DEA currently has active sub-contracts with 25 different firms to provide specialized work in structural, transit and highway engineering; computer-aided design; environmental planning and analysis; cost-estimating and scheduling; stormwater management planning; public communications; and document control. DEA is a well-qualified consulting firm that was procured in accordance with applicable state and federal rules, regulations and procedures.

Each consultant under the GEC must submit a billing rate schedule for review and approval by the state. The billing rate schedule for Architectural and Engineering (A&E) agreements includes hourly pay rates per staff category, with overhead and fee markup percentages (Overhead and fee are a percentage of direct salary). The overhead rate contains costs such as the firm’s rent, administration, insurance and utilities. The overhead rate for a WSDOT A&E agreement is required to have an independent review, to ensure the rate only includes allowable expenses per state and federal policies. The overhead rate for DEA was audited by a private CPA firm and accepted by ODOT, the state with “cognizant” authority to do so under federal law. The fee rate is negotiated with WSDOT for each agreement with an A&E firm. Factors that influence the fixed fee include project size, complexity, risk and uncertainty. In this case, CRC staff used the Department’s standard assessment tools to determine the fixed fee for this agreement. The fee for this agreement is also within acceptable federal levels. Further, the overhead and fee rates used by DEA on the CRC project are allowable and consistent with other rates charged in the industry for similar projects throughout the state and country.

*Assertion 4: Task order discrepancies exist and project costs to date have overrun original estimates.*

**Task orders and scopes of work are responsive to design advancements and project requirements and are carefully managed. Development costs to date are within national norms for mega projects.**

The CRC project team estimated that \$50 million was a reasonable budget for the initial level of effort to be conducted under this contract. The original budget amount was not

intended to represent the total cost of work effort, and the contract was not established, nor managed, as a “lump-sum” contract. The CRC project team carefully managed the work effort to move through the federally mandated environmental process. As the EIS developed, the project staff reacted appropriately to add work tasks and increase levels of technical analysis as the project evolved through public input received at more than 1,000 meetings and events, the guidance of 10 different project advisory committees, and recommendations from five expert review panels. This process of refinement of the project alternatives and analyses defined the level of work elements necessary and contract estimates were updated. The end result, as noted earlier, was a level of expenditure well within national norms for projects of this size and complexity.

Given the inherent variability (and uncertainty) of the project work effort, we believe WSDOT and ODOT (and the CRC project team) have utilized the appropriate contract approach to help closely manage the GEC scope of work and level of effort. This contract approach involves a master agreement that establishes the broad range of contract services, timelines and levels of effort, which is then supplemented with specific task orders for specific work efforts and deliverables. These task orders are closely monitored through the contract and invoice payment process. The contracting process included oversight by the project directors, WSDOT and ODOT headquarters, and legal counsel. We believe the contract limits with the selected GEC have been appropriately increased over time and managed in accordance with all applicable state and federal rules and policies.

The contract value is currently \$105 million and expires in June 2012. Of the 11 task orders executed for CRC, nine have been completed and closed.

Ms. Couch questions why Task Order AF, which was initiated after the adoption of a Locally Preferred Alternative in 2008 was closed out and a new Task Order, AH, was initiated in spring 2010. At the beginning of Task Order AF, it was unknown the level of public engagement and technical analysis that would be necessary to obtain consensus on the number of bridge structures, light rail alignment, station locations, multi-use path location, bridge type, number of bridge lanes and interchange designs. Additional design work was necessary to evaluate newly proposed concepts, which led to the approval of task order amendments by the project director. By early 2010, all work on uncompleted tasks was halted and the budget zeroed out (through an amendment) so that a new task order could be implemented. The new task order (AH) re-allocated resources to match work effort with necessary tasks to analyze the community and environmental effects of the refined project, publish the Final Environmental Impact Statement and obtain the Record of Decision.

It would have been possible in the spring of 2010 to amend Task AF to add scope and budget to complete the work related to the Final EIS and ROD. However, by that time it was clear that significant other work was necessary that was not identified in the Task AF

scope of work. WSDOT started with a fresh slate (Task AH) to provide additional specificity and clarity to both the project owners and consultants. Amendments to Task AH have been necessary to accommodate continual design refinements and analysis and provide close oversight of contract expenditures.

From Nov. 1, 2006 to Aug. 16, 2009, a WSDOT policy allowed prime consultants to adjust sub-consultant invoices by 4 percent to compensate for the administrative costs, risks and oversight associated with contract management. The intent of this policy was to encourage larger prime consultants to team with smaller firms. However, the policy did not meet the agency's expectations and questions arose related to consistency with federal regulations 2 CFR Part 225; 23 CFR 1.9; and 49 CFR 18.20(6). As a result, the policy was rescinded on Aug. 16, 2009.

Following termination of the policy, the markup was disallowed for all new contracts or task orders from that point forward. The CRC project and DEA complied with this policy change. DEA applied a markup starting in December 2006. In August 2009, DEA was actively working under Task Order "AF." Task Order AF ended for most sub-consultants by June 2010. However, some sub-consultants continued to bill a small amount under this task order because their work products were not complete. The final invoice where the markup was charged was March 2011. The total markup under this policy was \$1,454,797. The markup is not currently charged.

*Assertion 5: Public record request responses violate state statute.*

**The Project has and will continue to respond to public record requests in accordance with state law, and makes every effort to provide prompt response.**

WSDOT and ODOT strive to meet each state's identified response times and guidelines for public record/public disclosure requests. These requirements include a 30-day target for response times and production of available documents. The public disclosure law does not require state agencies to produce new documents, indexes, summaries or analyses as a result of a request.

WSDOT staff has corresponded, talked with and met with Ms. Couch or her client, Mr. David Madore, on multiple occasions to respond to questions, and provide clarification, documents and information as requested and in accordance with state law. Combined, they have submitted 12 requests for financial documents, 10 of which have been completed, resulting in the provision of hundreds of public records. Four requests for documents were inadvertently misfiled in early 2011, resulting in a delayed response and a letter of apology from WSDOT. Of the two open disclosure requests, one was received in Jan. 17, 2012, and the other is the request from July 2011 identified by Ms. Couch, which has required a phased response.

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February 14, 2012  
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The particular example identified by Ms. Couch is an active request that has required record gathering from multiple WSDOT offices. Documentation related to the three firms identified was provided in two phases of the response on Aug. 16, 2011, and Sept. 30, 2011, with records related to the DEA contract. The three firms mentioned have only worked on the CRC project as sub-consultants through DEA; thus all state records related to their work are within or represented by contracts between DEA and WSDOT and the invoices and initial bid submitted by DEA to WSDOT.

### **Conclusion**

WSDOT's research resulted in a comprehensive understanding of best practices for complex transportation projects:

- Strong owner team with integrated consultant team
- Co-located project office to save money, increase communication, speed decision-making, increase efficiencies
- Rigorous cost estimation process to account for risks and unknowns
- Early and frequent coordination with public, tribal governments, partner agencies, permitting agencies

CRC has employed all of these best practices.

To date, review and oversight efforts have shown the CRC project's financial accounting and contracting processes to be consistent with state and federal laws, policies and directives. Ms. Couch has made strong statements related to the management of CRC financial resources. Based on the information we have reviewed, we respectfully disagree with her statements and support a different conclusion than that contained in the Jan. 19, 2012, letter.



December 5, 2012

**TO:** Paula Hammond, Secretary, Washington State Department of Transportation

**FROM:** Nancy Boyd, Washington CRC Project Director

**SUBJECT:** Review of Acuity Group correspondence to Washington legislators regarding Columbia River Crossing – Project Sponsors Council and Open Public Meetings Act

## Introduction

At your request, we have reviewed assertions made by Tiffany Couch about the Columbia River Crossing (CRC) project, that the Open Public Meetings Act was not followed.

The CRC project's work with agency partners and advisory groups has adhered to all state laws and agency policies regarding open public meetings. We have also maintained a high level of commitment to public engagement and public information. Our process to reach consensus on a locally preferred alternative was transparent and the record clearly reflects how public feedback has shaped our decisions.

## Findings

1. Assertion: A bi-state group of regional agency representatives, the "Project Sponsors Council (PSC)," made decisions related to the National Environmental Policy Act (NEPA) process and the project has denied the existence of the group.

**Finding: CRC has shared information about all PSC activities; an early Project Sponsors Council did not make decisions about the CRC project.**

Two groups existed as the project has developed, both of which have been called "project sponsors council." While they share the same name, the two Project Sponsors Councils existed in different periods and for different purposes. An early PSC met eight times from mid-2005 to late 2006 before disbanding in January 2007. Members included several regional agency leaders and elected officials who also sat on the 39-member bi-state Task Force. These meetings served as an informal forum for representatives to discuss elements of CRC's early project development, with members agreeing at their initial meetings that they would not have a decision making role, but rather play a "coordinating function," acting as a "sounding board" for how to move forward with the project.

No decisions were made at the early PSC meetings. Participants reviewed and discussed draft information and made suggestions to the Project Development Team, composed of department of transportation and consultant staff, for consideration.

A second Project Sponsors Council, appointed by Governor Gregoire and Governor Kulongoski, met between November 2008 and December 2011. The later Project Sponsors Council was composed of regional elected officials charged by the governors with advising on completion of the environmental impact statement, project design, project schedule and financial plan, and sustainability goals.

Ms. Couch claimed that CRC and WSDOT staff made misleading statements about the existence of an early PSC group. At the August 20, 2012 Washington Legislative Oversight Subcommittee meeting, Secretary of Transportation Paula Hammond said that additional information would be

provided to the committee to clarify questions about PSC's role. A response to the question about an early PSC group was included in detailed response to committee questions on September 27, 2012 (see response number 26 "Was there a group called the Project Sponsors Council before 2008?").

Critical decisions related to the CRC project were, and continue to be, directed by the Washington State Department of Transportation (WSDOT) and the Oregon Department of Transportation (ODOT). Project oversight was, and continues to be, provided by the governors from both states, Oregon and Washington legislative transportation committees, as well as the Federal Transit Administration and Federal Highway Administration. Significant decisions throughout scoping, problem definition and alternatives evaluation were made WSDOT and ODOT and informed by an extensive public process, including recommendations from the project's 39-member Task Force, information provided by sponsor and cooperating agencies and public comment. The boards and councils of the six local project sponsors - C-TRAN, Trimet, the cities of Vancouver and Portland, the SW Washington Regional Transportation Council, and Metro - each took approval actions at their own public meetings in the summer of 2008 after more than three years of public meetings which led to the unanimous recommendation of a Locally Preferred Alternative.

Ms. Couch has been provided with or has online access to all existing records relating to both PSC groups. All recommendations by the governor-appointed Project Sponsors Council are published on the project website. Because no decisions were made by the early PSC, the records are not published on the project website. Internal meeting records were provided at Ms. Couch's request.

2. Assertion: Some of the project's early planning documents reveal that key decisions were made by the early PSC group.

**Finding: The record of CRC's process shows the limits of the early PSC's role and that critical project decisions were made by the states in consultation with stakeholders and the public.**

Ms. Couch cites a draft October 2005 internal memo and other documents as evidence of PSC having a decisional role in the project. However, concepts described in the draft memo were neither accepted by the project nor was the memo finalized, and the content did not reflect the group's working assumptions or activities.

The CRC Task Force was the primary advisory body through which the CRC project sought public feedback on project scoping and alternatives. The Task Force was composed of 39 members and was chaired by two citizens appointed by the Washington and Oregon governors. The group met 23 times between February 2005 and June 2008 on project-related issues and concerns. The Task Force helped identify problems to be addressed by the CRC project and developed evaluation criteria, possible solutions, a range of alternatives to be considered in the draft EIS and a recommendation for a locally preferred alternative. Each Task Force meeting was noticed to the public with a news release and posting to the CRC website. All meetings were videotaped by public access television for rebroadcast and provided opportunity for public testimony.

Records of early PSC meetings indicate members' discussion of their role in the project. Those members agreed at their November 7 and December 20, 2005, meetings that they would not have a decision making role, but rather play a "coordinating function," acting as a "sounding board" for how to move forward with the project. The group made no significant recommendations while it existed. This role is documented in the June 2006 Project Management Plan cited by Ms. Couch, that describes consensus leading to public actions taken by each official board and council body, not the PSC.

At their meetings, early PSC members discussed project development milestones presented by the Project Development Team. For example, in December 2005, PSC members discussed the project's draft evaluation effort and purpose and need statement. The Project Development Team later presented its proposed evaluation language based on agency, early PSC, staff, and public comments to the Task Force, which was an open public meeting. An amended evaluation framework was

adopted by the Task Force at its February 2006 meeting. The purpose and need statement, based on work with the Task Force, was finalized by the Project Development Team and submitted for approval to Federal Highway Administration in January 2006.

The early PSC made a decision to disband in early 2007, concluding that its meetings were duplicative and unnecessary given that all but one member also sat on the Task Force. The Task Force went on to provide recommendations to narrow potential solutions to five alternatives analyzed in the Draft Environmental Impact Statement. The Task Force considered findings in the Draft EIS and public comments before making its final action of recommending a Locally Preferred Alternative: a replacement bridge with light rail. The boards and councils of the six local project sponsors considered the Task Force recommendation, technical findings in the Draft EIS and comments made at their own public hearings before unanimously recommending an LPA: a replacement bridge with light rail. The LPA recommendation was then carried forward for additional development.

3. Assertion: The early PSC meetings violated the Open Public Meetings Act and that the CRC project planned to limit public participation.

**Finding: CRC has adhered to state and agency policies regarding open public meetings and encouraged public participation throughout project development.**

CRC is committed to complying with open meetings and public records acts of the State of Washington and State of Oregon. The project's public communication procedures are in accordance with Chapter 42.30 RCW, Chapter 192 ORS and WSDOT policies outlined in the Administrative Services Manual. Public meetings are noticed through a combination of press releases, the project website, broadcast emails, legal notices and display ads. All meeting materials related to the project's many public advisory committees and decisions are posted on the project website and are available for review at the project office.

As discussed in the previous section, the early Project Sponsors Council met several times from mid-2005 to January 2007. PSC's intent and function was information sharing only. The early PSC affirmed at its first meeting that it was not a governing body for the CRC project. Thus, in its role, the open meetings law requirements of Oregon and Washington do not apply. Recommendations and approvals in this period were made by the CRC Task Force and the boards and councils of local project sponsors. All votes related to recommendations by the Task Force to the CRC project occurred during open public meetings that had been publicly noticed.

Through the public involvement program that led to the Record of Decision in December 2007, CRC staff participated in more than 900 public events, leading to more than 27,000 face-to-face contacts to allow people to learn about the project and provide input. Community input has shaped project development and design. More than 12,000 public comments were received on a range of topics that significantly contributed to project designs, including the project's purpose and need, preliminary alternatives, environmental impact statement, locally preferred alternative and refinement of project designs following selection of the LPA.

## Conclusion

Ms. Couch's claims do not take into account all of the facts and her concerns are unwarranted. The early Project Sponsors Council served as a point of inter-agency coordination. No decisions were made by this group during its limited engagements. The project has made no attempt to obscure their activities. CRC's extensive public record reflects open and collaborative work with the community to define the problems in the I-5 project area, evaluate and package alternatives, and select a long-term solution.

NB:ro

cc: Project Controls

December 5, 2012

**TO:** Paula Hammond, Secretary, Washington State Department of Transportation

**FROM:** Nancy Boyd, CRC Project Director for Washington

**SUBJECT:** Review of Acuity Group correspondence to Washington legislators regarding Columbia River Crossing – Ruby Junction and Steel Bridge Costs

## Introduction

At your request, we have reviewed assertions made by Tiffany Couch about the Columbia River Crossing (CRC) project, that costs for Ruby Junction and Steel Bridge light rail improvements are “irregular.”

Ms. Couch’s comparison of cost estimates does not account for significant differences in cost parameters, methodologies and assumptions. Her claims that the project’s light rail maintenance improvements hide costs for unrelated system benefits are without merit. CRC staff have fulfilled Ms. Couch’s requests for information and documentation related to this matter and have been consistent in the representation of light rail expansion costs with the public, including associated maintenance facilities.

## Background

The transit element of the CRC project extends an existing light rail line to Clark College in Vancouver from the Expo Center in north Portland, where the Yellow Line currently terminates. The light rail extension takes advantage of the existing 52-mile light rail network to key employment, financial, retail and recreation centers in the Portland-Vancouver metro area. To accommodate and complement this addition to the region’s transit system, expansion of the current TriMet light rail maintenance base in Gresham and upgrades to the existing Steel Bridge light rail crossing over the Willamette River in Portland are needed.

Expansion of the existing Ruby Junction Maintenance Facility in Gresham, Oregon is necessary to accommodate the additional light rail vehicles associated with the operations of the CRC project. Storage of train cars will be necessary during off-peak travel times and to conduct regular maintenance, cleaning and repair. Expanding an existing light rail facility rather than building a duplicate facility in Clark County with duplicate maintenance personnel provides a more cost effective solution. The Steel Bridge track and electrical improvements allow all trains in the network to increase their travel speed over the Steel Bridge and reduce travel time to downtown Portland.

## Findings

1. Assertion: The cost of a maintenance facility upgrade for CRC is “irregular” and costs may be disproportionately allocated to this project to perform unrelated system-wide repairs.

**Finding: The comparison of three upgrade projects at the Ruby Junction maintenance facility does not account for significant differences in scope, timing of construction and level of design.**

Ms. Couch compared three different projects: 1) CRC 2) Yellow Line and 3) Portland-Milwaukie Light Rail (PMLR), each of which have or will expand the Ruby Junction maintenance yard. A basic

comparison of project cost estimates is provided in Table 1. Ms. Couch draws conclusions based on these reported estimates, using the number of light rail vehicles as a primary factor to argue that CRC’s cost estimate is disproportionately high. However, cost estimates for each project reported by Ms. Couch were taken from three different data sources at three different stages in the planning process. As a result, each estimate had different cost parameters, including level of project definition and escalation and different estimating methodologies. These differing factors have a profound influence on a cost estimate outcome.

**Table 1. Comparison of Ruby Junction cost estimates for three light rail projects**

Light Rail Project	Base Year	# Cars	Data source
Yellow Line	2000	24	Full Funding Grant Agreement, at approximately 60% design
PMLR	2010	18	FEIS, at approximately 25% design
CRC	N/A (escalated to year of expenditure)	19	New Starts report, 2011 at approximately 25% design

Cost Element Structure

To estimate costs, project requirements must be broken down into specific components to complete the work. Components are further broken down into elements to estimate the cost of the work. In the case of a maintenance facility expansion, these cost elements include, among others, engineering, right-of-way, maintenance buildings, and yard track.

Level of Project Definition and Estimating Approach

Cost estimate information is developed and used for planning purposes and project cost estimates are based on differing levels of project definition, refined throughout project development to reflect greater detail. At earlier stages of project development, the cost estimate may simply be based on simple rules of thumb or an extrapolation from a similar project. At later stages of design, actual plans can be referenced to determine costs.

Escalation

Both the Yellow Line and PMLR costs were reported in base year dollars without escalation whereas the CRC reported base year plus escalation.

Estimating Approach and Assumptions

Additional notes on the estimating approach and assumptions for each project are as follows:

- The \$9.15 million for Yellow Line was included in the FFGA signed on September 22, 2000 and represents the project at 60 percent final design. The final contract cost for the expansion was \$14.306 million which excludes owner furnished materials, engineering and administration and right-of-way costs. Some of these excluded costs are included in the CRC estimate.
- The \$8.10 million for PMLR was included in the FEIS, published in October 2010 and represents the project at 25 percent design. The \$8.1 million estimate excludes insurance, utilities and street construction, track, systems, right-of-way, professional services and contingency (those elements are included in the appropriate categories). The complete Ruby Junction cost, including the excluded costs, is estimated to be about \$36 million.
- The \$50.61million reflected for the CRC was referenced in the 2011 New Starts Report and includes the civil, systems, engineering and other costs referenced above, including contingency. It does not include right-of-way. These costs total to \$37.2 million which was then escalated to year of expenditure (calculated at the mid-point of construction, assumed to be 2017).

2. Assertion: Ms. Couch comments on lack of information about project costs related to Steel Bridge upgrades and questions whether they are unrelated system-wide repairs.

**Finding: Steel Bridge upgrades are triggered by CRC’s added capacity to the regional system; estimates are available and have been provided to Ms. Couch.**

Modifications to the Steel Bridge would improve the existing light rail transit track and electrical system allowing the Yellow Line trains to and from Vancouver, as well as all other MAX line trains that use these tracks, to increase their travel speed and avoid system delays. This provides more reliability for travelers from Clark County and North Portland. Specific improvements include grinding the transit rails within the track bed to remove the lift joint bumps, rail corrugation, and any rough field welds; installation of a vibration pad under the signal case to dissipate vibration; and stiffening of the overhead catenary system brackets to allow for greater impact as the catenary transfers from the fixed to movable span. The estimated Steel Bridge improvement cost, which has been provided to Ms. Couch, is about \$300,000.

3. Assertion: CRC staff testimony before the WA Legislative Oversight Committee regarding light rail maintenance facilities has been inconsistent and misleading.

**Finding: CRC has been forthcoming with cost information about light rail system improvements, including maintenance facilities.**

Ms. Couch cites testimony at the Oct. 9, 2012 Washington Legislative Oversight Committee meeting, stating that it was “misleading.” CRC’s finance plan scenarios anticipate securing New Starts funds to pay the final design and construction costs of the light rail element of the CRC project, including maintenance facilities. Ruby Junction was discussed in the Draft EIS. This fact was confirmed in staff responses to committee questions. Specific cost estimates were not available during the meeting without additional research, but were made available in a response document dated September 27, 2012, as they are in this document.

## Conclusion

Maintenance improvements at Ruby Junction and Steel Bridge are necessary components of light rail expansion. There are no system-wide improvements included in the cost estimate. Differences in project definition, estimating approach and escalation must be considered when drawing conclusions. The cost estimates for Ruby Junction cited by Ms. Couch should be taken in their proper context and reflect the scope of work and the phases of planning in which they were developed.

NB:ro

cc: Project Controls

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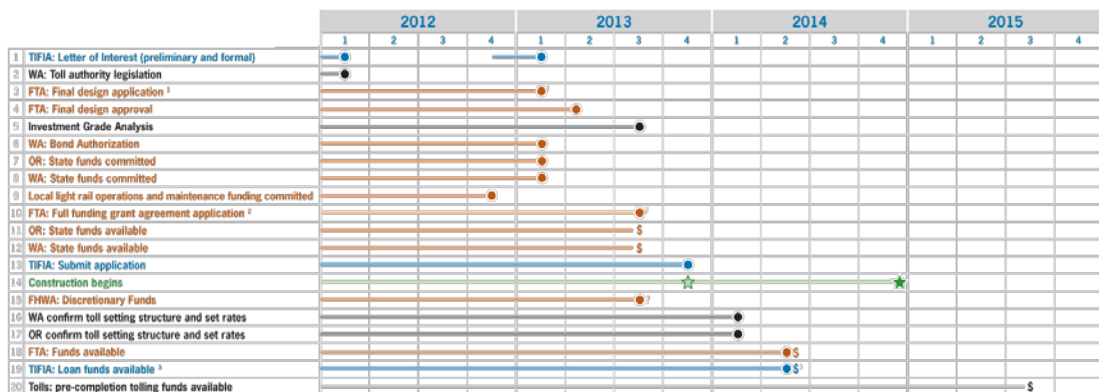
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# Funding

## 1. When do various revenue sources become available and what are the milestones and processes that need to be completed to secure each stream of funding?

The CRC project's finance plan includes the following revenue sources:

- State equity:** Legislatures in both Washington and Oregon will determine mechanisms for and commitments to state funding for the project. The finance plan assumes that state funds are committed the first quarter of 2013 and available in the third quarter of 2013.
- Tolling:** Tolling requires project-specific authorization, which was granted by the Washington State Legislature in 2012. After an investment-grade analysis is complete and a bi-state tolling agreement in place, both states' transportation commissions will begin the toll rate setting process. The finance plan assumes the investment grade analysis is completed in late 2013 and that a bi-state toll setting structure is in place and rates are set by the first quarter of 2014. Funding from pre-completion tolling would be available in the third quarter of 2015.
- FTA New Starts:** A New Starts Full Funding Grant Agreement (FFGA) requires all capital funds to be identified and committed, including state equity funds and tolling authorization. The Finance Plan assumes application for FFGA in the third quarter of 2013, with Federal Transit Administration (FTA) grant funds committed in the second quarter of 2014.
- TIFIA:** An application to the TIFIA program requires commitments of state funding and an investment grade analysis for toll bonds. A letter of interest will be submitted in the first quarter of 2013, with an invitation to apply resulting in application submitted in the fourth quarter 2013. Allocation of TIFIA funds requires a full finance plan and committed FTA funds. The finance plan assumes TIFIA funds are available in the second quarter of 2014.
- FHWA discretionary highway:** Surface transportation reauthorization under MAP-21 appropriated approximately \$500 million in 2013 for Projects of Regional and National Significance, which is less than previous years. Funding is awarded through a competitive process. The CRC project would be highly competitive for this funding when it becomes available. Both states are working with the Oregon and Washington federal delegation to support additional funding for the program. This funding is not required until the later phases of construction.



**Estimated funding sources**

Federal Transit	.....\$850 M
Federal Highway	.....\$400 M
Tolls*	.....\$900 M - \$ 1.3 B
OR/WA state funds (\$450/each)	.....\$900 M

\*TIFIA is a federal loan and credit program. Tolls are the revenue source for the loan. The federal backed loan program reduces coverage rate for tolls.

<sup>1</sup> Must have 50% non-FTA funds committed or budgeted. Tolling authority in 2012 expected to meet this requirement. MAP-21 may affect FTA New Starts requirements.  
<sup>2</sup> Must have all funds authorized.  
<sup>3</sup> TIFIA is typically the last funding source. Must have full finance plan and FTA approved.

**KEY**

● ● ● = Due Date    BLUE = TIFIA    BLACK = Tolling    ORANGE = FTA, FHWA and State Funding



**2. What is the deadline to submit the FTA grant application? Why must the legislature approve a state equity contribution in the 2013 legislative session? Is there flexibility with FTA to approve the state equity contribution in 2014?**

The CRC's design and construction schedule has centered on taking advantage of federal funding, especially transit funding from FTA's New Starts program. The New Starts program is currently funded and the CRC is well positioned to receive support through 2013. The project's favorable rating with FTA has earned the project a leading spot in the competitive queue for about \$850 million. FTA has stated that after 2013 there funding for the program may be reduced by the U.S. Congress. To apply for the New Starts transit funds in 2013, FTA requires both Oregon and Washington to have committed state funds.

**3. How can the legislature approve funding or set toll rates for CRC in 2013 if the bridge height issue isn't resolved with the US Coast Guard?**

WSDOT and ODOT will submit a bridge permit application for a specific bridge height in January 2013. A permit is necessary before entering into a contractual relationship with FTA for the \$850 million FFGA, which will be applied for in 2013. The timeline for securing funding for the CRC project is more advanced than other projects where funding commitments were made prior to selection of a preferred alternative and securing permits. The Legislature funded \$1.9 billion for the SR 520 project in 2009 prior to selection of a preferred alternative and completion of the environmental impact statement. The Legislature also funded \$2 billion toward replacement of the Alaskan Way Viaduct as early as 2005; the selection of the bored tunnel as the preferred alternative was not made until 2009. Both of these projects received subsequent additional funding.

**4. What source will be used to fund bridge maintenance and operations?**

The finance plan assumes that operations and maintenance and rehabilitation and replacement costs for the highway and tolling system would be paid by toll revenues. This ensures that the revenue-generating asset is maintained for uninterrupted operation. The use of toll revenue for these sources is consistent with the SR 520 and Tacoma Narrows Bridge projects. Potential revenue capacity of pre-completion tolling has been estimated assuming operations and maintenance for the existing bridges continues to be funded by ODOT and WSDOT and not from toll revenues.

## **Project costs**

**5. What are the elements and costs associated with implementing tolling (including tolling equipment, customer service center, marketing, etc.)?**

Tolling implementation costs cover initial planning efforts; design and procurement of tolling equipment and infrastructure; installation and testing of tolling equipment and infrastructure; customer service center modifications and additional facilities locally for customer service and administrative hearings; and, marketing and education. The project's cost estimate includes \$45 million for tolling implementation.

**6. What elements will be paid for with the \$850 million New Starts grant? Has this list of what’s to be paid for changed over time?**

These elements paid for by the New Starts grant has remained consistent since they were first identified in the draft environmental impact statement in 2008. The grant will pay for the following elements (does not include the cost of financing):

Final Design and Procurement	\$41,886,375
Transit Civil - Oregon	\$294,276,219
Transit Civil - Washington	\$256,497,968
Park and Rides	\$153,348,440
Light Rail Vehicles	\$112,072,651

**7. Why is the project paying to upgrade light rail maintenance facilities in Oregon?**

The light rail extension associated with the CRC project takes advantage of the existing 52-mile light rail network to key employment, financial, retail and recreation centers in the Portland-Vancouver metro area. Storage of train cars will be necessary during off-peak travel times and to conduct regular maintenance, cleaning and repair. Expanding an existing light rail facility rather than building a duplicate facility near downtown Vancouver with a duplicate maintenance team provides a more cost effective solution. The preliminary estimate to expand the existing Ruby Junction maintenance facility in Gresham is about \$50 million. The estimate was calculated for planning purposes and will be refined in the coming months as the engineering design progresses. In addition, an adjustment will be made to the Steel Bridge in Portland to support the additional trains associated with the CRC extension. The estimated Steel Bridge improvement cost is about \$300,000.

## **Tolling, traffic and revenue**

**8. Will tolls be collected by a government agency or a private entity?**

Tolls will be collected by a government agency - most likely WSDOT or ODOT. WSDOT and ODOT may choose to contract with a private entity that has expertise and experience in electronic toll collection. For example, the existing toll collection system on the SR 520 bridge, Tacoma Narrow Bridge, and SR 167 HOT lanes implemented by WSDOT with a contract with two vendors, one for the lane system and one for the back office system. In addition the back office system provider is contracted with WSDOT to provide customer service center operations. The design of the system and toll operations business rules are in compliance with the rules and regulations established by Washington State Legislature, and toll rates approved by the Washington Transportation Commission.

**9. What are the alternatives to pay for the bridge if the facility is not tolled?**

Tolling is expected to fund about one third of the construction cost: \$900 million to \$1.3 billion. If the bridge is not tolled, then new sources of state or federal funds would be necessary. Federal

funds are already targeted in the form of FTA New Starts (\$850 million) and federal discretionary highway funds (\$400 million). State equity contributions are assumed to be \$900 million.

**10. What are the per axle toll rates for trucks on other Washington tolled facilities?**

Trucks are charged by axle with categories for two axles (includes motorcycles), three axles, four axles, five axles and six or more axles on the Tacoma Narrows Bridge and SR 520. The same basic per-axle formula is used for both facilities, even though there are different rate structures: three axles are 50 percent more than two axles; four axles are 100 percent more than, or double the cost of, two axles; five axles are 150 percent more; and six or more axles are 200 percent more, or triple the cost, of two axles. For analysis purposes, the CRC project has assumed that commercial vehicles with five or more axles would pay four times the passenger car rate for the given time of day and that commercial vehicles with three or four axles would pay two times the passenger car rate for the given time of day. Final rates and additional charges per axle will be set by the transportation commissions as part of the bi-state toll setting process.

**11. What are the current and projected volumes on the bridge?**

In 2011, the annual average weekday traffic was about 128,100. In 2030 with post-completion tolling, the anticipated annual average weekday traffic is forecast to be about 151,400 (current assumption for toll revenue forecasts). These figures assume certain toll rates for pre-completion and post-completion tolls. A traffic and revenue study currently underway will be used to refine assumptions about future traffic volumes and toll revenue.

**12. What is the process and timeline for estimating toll revenue and rating bonds?**

In July 2011, the Oregon State Treasurer's office provided a report to Oregon Governor Kitzhaber that validated much of the CRC project's work and made recommendations to reduce and manage financial risk. CRC incorporated the recommendations, including:

1. Used conservative traffic numbers in tolling assumptions, to account for the economic recession
2. Included conservative bonding assumptions that do not rely on an escalating toll rate
3. Incorporated federal TIFIA loans in all funding scenarios
4. Incorporated pre-completion tolling into finance plan

Prior to submitting the Final Environmental Impact Statement (EIS), the Oregon State Treasurer's office reviewed the CRC finance plan. An investment grade analysis will be completed in December 2013, prior to bonding.

**13. How will toll rates be set, and what consideration is given to driver's ability to pay the toll when the rates are set?**

In Washington, toll rates are set by the Washington Transportation Commission after a corridor is established as a toll facility by the Washington Legislature. The Oregon Transportation Commission has toll rate setting authority. The rate setting process for the CRC project will be developed as part of a bi-state agreement between the Washington and Oregon transportation commissions. Today the Washington Transportation Commission considers a number of factors when establishing toll rates including maintaining travel time, speed, and reliability, and generating enough revenue to cover bond obligations. In order to generate enough revenue, rates cannot be set so high that drivers chose to not pay the toll, which will reduce the available revenue.

**14. Did the finance plan submitted to FTA describe \$16 round-trip tolls?**

No. The finance plan submitted to FTA uses the same range of toll scenarios as was used for the Final EIS. For the Final EIS, the range of one-way toll rates studied for the financial analysis was between \$1 and \$3 (2006 dollars, see Exhibit 4.3-3 from the FEIS). This range in 2020 dollars (post construction) would be \$1.41 to \$4.24. The project has studied a variety of toll rates over time to test potential funding capacity and the potential for diminishing revenue capacity as toll rates increase. These scenarios were not expected to be implemented, but included rates ranging from \$1.00 - \$6.00 each way (2006 dollars; \$1.41 - \$8.48 in 2020 dollars, assumed year of collection).

## Bridge

**15. Will this project include interchange improvements at Rose Quarter in Oregon?**

No, improvements at the Rose Quarter are not part of the CRC project. The CRC project focuses on the transportation problems in the five-mile bridge influence area. The southern boundary is about three miles north of the Rose Quarter. The 2002 I-5 Trade and Transportation Partnership Strategic Plan identified the Rose Quarter as a significant bottleneck, but acknowledged the need to understand potential widening at the Rose Quarter in the context of effects to the entire freeway loop around downtown Portland. The City of Portland and ODOT agreed they would conduct planning for potential improvements in the Rose Quarter separate from the CRC project.

**16. When will the work on the 115-foot, 120-foot and 125-foot clearances be done?**

The [Navigational Impact Report](#) with analysis of 115, 120 and 125 foot bridge heights was completed and delivered to the U.S. Coast Guard on Nov. 2. The analyses considered river use, vessel impacts, freight mobility, highway safety and efficiency, transit efficiency, landside impacts, air safety, economic impacts and costs associated with various bridge heights. Through November, CRC staff will continue to refine the technical analysis on the number of vessels impacted, river users, costs and potential solutions. A bridge height recommendation is expected in December 2012. The bridge height recommendation will be central to the general bridge permit application to be submitted to the U.S. Coast Guard in January 2013.

**17. Has the project considered a movable span?**

Adding a lift span to the proposed deck truss bridge and alignment would result in a structure of unprecedented complexity with several technical challenges. Lift spans are not typically constructed on bridges with a curved alignment. The lift would need to be many times heavier than is standard due to the double-deck bridge configuration and the proposed pier configuration (which creates a longer lift span). In addition, lifting a span with a variable deck width due to ramps entering the mainline over the water is a technical challenge. A lift span that provides clearance of 125 feet would increase the cost of the project by approximately \$250 million; costs associated with a lift span providing higher clearances would be significantly higher. The challenges of placing a lift span on the proposed bridge would lead to a re-evaluation of the bridge type, configuration, and alignment. This would require additional environmental reviews and increase costs due to delay.

**18. What vessels would be impacted at a 110-foot clearance?**

We have identified vessels that may be impacted at various bridge heights using a very conservative approach. This includes assuming the highest water level and a 10-foot air safety gap. A vessel-by-vessel review will give a more exact accounting of impacted vessels based on the time of year that vessels pass under the bridge, how many times the trip is made, and more specific clearance needs. Using the conservative approach, a bridge with a height of 110 feet would impact three fabricators, 11 marine contractors, two dredge vessels, three recreational vessels and one passenger cruise vessel.

**19. What are examples of bridges with a grade in excess of three percent?**

There are many examples of bridge approaches, ramps and sections of highway in Washington and Oregon that exceed three percent climbing grade. Approaches to the Marquam Bridge in Portland and the Lewis and Clark Bridge in Longview both exceed three percent. The primary concern with increased grades is the corresponding effect on highway speeds and safety. Grades can have a pronounced effect on specific vehicles. Passenger cars can generally readily negotiate grades as steep as five percent without appreciable loss of speed. Trucks, however, travel at the average speed of passenger cars on the level roadway, but increase their speed by five percent on downgrades and decrease their speed by seven percent or greater on upgrades (depending on length and steepness of grade as well as weight-to-horsepower ratio). This differential in speeds contributes to collisions.

**20. What did we learn from the drilled shaft project completed last summer?**

The depth to the Troutdale Formation in the project area was well documented based on earlier geotechnical work. The Troutdale Formation provides stable soils in the event of a major earthquake and the shafts of the new bridge will reach the formation. The current wooden pilings are set in liquefiable soils, which could cause the I-5 bridge to collapse in an earthquake. The goal of the Drilled Shaft/Driven Pile project was not to confirm the depth of the shafts, but rather to determine the strength of the soils and load capacity of the shafts. This would allow us to determine if the number of shafts for the replacement bridge could be reduced. In addition, the study looked at whether some concrete shafts could be replaced with driven piles in some on-land locations.

Reducing the number of drilled (concrete) shafts or shifting with driven (steel) piles has the potential to reduce overall cost. Final data analysis for this project is ongoing.

## Other

### **21. How long would a supplemental EIS take? What would this cost?**

If a change to the preferred alternative results in new and significant impacts, a supplemental EIS is required. A supplemental EIS would likely require 12 to 24 months to complete. The New Starts FFGA would be delayed and become very uncertain because it cannot be awarded without a current Record of Decision. The cost of conducting a supplemental EIS would depend on the scope of analysis and the length of delay. Costs incurred for such an effort would include technical analyses, documentation and public outreach.

### **22. Will a replacement bridge with light rail increase congestion in Oregon?**

No. CRC reduces the hours of congestion and improves travel reliability. There are significant travel time savings in the afternoon from the Rose Quarter to the state line. During the afternoon peak period, northbound drivers traveling from I-84 in Portland and exiting at 179th Street in Vancouver are predicted to save 20 minutes compared with the no-build scenario. Drivers using the short segment of I-5 from Columbia Boulevard north to SR 500 are predicted to save eight minutes compared with the no-build scenario. For drivers traveling southbound during the morning, the time savings will not be as significant, but the trip will be more reliable and safer. For drivers traveling outside of the peak commute hours, there are significant travel time savings both northbound and southbound because they will experience less congestion than with the no-build scenario.

### **23. How many jobs will the project will create? Will the project result in the loss of small business jobs?**

Approximately 20,975 total job-years (defined as one job for one year) will be required for design and construction of the locally preferred alternative (LPA). The average annual regional jobs required will be 1,906 over the 11 year construction project. These estimates include direct, indirect and induced jobs. In Oregon and Washington, an estimated 916 employees (747 in Oregon and 169 in Washington) who work at businesses would be displaced by the LPA. Displaced businesses will receive relocation assistance from the project; it cannot be assumed that all displacements would result in job losses. In Vancouver, the number of displaced businesses will be lower than in Oregon because much of the project can be accommodated within existing right-of-way.

### **24. Was a third bridge alternative dismissed due to right-of-way constraints?**

The CRC Task Force's adopted criteria to evaluate potential alternatives included avoiding and minimizing residential and businesses displacements, respecting the history and culture of neighborhoods and protecting natural resources. The analysis prior to the draft EIS found that building a new river crossing would not meet the basic elements of the project's goals of improving safety, reducing congestion, improving freight mobility, reducing seismic risk, improving transit and enhancing the bicycle and pedestrian path in the I-5 corridor. The additional need to acquire

property for a third bridge was not among the primary reasons that led to its dismissal, but was a consideration for some task force members.

**25. What was the process and who selected the Locally Preferred Alternative?**

The boards and councils of all six local partner agencies (Metro, RTC, Portland, Vancouver, TriMet, C-Tran) unanimously passed resolutions supporting a replacement bridge with light rail as the locally preferred alternative (LPA) in 2008. This led to its formal selection by the project owners, WSDOT and ODOT. The same agencies reaffirmed the LPA when they signed the Final Environmental Impact Statement (EIS) in 2011. The LPA selection occurred after a multi-year process that began in 2005 with local stakeholders, elected officials, and federal, state, and local agencies. The steps in the process included alternatives development, evaluation in the draft and final EIS, and publication of the Record of Decision. Approximately 1,600 public and agency comments were submitted on the draft EIS.

**26. Was there a group called the Project Sponsors Council before 2008?**

A group called the Project Sponsors Council met eight times from 2005 to 2007 to reach consensus on project development. Members included elected officials and regional leaders of the project's sponsoring agencies. This group was formed by WSDOT and ODOT to advise the agencies and made no formal recommendations while it existed. A second group, also known as the Project Sponsors Council, was appointed by the Washington and Oregon Governors in 2008 to advise on completion of the Final EIS, project design, project timeline, sustainable construction methods, compliance with greenhouse gas emission reduction goals and the financial plan. Their meetings resulted in recommendations to the governors, WSDOT and ODOT, which were implemented.



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November 14, 2012

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Office of Financial Management  
P.O. Box 43113  
Olympia, WA 98504-3113

RE: Columbia River Crossing Quarterly Report ESHB 2190 Sec 305(17)

Dear Senator Haugen, Representative Clibborn, and Director Marshburn:

Section 305, subsection (17) of Engrossed Substitute House Bill 2190 requires the Washington State Department of Transportation to provide a quarterly report on Washington's and Oregon's funding commitments and expenditures for the Columbia River Crossing project. The report is to include the following information:

1. An update on preliminary engineering and right-of-way acquisition for the previous quarter;
2. Planned objectives for right-of-way and preliminary engineering for the ensuing quarter;
3. An updated comparison of the total appropriation authority for the project by state;
4. An updated comparison of the total expenditures to date on the project by state; and
5. The committed funding provided by the State of Oregon to right-of-way acquisition.

This letter transmits to you the quarterly report for the period of July 2012 through September 2012 as required by proviso.

As you are aware, Washington and Oregon have entered into an agreement whereby costs are shared for the design and construction of the shared highway and transit portions of the project. Additionally, each state is responsible for its own right-of-way acquisition costs.

It is important to note that not all expenditures incurred by Oregon are reflected in Washington State's Transportation Budget. There are expenditures related to Oregon's commitment to the project that run exclusively through Oregon's financial systems and will not show in the project information routed through the budget process. This information has been provided by the Oregon Department of Transportation and is reflected separately in the attached report.



Below is a table that shows a high-level breakdown of the shared and non-shared components of the project's funding.

(dollars in thousands)	Washington			Oregon		
	State	Federal	Total	State	Federal	Total
<b>Shared<sup>1,2</sup></b>						
Preliminary Engineering	48,188,000	52,555,000	100,743,000	11,732,148	87,397,847	99,129,995
Construction	0	0	0	0	0	0
<b>Sub-Total<sup>4</sup></b>	<b>48,188,000</b>	<b>52,555,000</b>	<b>100,743,000</b>	<b>11,732,148</b>	<b>87,397,847</b>	<b>99,129,995</b>
			50%			50%
<b>Direct Contribution (Non-shared)</b>						
Right-of-way <sup>3</sup>	800,000	23,329,000	24,129,000	0	0	0
<b>Sub-Total</b>	<b>800,000</b>	<b>23,329,000</b>	<b>24,129,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
			100%			0%
<b>Total<sup>5</sup></b>	<b>48,988,000</b>	<b>75,884,000</b>	<b>124,872,000</b>	<b>11,732,148</b>	<b>87,397,847</b>	<b>99,129,995</b>
			56%			44%

**Notes:**

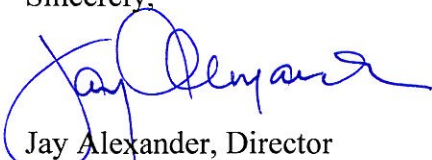
1. Costs are shared with Oregon for bridges, approaches, and transit elements
2. Oregon's preliminary engineering funding is shown as local funds in Washington's Budget
3. Oregon's right-of-way costs are not shown in Washington's Budget
4. Oregon's total does not include \$25 million identified for the CRC yet to be authorized.
5. \$4.1 million of WA funding is assumed to be reappropriated in the 13-15 biennium.

The table above reflects the latest plan to deliver the project as reflected in the 13-15 budget submittal. Right of way funding has been shifted to preliminary engineering and the expenditures for the 11-13 biennium are estimated to be approximately \$4 million less than the approved budget of \$124.872 million shown above.

The reporting proviso also required that \$15 million of the CRC budget be placed in un-allotted status until the State of Oregon's contribution of shared expenses is within \$5 million of Washington's. This requirement was met in the last quarter and WSDOT requested allotment of the \$15 million which was approved by OFM on September 6th.

Please let me know if you have questions on this report or how commitments and expenditures are split between Washington and Oregon. I can be reached at (360)705-7121 or via e-mail at Jay.Alexander@wsdot.wa.gov.

Sincerely,



Jay Alexander, Director  
 Capital Program Development and Management Office

JA:gl:ad

cc: Nancy Boyd, Columbia River Crossing  
 Robin Rettew, Office of Financial Management  
 Jennifer Ziegler, Governor's Office

# Columbia River Crossing

Quarterly Report Ending September 2012

Provided in accordance with ESHB 2190, Section 305(17)

## Project Description

The Columbia River Crossing project will help address significant safety and congestion problems along Interstate 5 between Vancouver and Portland, a critical freight corridor between Canada and Mexico. A replacement bridge with light rail was chosen as the locally preferred alternative in 2008 because it best addresses the challenges identified through the federal environmental review process: heavy congestion, a high volume of collisions, problems moving freight, lack of a reliable transit option and seismic risk. The project will reduce congestion on I-5 and adjacent neighborhoods, reduce collisions by 70 percent, and provide a more reliable trip for interstate and international commerce that crosses the Interstate Bridge each year. In 2005, truck freight with an estimated value of \$40 billion was calculated to cross the Interstate Bridge.

## (i) Update on preliminary engineering and right-of-way activities this quarter:

This quarter's (July - September 2012) activities continued to center on financial planning, New Starts transit funding milestones, permitting, pre-construction activities and design. Accomplishments included:

- Supported Oregon and Washington legislative oversight committee meetings on Aug. 20 and Sept. 12.
- Supported discussions by Washington and Oregon state transportation commissions related to toll setting structures at Aug. 16 and Sept. 19 meetings.
- Prepared and submitted annual update for New Starts application, including finance plan for transit element.
- Submitted Road Map deliverables to FTA in preparation to request entry into transit final design.
- Submitted work plan for General Bridge Permit and preliminary findings to USCG.
- Completed survey and analysis of river users and potential vessel impacts, initiated discussions regarding mitigation of business impacts and prepared draft economic impact analysis for General Bridge Permit.
- Received designation as priority project under President Obama's *We Can't Wait* initiative.
- Completed field work for drilled shaft/driven pile test project.
- Issued RFP for traffic and revenue analysis; selected consultant.

## (ii) Planned objectives for preliminary engineering and right-of-way next quarter:

Activities for the next quarter (October – December 2012) will continue to center on financial planning, activities necessary to remain competitive for the federal New Starts transit funding, permitting, pre-construction activities and design. Planned activities include:

- Submit update to Real Estate Acquisition Management Plan.
- Submit Navigation Impact Report to USCG, including analysis of vessel impacts at alternative bridge heights; continue discussions regarding mitigation of business impacts and finalize economic impact analysis.
- Begin detailed traffic and revenue forecast.
- Complete scoping for Initial Construction Program, a requirement for the New Starts application.
- Support meetings of Washington and Oregon legislative oversight committees on CRC.
- Support discussions of toll rate setting structure with Washington and Oregon transportation commissions.
- Conduct NEPA re-evaluation related to bridge design height.
- Review cost estimate.
- Submit 404 permit application.

### (iii) Total appropriation by State

Washington			Oregon		
	2011-13	Total		2011-13	Total
State	8,253,000	48,988,000	State	2,537,571	11,732,148
Federal <sup>1</sup>	54,195,304	75,884,000	Federal <sup>1</sup>	27,850,834	87,397,847
<b>Total</b>	<b>62,448,304</b>	<b>124,872,000</b>	<b>Total</b>	<b>30,388,405</b>	<b>99,129,995</b>

<sup>1</sup> \$7.5 million of the Corridor of the Future funding is shown in Oregon's federal appropriation amount, which causes Washington's federal appropriation in 2011-13 to differ from 12LEGFIN.

### (iv) Project expenditures through September, 2012

	Washington	Oregon
<b>Shared Expenditures</b>		
Preliminary Engineering	80,510,967	73,346,180
Construction		
<b>Shared Expenditures Sub-total<sup>1</sup></b>	<b>80,510,967</b>	<b>80,641,872</b>
<b>Non-Shared Expenditures</b>		
Right of Way	0	0
<b>Non-Shared Expenditures Sub-Total</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>80,510,967</b>	<b>80,641,872</b>

<sup>1</sup> Includes \$7,295,692 in expenditures paid directly by ODOT that are not processed through WSDOT's accounting system

### (v) Funds committed by the State of Oregon to right-of-way acquisition:

Oregon has not committed funds to acquire right-of-way.