



**HOUSE OF REPRESENTATIVES  
900 COURT ST NE  
SALEM, OR 97301**

**MEMORANDUM**

**TO:** House Committee on Transportation and Economic Development

**FROM:** Rep. Jules Bailey                      Rep. Chris Garrett  
Rep. Phil Barnhart                      Rep. Mitch Greenlick  
Rep. Katie Eyre Brewer                      Rep. Chris Harker  
Rep. Ben Cannon                      Rep. Mark Johnson  
Rep. Brian Clem                      Rep. Shawn Lindsay  
Rep. Jason Conger                      Rep. Mike McLane  
Rep. Michael Dembrow                      Rep. Mary Nolan  
Rep. Margaret Doherty                      Rep. Julie Parrish  
Rep. Lew Frederick                      Rep. Patrick Sheehan  
Rep. Tim Freeman                      Rep. Carolyn Tomei

**DATE:** March 28, 2011

**RE:** CRC Questions

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Thank you for scheduling this important hearing on HJM 22. Having reviewed recent correspondence regarding the Columbia River Crossing<sup>1</sup>, we believe that there are important unresolved questions that demand further scrutiny before the commitment of additional public dollars to this project.

Raising questions should not be construed as opposition to a new bridge. We are well acquainted with the congestion issues in the I-5 corridor; we recognize the need for major improvements at the Columbia River; and we fully support the effort to secure federal funds. These arguments in favor of a major project, however, are not necessarily arguments for any specific proposal. With respect to the current CRC proposal, at least the following questions deserve further attention.

**1. What is the "true cost" of the CRC?**

The cost of the CRC is represented to be between \$3.2 and \$3.6 billion. Impresa argues that the true cost, in year-of-expenditure dollars, is closer to \$10 billion over the life of the project after accounting for debt service and the need for improvements to the Rose

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<sup>1</sup> We refer to the Oct. 4, 2010 memo from Impresa Consulting; the Jan. 21, 2011 response from ODOT; and the Feb. 7, 2011 reply from Impresa Consulting.

Quarter. CRC responds that the Rose Quarter is a "different" issue. But it appears to be very much in question whether the CRC, absent Rose Quarter improvements, accomplishes much more than shifting the I-5 bottleneck to the south. If Rose Quarter improvements are an essential part of a complete solution to I-5 congestion in the Portland area, then those expenses should be considered in evaluating the true cost, and in presenting the cost to the public.

## 2. Traffic projections and tolling revenue

The CRC financing plan depends heavily on tolling revenue. The projected revenue from tolling depends, in turn, on projected traffic over the new bridge. The Impresa analysis contends that based on ODOT's own data and assumptions of 1% annual growth, traffic over the CRC will be 30,000 vehicles per day **lower** in 2030 than the DEIS forecast. If this is correct, the less-than-projected tolling revenue results (according to Impresa's analysis) in a debt service **shortfall of \$1 billion**.

In the few years since CRC's projections were issued, traffic over the bridge has not only failed to increase as forecast, it has actually declined. Based on the exchange between Impresa and ODOT, there appears to be an empirical dispute about whether the current decline in traffic levels merely reflects the recession or, instead, reflects a longer term "sea change" in how people commute. Impresa points out that the decline in traffic preceded the recession by two full years. We are not aware of a refutation of this point.

CRC/ODOT assert that their projections are based on commonly accepted models; Impresa responds that these models are themselves flawed, and cites examples. We are not aware of a refutation of this point, either.

Finally, ODOT says that there will be an independent, investment-grade study at a future time, before bonding. **If there is an undisputed need for an independent, investment-grade financial analysis**, it should be undertaken before any major commitment of additional public dollars.

## 3. Cost overruns

Critics assert that CRC's cost estimate of \$3.2-3.6 billion is low by at least hundreds of millions of dollars, given the likelihood of cost overruns in a project such as this.

Cost overruns are a fact of life and should not be taken by themselves as a reason to oppose the project. However, the magnitude of possible overruns should be considered in conjunction with the significant questions about the CRC's traffic and tolling projections. If we are materially off-target on *both* projected costs and projected revenues, this could create enormous downside exposure for Oregon taxpayers. We are not satisfied that this downside risk has been fully digested.

Thank you for your consideration of these issues.