

May 30, 2008

TO: Kent Snyder, Co-Chair, Portland Sustainable Development Commission
FROM: John Osborn and Doug Ficco, CRC Project Directors
SUBJECT: **Response to Mr. Snyder's Comments Regarding the CRC Project**
COPY: Portland Sustainable Development Commission

This memo responds to your questions and comments about the Columbia River Crossing project regarding traffic data assumptions, funding and financing, and global warming and greenhouse gas emissions. The project published a Draft Environmental Impact Statement (DEIS) on May 2, 2008. The DEIS is a significant project milestone that presents the analysis of technical data, and public and stakeholder input collected over the last three years. It is a disclosure document that describes the potential effects of the five project alternatives, but does not make a recommendation. The five project alternatives were developed to address six problems on I-5 between Portland and Vancouver: growing congestion, impaired freight mobility, diminished transit reliability, safety, inadequate pedestrian and bicycle facilities and seismic concerns.

Traffic Data Assumptions

Mr. Snyder's Comment: The CRC staff analysis uses data for regional VMT and gas prices which they acknowledge are woefully out of date and therefore not valid. Because of the foundation on which they base their conclusions is flawed, the conclusions are also flawed. It is as if they have built a bridge in which the concrete foundation has too much sand- it will ultimately crumble as time progresses.

CRC response: The CRC project uses Metro's internationally respected travel demand model for the traffic analysis in the DEIS. Travel demand models assume the operating costs on a per mile basis for vehicles. Operating costs include the combination of a number of factors--the cost of the vehicle, interest payments on financing, depreciation of the vehicle, repairs and maintenance, tires, gasoline and oil, registration and title fees, sales and other applicable taxes, and insurance for an 'average' person. Instead of using each operating cost element as an input, travel demand models use the aggregated operating costs as an input. This is because over the past several decades, including in times of low fuel prices and high fuel prices, aggregated operating costs (estimated by AAA on an annual basis) have remained relatively steady. This is partly a result of consumers' responses to fluctuating fuel prices. For example, when fuel prices rise over time many consumers tend to shift to more fuel efficient vehicles. Travel demand models do not assume that aggregated vehicle operating costs remain steady, but rather that they increase at the rate of inflation.

Recent traffic count data has shown that daily freeway volumes have marginally declined at some locations in the last two years. This is a result of the increased price of fuel, as well as a stagnant economy. Traffic counts during peak commute periods have remained steady or increased. This indicates that the relatively short-term fuel price fluctuations have had little effect on "necessary" vehicle-trips. The price fluctuations have mostly declined for non-essential trips occurring during off-peak periods.

It is likely that over time, if fuel prices continue to rise at the rate they have risen in the last few years, consumers will elect to purchase more fuel efficient or alternative fuel vehicles. In addition, 80% of the vehicles that will be on the road in the year 2030 have not been designed yet.

Funding and Financing

Mr. Snyder's Comment: It does not appear that the CRC staff performed a basic credit worthiness analysis of this report. In other words, what is the capacity of the region's credit (ability to borrow) to support both this project and all of the other high priority transportation projects already identified in this region. Our region's ability to borrow is not unlimited, even if there is adequate cash flow from the tolls, etc. to repay the bonds. The mere existence of that amount of debt limits the ability of the region to obtain favorable ratings on other bonds. Those costs have not been taken into account by the CRC staff.

Mr. Snyder's Comment: Councilman Burkholder threw a red herring into the discussion with his comparison of this project to the Mt. Hood freeway project (federal funds had already been earmarked for Mt. Hood and therefore were available for alternative projects whereas the federal money for CRC does not yet exist). Whether or not federal money can only be obtained for this project and not for other projects is irrelevant to the decision at hand. What is relevant is the fact the ability of the region to obtain favorable bond rates for transportation projects will be severely constrained by the debt load created by the CRC's recommended solution.

CRC Response: The Draft EIS financial analysis chapter describes the capital and operating costs, revenue options, and financial plan scenarios to implement and operate the highway and transit elements of the CRC project. The capital cost estimates are based on a cost risk assessment that accounts for a wide range of risks and uncertainties that could cause project costs to increase. The project has also conducted a cost risk analysis to assess the economic worth of the infrastructure investments outlined for the project alternatives. The analysis indicated that building any of the CRC alternatives is preferable to no action.

This project will seek funding from tolling, as well as multiple federal and state funding sources including:

- New Starts transit funding
- Corridors of the Future
- Discretionary highway funds
- Washington State Partnership Account funds
- Fuel tax
- License fees for trucks, buses, for-hire vehicles
- License fees for passenger vehicles
- Sales and use tax
- Motor carrier tax and fees
- DMV fees

The project has already been selected as a Corridor of the Future by the United States Department of Transportation. This is a designation for multimodal, multi-state transportation projects aimed at developing innovative national and regional approaches to reduce congestion and improve the efficiency of freight delivery.

Because of the project's importance to the west coast and the nation, it will generate specific dedicated funding at the state and federal level that will not take away funding from other regional projects. The financing for the project will be refined with the alternative selected as the Locally Preferred Alternative (LPA).

Mr. Snyder's Comment: While I am not an elected official, nor someone deeply versed in politics, it does seem very clear that there will be massive changes in the administration within the next year. There will also be changes in Congress, even if one only looks at the results of retirement and not polls. So, there does not seem to be a solid political basis for Councilman Burkholder's claim that we must get in line for these non-existent federal dollars now or be out of luck for at least five more years. The only thing certain at this point in time is that we are about to see a lot of change in how transportation is handled at the federal level. We should not be pushed into a massive bridge construction project based on anxiety.

CRC Response: The Columbia River Crossing project is the result of collaborative work by Oregon and Washington over the last ten years. In 2001, the governors of both states formed a bi-state partnership to study transportation problems and possible solutions for the I-5 corridor. The I-5 Transportation and Trade Partnership recommended fixing three bottlenecks in its 2002 Strategic Plan:

- I-5 at Salmon Creek in Clark County (completed in 2006)
- I-5 at Delta Park in Portland (construction began this year)
- I-5 at the Columbia River (this project)

To be competitive for federal transportation funding that is only reauthorized every six years, the project must have an LPA in place that defines its key elements. If an LPA is not selected, the next time we can seek federal transportation funding for a comprehensive bridge, transit and highway solution is the year 2015.

Global Warming and Greenhouse Gas Emissions

Mr. Snyder's Comment: Portland, Multnomah County, the State of Oregon, etc. have all adopted a variety of policies and goals relating to global warming, the creation of sustainable communities, economic development grounded in the region's reputation for sustainable practices, etc., etc., etc. Examples abound:

- The Global Warming Action Plans for Portland and Multnomah County
- Cool Counties
- Recommendation of the Peak Oil Task Force
- Sustainability Principles adopted by Multnomah County and Portland
- The Oregon Business Plan
- Oregon's GHG goal of a reduction of 75% by 2050

Those policies and goals are mutually reinforcing and fairly consistent. The path recommended by the CRC staff is completely inconsistent with those policies and goals. Not only does it go the other way, it would undermine everything that is being done to capitalize on our region's sustainability niche. Talk about throwing away money!

TriMet and local governments invest a lot of effort and money into increasing transit use as a way to decrease VMT. Such a reduction also reduces GHG emissions. Imagine how we would respond if all of those efforts and funds were redirected toward building more roads and highways as the preferred method to decrease VMT. We would be justifiably outraged. The CRC proposal sends a similar message, both to our local community and the world.

CRC Response: There is a perception that climate change, sustainability, peak oil and similar policies, do not allow for any kind of highway-related investments. This is contrary to local, state,

federal and international policies and action plans on climate change. These policies and plans recommend very specific types of highway improvements and changes, including:

- *Address highway bottlenecks where chronic congestion is causing increased emissions and decreased efficiency*
- *Improve highway safety to reduce congestion-related emissions caused by accidents*
- *Use fees (such as tolls) to discourage growth in auto travel*
- *Focus on upgrading aging infrastructure rather than building new corridors*
- *Design infrastructure to promote transportation options and facilitate efficient movement of freight.*

These recommendations are included in important action plans and reports such as:

- *The Fourth Assessment Report: Mitigation of Climate Change*, issued by the United Nations' Intergovernmental Panel on Climate Change in 2007
- *A Framework for Addressing Rapid Climate Change*, issued by the Oregon Governor's Climate Change Integration Group in January 2008
- *The Report of the City of Portland Peak Oil Task Force*, March 2007

The highway improvements associated with CRC are based on implementing exactly these kinds of goals which are fully consistent with project-related recommendations. The project is also consistent with climate change guidance available from the Oregon Governor's Climate Change Integration Group, the Climate Action Team for the State of Washington, and the United Nations International Panel on Climate Change.

In addition, the other elements of the CRC project and its indirect effects, including extending high capacity transit to Vancouver, improving bicycle and pedestrian facilities and connections, supporting transit oriented development, and concentrating job and employment growth in existing corridors, would implement many of the remaining transportation project-related recommendations typically included in climate change policies. In fact, it would be difficult to find a major transportation project in the country that is as consistent with more aspects of addressing climate change, sustainability and related policies than the CRC project.