

A long-term, comprehensive solution

Interim Joint Legislative Oversight Committee Hearing


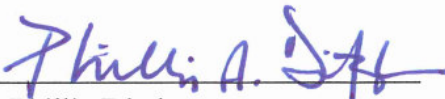

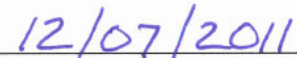


January 19, 2012





The Record of Decision

This I-5 Columbia River Crossing Project Record of Decision is hereby approved.

 Daniel M. Mathis FHWA Washington Division Administrator	 Phillip Ditzler FHWA Oregon Division Administrator	 R.F. Krochalis FTA Regional Administrator, Region 10
 Date of Approval	 Date of Approval	 Date of Approval

- **Re-confirms the purpose and need**
- **Reviews and validates technical work to date**
- **Reviews and validates the process used to select a preferred alternative**
- **Approves the mitigation measures to be used where there are unavoidable environmental impacts**
- **End of the planning stage; indicates the end of the NEPA process**

CRC project area





Cost Estimating Validation Process (CEVP®)

Goals:

- ✓ Improve project estimates and schedule accuracy
- ✓ Establish project budgets
- ✓ Manage risks

Two primary objectives:

- ✓ Validate cost and schedule
- ✓ Identify and quantify risks

CRC cost estimates

	Dollars in Billions													
	3	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4	4.1	4.2	4.3
Dec. 2007														
May 2010														
Aug. 2011														

Finance plan development for major transportation projects

- **Establish project scope and benefits**
 - Identify potential funding partners
- **Identify promising funding sources**
 - Requirements, timing, and prerequisites
 - Assess revenue potential from sources
- **Assemble into comprehensive cash-flow plan**
 - Establish project development/construction cash flow needs
 - Match revenues with legal/regulatory schedule
 - Match revenues with project cash flow by expense
- **Propose to funding partners**
- **Refine, refine, refine based on new information**

Example: SR 520 Program (Washington)

	\$Billions
SR 520 Project: Development/Construction	\$4.65
Initial Phase SR 520 ("FBL+E")	\$2.43

Capital Sources	Approval	\$Millions
State Motor Vehicle Fuel Tax Funding	Legislative Approvals in Jun 2003 and 2005	\$554
Federal Aid Funding		\$12
Sales Tax Deferral	Legislative Approval in March 2008	\$124
Bond Fund (Tolls and Formula Federal Funds)	Tolls Authorized in Apr 2009, Tolling Started Dec 2011	\$1,666
Residual Toll Revenue		\$76
Total Capital Sources		\$2,432

All revenues are net to project development and construction

Example: T-REX Project (Denver, CO)

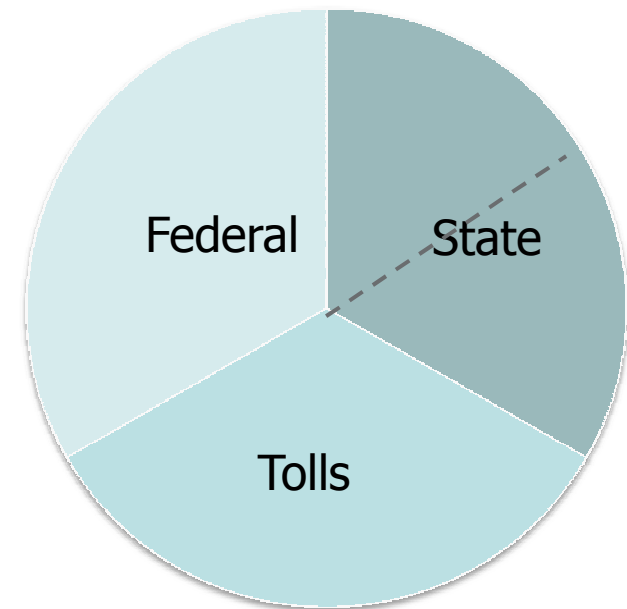
Cost Components		Millions
Highway		795
Light Rail		879
Total Capital Costs		1,674

Capital Sources	Approved	\$Millions
FTA New Starts	FFGA Nov 2000	\$525
RTD (transit district)	Regional Bond Approved Nov 1999 Leg. Approval Jun 1999; Bonding Vote	\$332
Federal Formula Highway Funds	Nov 1999	\$398
State Highway Funds	Legislative Approval Jun 1999	\$398
Local	Agreement Nov1999	\$22
Total Capital Sources		\$1,674



Funding sources for CRC

- **Federal**
- **Tolling (toll bond proceeds)**
- **States**



Federal funds

FTA New Starts funds (\$850 million)

Process: New Starts application started, with high ranking. Apply to enter final design Spring 2012; enter final design Fall 2012. Submit Full Funding Grant Agreement application Spring 2013.

Uses: Light rail route, stations, park and rides, ped/bike access

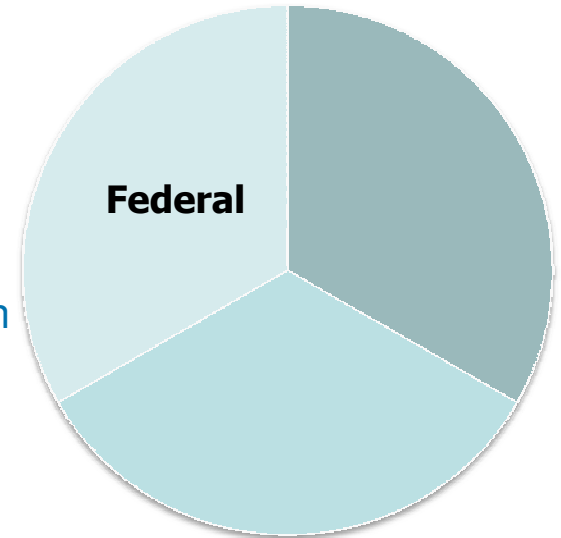
Availability: 2014 or later – must have all funds (state, tolling) secured

FHWA funds (\$400 million)

Process: Monitor programs and criteria

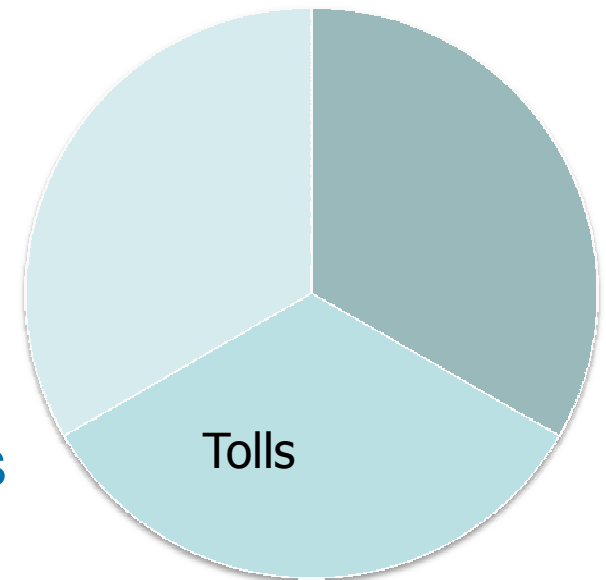
Uses: Bridge, highway, interchanges

Availability: 2013 or later



Toll revenue

- **Process:** WA toll authorization legislation in 2012. Develop bi-state toll policy structure for Transportation Commissions in 2012. Investment Grade Analysis in 2013.
- **Uses:** must follow state requirements
- **Availability:** Pre-completion tolling in 2014



Treasurer's report key findings

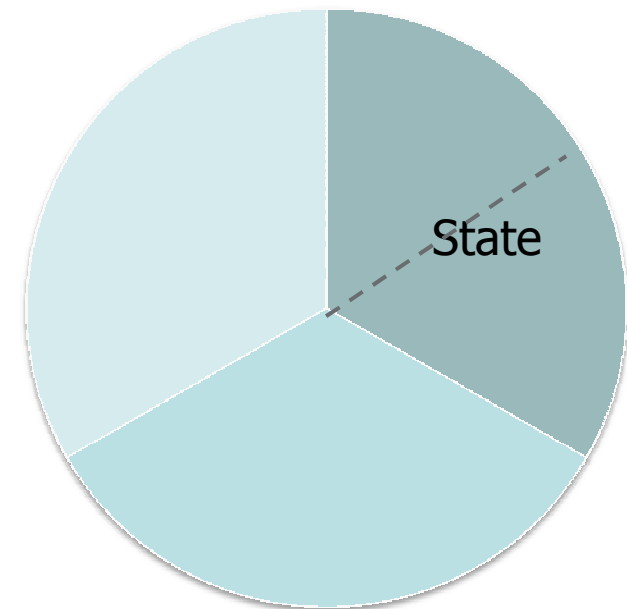
- “CRC’s construction cost estimating process appears solid...”
- Use conservative traffic projections – the “low” estimate to respond to recession
- Perform an investment grade study
- Toll bonding should assume a flat toll rate
- Consider the use of pre-completion tolling and TIFIA loan funding to reduce financial risk
- Establish a robust toll-setting mechanism to assure that all toll-related debt service is paid in full each year through toll revenues

Tolling responsibilities

- Washington and Oregon Transportation Commissions have tolling authority in their respective state
- Both departments are responsible for the planning, analysis and construction of all toll bridges and other toll facilities

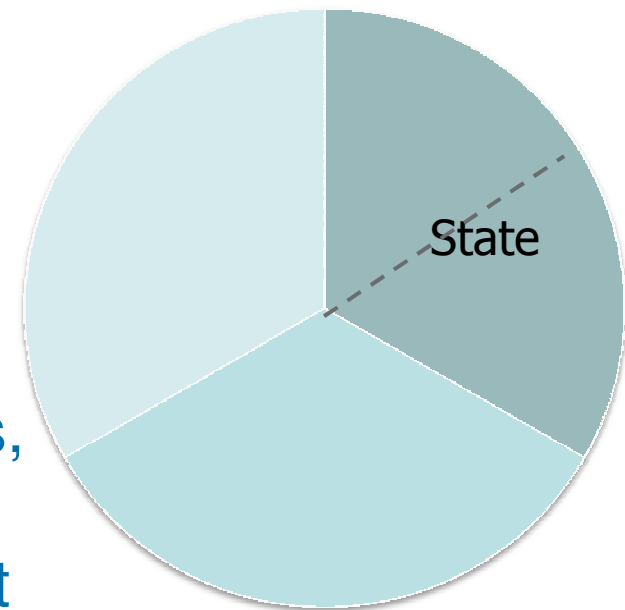
Washington state funds

- **Process:** 2012 Legislature expected to consider transportation package.
- **Uses:** Washington highway, interchanges, local improvements, bike/pedestrian
- **Availability:** Committed by 2013 to meet FTA eligibility



Oregon state funds

- **Process:** 2012 Legislative Oversight Committee, Interim Transportation Committees, and legislators review project.
- **Uses:** Oregon highway, interchanges, local improvements, bike/pedestrian. Constitution specifies that highway funds must be used for highway purposes
- **Availability:** Legislature needs to act in early 2013 to meet FTA eligibility



Revenue sources

Revenue Source	Annual Revenue*
<i>Gas tax: 1 cent</i>	\$26.6 million
<i>Vehicle registration fee: \$1</i>	\$5.4 million
<i>Title fee: \$1</i>	\$1.4 million

All figures are estimates based on current data and subject to change.

*Includes revenue generated from accompanying heavy vehicle fees.

Revenue bonding examples

Example	Annual Revenue*	Bond Proceeds**
Example 1 <ul style="list-style-type: none"> Gas tax: 1 cent Vehicle registration fee: \$1 Title fee: \$2.50 	\$35.5 million	>\$450 million
Example 2 <ul style="list-style-type: none"> Gas tax: 1.33 cents 	\$35.4 million	\$450 million
Example 3 <ul style="list-style-type: none"> Vehicle registration fee: \$5 Title fee: \$6 	\$35.4 million	\$450 million
Example 4 <ul style="list-style-type: none"> Gas tax: 1.1 cents 	\$29.6 million	>\$350 million
Example 5 <ul style="list-style-type: none"> Vehicle registration fee: \$4 Title fee: \$5 	\$28.6 million	>\$350 million

All figures are estimates based on current data and subject to change.

*Includes revenue generated from accompanying heavy vehicle fees.

**Assumes 25 year bonds at 5.0% interest rate with 1.10x coverage. With these assumptions, generating \$450 million in bond proceeds requires \$35.4 million in annual revenue, while generating \$350 million requires \$27.6 million in annual revenue. Using 30 year bonds at 5.5% interest rate with 1.03x coverage would reduce the annual revenue needed to service \$450 million in bonded debt to \$32.2 million and the amount needed to service \$350 million in bonds to \$25 million.

Oregon transportation bonding programs



\$2.4 billion

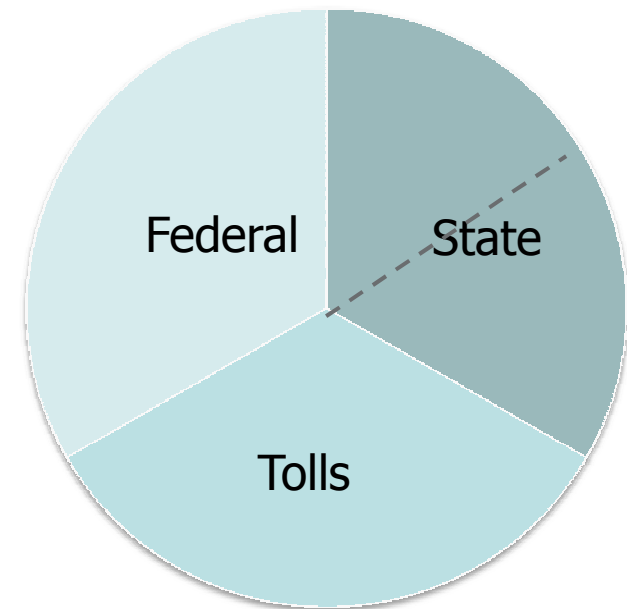
JTA

\$840 million

Bonded Construction Program	Year Enacted	Bonded Proceeds	Bonds financed by...		
			DMV Fees	Fuels Tax & Wt. Mile Fees	Lottery
OTIA I/II	2001, 2002	\$500m	✓		
OTIA III	2003	\$1.9 B	✓		
Jobs & Transportation Act	2009	\$840m	✓	✓	
Connect Oregon I-IV	2005–2011	\$340m			✓

Funding sources for CRC

- **Federal**
- **Tolling (toll bond proceeds)**
- **States**





Constructability Planning

- **Staging** – All the detailed work necessary to construct the project, including temporary work.
- **Sequencing** – The logical order in which the permanent work is constructed.
- **Packaging** – Combining sequences together to form construction contracts.
- **Timing** – Determining the logical order that contract packages are advertised, based on cash flow and engineering.



Governor's request to the CRC

- **Alternatives to full build which include a smaller first phase foot print**
- **A smaller capital investment**
- **A smaller state investment for Oregon**
- **Maintain the project's purpose and need**
- **Engineering feasibility matched with kinds of funds available and tightening fiscal realities**

Phasing assumptions

- **Construct new bridge**
- **Connections with the mainline on both sides of the river**
- **Light rail to Vancouver**
- **Reduce need for temporary structures**
- **Maintain schedule and NEPA commitments**
- **All elements of the project will be built over time to maximize and match the money available with engineering practicability**
- **Minimize financial risk to Oregon**



Next Steps

- **Governance**
- **WSDOT tolling authorization**
- **Pre-construction planning**
- **Prepare final design application to FTA**
- **Refine phasing options**
- **Ongoing work with Oregon and Washington legislatures on funding**

Columbia River **CROSSING**

700 Washington Street, Suite 300
Vancouver WA, 98660

Washington 360-737-2726

Oregon 503-256-2726

Toll-Free 866-396-2726

www.ColumbiaRiverCrossing.org

feedback@columbiarivercrossing.org



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City of Vancouver • City of Portland • SW Washington Regional Transportation Council • Metro • C-TRAN • TriMet