CRC FUNDING AND FINANCING OPTIONS

Draft White Paper

November 28, 2006

Columbia River CROSSING

TABLE OF CONTENTS

List of Exhibits

CAPITAL FUNDING AND FINANCING OPTIONS

6.1 Introduction

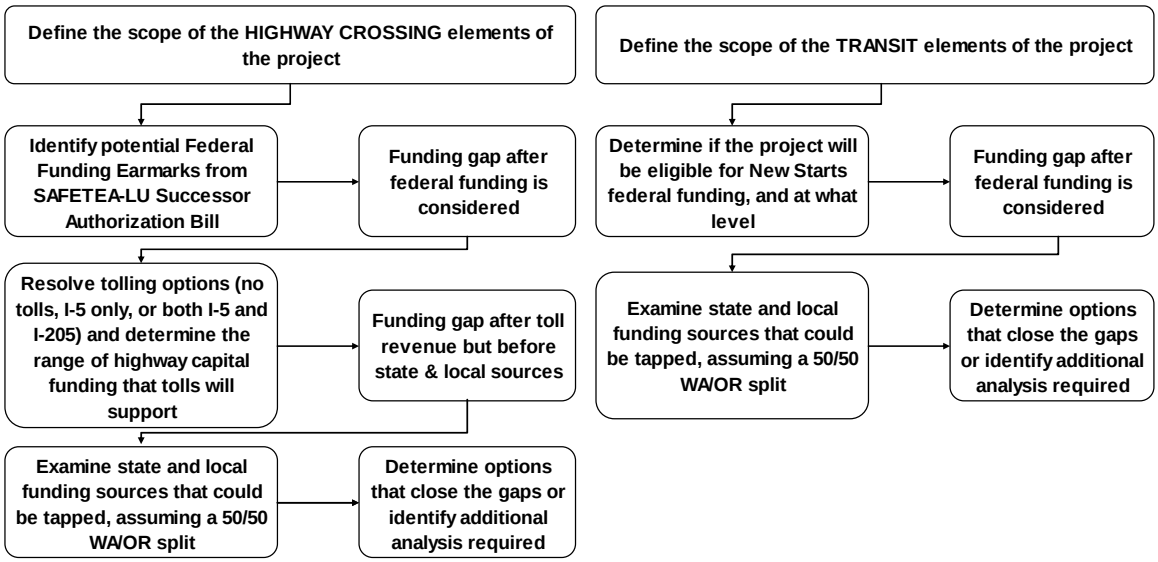
Within this paper, the reader will find information about the potential non-toll funding sources and some related financing mechanisms available to the Columbia River Crossing (CRC) Project. Virtually all of these potential sources come with implementation or procurement hurdles, some quite significant, and few of the individual sources have the potential to yield substantial funding — in the range of $50-100 million or more. Even if the project does include tolling, it is likely that a number of additional funding sources will need to be tapped to close the funding gap. This will be especially true if the project includes a high capacity transit component, as Oregon restricts the use of toll revenue for non-highway purposes, and Washington legislation is a bit ambiguous in this regard (see Section 6.3.6.1.1).

Initial efforts will likely focus on identifying potential federal funding sources that could be pursued on behalf of the project. Recent SAFETEA-LU legislation and its predecessors provide a number of possible funding opportunities for the very types of large-scale highway, bridge, and major transit projects similar to the CRC project; however, none of the federal funding sources available will be singly large enough to pay for the project.

While $50 million has already been allocated to the project by the Washington State Department of Transportation as part of 2005's Transportation Partnership Account funding package discussed in section 6.3.4., existing funding constraints in both states have prompted the project team to conduct an early in-depth analysis of tolling (the results of which will be subject of a future issue paper). This pragmatic interest in tolling as a major source of funding suggests a course of action for analyzing project funding needs and a process for subsequently pursuing non-toll state and local funding sources, shown in Exhibit 1.

The financial capacity of the net toll revenue stream – the range of project capital funding supported by tolls – can be determined by combining the developed estimates of federal funding with additional assumptions about if and how the CRC project would be tolled. Also included in this analysis is an estimate of the toll collection operations costs along with operations and maintenance expenses for the facility itself. Comparing this value to the capital cost estimate for a project alternative will very likely result in a funding gap (though a surplus may be possible under some scenarios). A funding gap would then set in motion a staged process by which project stakeholders would consider additional, non-toll funding sources to fill the gap, as outlined in Exhibit 1.

Exhibit 1: Determination Process for Non-Toll Funding



The purpose of this funding and finance options paper is to help decision-makers understand potential funding options, magnitudes, and challenges as they consider and select candidate sources for further analysis. It is acknowledged that some information about potential funding sources may require additional research or analysis, and may not even be available for some time (e.g., we won't know how much the CRC will receive in federal transportation bill reauthorization earmarks for several years). However, the information contained herein is intended to allow project decision-makers to make some assumptions and judgments to get a sense for how the funding process might play out, and how ambitiously project proponents may need to pursue new funding means. With a framework established, the consideration of various funding packages across multiple scenarios is likely to be iterative. The magnitude of the actual funding challenge will be identified in future work.

6.2 Background, Context and Purpose

The Financial and Institutional Resources (FAIR) working group identified 11 key issues that relate to funding, financing, delivering, implementing, and creating the institutional arrangements necessary for the Columbia River Crossing (CRC) project. This paper addresses one of the 11 FAIR issues, issue #6, by identifying and outlining potential funding and financing mechanisms. Among the many potential CRC funding sources being considered, tolls warrant special consideration and analysis, and thus are the topic of a separate paper to be completed following toll demand modeling in late 2006.

Similarly, funding needs – the range of cost estimates for alternatives under consideration at this stage – will be better defined in late 2006. As a result, the body of this document is prepared as a reference source for characteristics and initial implementation steps that relate to the 40+ funding and financing options. This information is intended to be used as a reference tool in narrowing the funding options for consideration to a more manageable set. A future report, expected in late 2006, will identify funding gaps and document the preliminary results from the financial analysis.

Where possible, this paper draws upon information from previous studies. For more background information on non-toll funding sources, the reader is referred to the papers from the I-5 Columbia River Crossing Partnership Study listed in Exhibit 2. An additional study of note is the earlier Portland/Vancouver I-5 Transportation and Trade Partnership Final Strategic Plan (June 2002).

Exhibit 2: Related Documents from the I-5 Columbia River Crossing Partnership Study

Document #	*Document Title*	*Related Topics Covered*
Working Paper 1.2.2	Project Development Issues Related to the Transit (New Starts) Component of the Columbia River Crossing Project	FTA "New Starts" Process for Section 5309 Major Capital Investment Funds
Technical Memo 8.3	Potential Use of Tolling Revenue	FHWA Value Pricing Pilot Program Funding

This paper identifies and discusses non-toll funding and other financing mechanisms that could potentially be used to generate capital and/or operating and maintenance funds for the highway or transit components of the CRC project. In particular, it outlines the characteristics of each funding source, provides an indication as to how much revenue or funding might be generated by the source, and notes some of the steps that would need to be taken for implementation.

6.3 What are the potential funding sources?

There are several funding sources that can potentially be used or are typically used for large-scale highway, bridge, or major transit capital investment projects. These include federal, state, regional, and local sources, as well as value capture opportunities. This section describes those sources, and notes the typical funding amounts and/or the potential revenue from each and relevant (initial) implementation steps.

6.3.1 What federal funding sources are available before 2009?

In August 2005, the President signed into law the Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA–LU). This federal authorization act is the successor to TEA-21 and provides $286.4 billion in funding for federal surface transportation programs through FY2009, at which time the federal transportation act will expire and need reauthorization.

Federal funds are provided through legislative formulas, legislative "earmark" allocations, or U.S.DOT agency discretionary authority allocations. Formula funds are *apportioned* based on criteria and are not a new source of funding for the region, whereas discretionary funds and earmarks are *allocated* on a case-by-case basis and are new funding for states in some – but not all – cases. Discretionary funding for programs administered by U.S.DOT agencies brings in new dollars to a state, and earmark allocations can also bring in new dollars to a state if they are "above the line." "Below-the-line" authorization earmarks are factored into the overall formula funding guaranteed to each state, and thus, for most states, do not bring in new dollars under SAFETEA-LU (such earmarks reduce the Equity Bonus funding received by most states).

Earmarks are discussed in greater detail in Section 6.3.2, and a graphical representation of the federal funding characterizations and uses is shown in Exhibit 3.

6.3.1.1 *State Apportionment of Federal Highway Funds*

Federal highway funds include apportionments (i.e., funds distributed by formula) from, among others, the Interstate Maintenance Program, the National Highway System Program, the Highway Bridge Program, the Highway Safety Improvement Program, the Rail-Highway Crossings Program, the Coordinated Border Infrastructure Program, the Safe Route to Schools Program, and the Equity Bonus. These funds can be used for highway and transit capital expenditures, and some can be used for operations and maintenance (O&M).

Washington and Oregon receive $407 million and $279 million per year on average, respectively, in federal highway fund apportionments from these programs for fiscal years 2005-2009. The state DOTs administer these programs, and the DOTs also receive additional apportionments from other highway programs. Apportionment funding amounts cannot be increased under SAFETEA-LU.

6.3.1.2 *Regional CMAQ and STP Fund Apportionments*

The Congestion Mitigation and Air Quality Improvement (CMAQ) program and the Surface Transportation Program (STP), which are apportionment programs, provide some of the most flexible federal formula funding. A CMAQ project must contribute to the attainment of the national ambient air quality standards by reducing pollutant emissions from transportation sources; STP funds have fewer restrictions. Both can be used for highways and transit. Capital expenditures and some O&M costs are eligible for these formula funds.

Washington and Oregon were authorized to receive $152 million and $98 million per year on average, respectively, in CMAQ and STP funds.[1] Because STP and CMAQ funds can be used for many types of transportation projects, demand often exceeds the amount of funding available for projects within states. A portion of these funds are distributed by metropolitan planning organizations (MPOs) while the remainder are retained by state DOTs. The CRC project falls within the jurisdiction of two MPOs: the Portland Area Metropolitan Service District (Metro) in Oregon; and the Southwestern Regional Transportation Council (RTC) in Clark County, Washington.

Metro's Transportation Priorities program selects Portland area projects to receive approximately $30 million per year in CMAQ and STP funds.[2] Approximately $9.3 million annually is obligated to the Tri-County Metropolitan Transportation District of Oregon (Tri-Met) GARVEE bonds through 2015, leaving $20.7 million available to new projects. Proposed projects are ranked based on how well they meet the program's policy objectives. After a public comment period, the Joint Policy Advisory Committee on Transportation (JPACT) recommends a list of projects to receive funding and the Metro Council ultimately approves a package of

[1] Parsons Brinckerhoff SAFETEA-LU Implementation Notebook.
[2] http://www.metro-region.org/article.cfm?articleid=139

transportation projects.[3] The Regional Transportation Council (RTC) selects projects in the Vancouver urban area to receive CMAQ and STP funding.[4] RTC has, in recent history, received approximately $6 million per year in combined funding for distribution; however, the allocation formula for CMAQ funds, currently on a per capita basis, may be changed in the near future, possibly reducing the amount that RTC receives.[5]

6.3.1.3 *Formula Funds Apportioned to Transit*

Urbanized areas with a population of 50,000 or more receive apportioned (formula) funds for transit capital expenditures from the Federal Transit Administration (FTA). These include Section 5309 Fixed-Guideway Modernization funds, Section 5307 and Section 5340 Urbanized Area funds, Section 5316 Job Access and Reverse Commute (JARC) funds, and Section 5317 New Freedoms funds.

For urbanized areas with a population of at least 1 million, funds are apportioned directly to designated local recipients. For this purpose, the urbanized area includes Portland and Vancouver and surrounding municipalities. Most recently, Tri-Met received approximately $35.8 million in combined program funds, with the Clark County Transit Benefit Area Authority (C-Tran) receiving approximately $4 million.

6.3.1.4 *5309 New Starts Program*

The discretionary New Starts funding program is very competitive and one that requires a rigorous application process. Projects are evaluated and rated according to a number of measures, but the cost effectiveness of the project and its land use rating are the two primary "project justification" factors that determine whether FTA recommends a project for New Starts funding. New Starts projects must also present a strong financial plan for the operations and maintenance (as well as the local and state share of the capital program) portions of the project.

With SAFETEA-LU authorizations of $0.5 billion - $1.8 billion per year, the Section 5309 New Starts program may be a major source of funding for transit capital expenditures. The program administered by FTA can theoretically fund up to 80% of capital expenditures for major fixed guideway investments, although a 50% share is much more common. Recent Congressional Appropriations Committee report language has capped the federal share at 60% of estimated project capital costs, although it is uncertain whether this requirement will continue in the future.

Among other technologies, fixed-guideways include light-rail projects and some bus rapid transit (BRT) projects. The CRC has expressed interest in the New Starts program and WSDOT sent FTA a New Starts Initiation Package on behalf of the CRC project. Among other things, the Initiation Package describes the transportation problems in the corridor and the conceptual alternatives being studied. A separate issues paper is anticipated to describe aspects of the New Starts process in greater detail, which would include the steps that are necessary to obtain New Starts funding for the CRC.

---

[3] Ibid.
[4] RTC, Metropolitan Transportation Plan, 2005 Update (Financial Plan Chapter).
[5] Robbins, Dale; Regional Transportation Council. Telephone interview. August 1, 2006

6.3.1.5 *Federal SAFETEA-LU Earmark for CRC*

In SAFETEA-LU, the Oregon Department of Transportation (ODOT) was authorized $6.22 million in federal earmarks for the CRC. One of the earmarks ($4.22 million) was a High Priority Project (program discussed in Section 6.3.2.5) and the other ($2 million) was a Transportation Improvement Project (program discussed in Section 6.3.2.4). Similarly, the Washington State Department of Transportation (WSDOT) was authorized $8 million in federal SAFETEA-LU earmarks for the CRC project (in the High Priority Projects program), although only approximately $7.6 million is expected due to federal budget reductions. Of the $13.82 million in expected earmark funding, only the $2 million ODOT earmark represents above-the-line (i.e., additional) funding for the states. Opportunities to secure authorization earmarks typically occur once every six years, and the next opportunity will not occur until SAFETEA-LU is reauthorized, potentially in 2009.

6.3.1.6 *Federal Appropriations Earmark for CRC*

Earmarks can also be secured in federal appropriations bills, which occur every year. Projects with Congressional support might receive earmarks in the annual federal appropriations bill. In the FY2006 appropriations bill, these earmarks were made in Transportation and Community System Preservation (TCSP), Interstate Maintenance, Surface Transportation Projects (not to be confused with the Surface Transportation Program), and High Priority Projects (not to be confused with High Priority Project authorizations in SAFETEA-LU) categories.

Another appropriations earmark category for capital improvements to bus and bus facilities is the Section 5309 Bus Discretionary Program. In FY2006, appropriations under this program for agencies across the states of Oregon and Washington totaled $4.3 million and $18.2 million, respectively. Neither Clark County nor Tri-Met received an appropriations earmark from this program in FY2006. Additional Section 5309 Bus Discretionary Funds were earmarked in the SAFETEA-LU authorization bill.[6]

While appropriations earmarks might fund a portion of the CRC project, they are usually quite small ($2 million or less). In 2004 and 2005, WSDOT received $3 million and $2 million, respectively, in appropriations earmarks for the CRC. Oregon received a $0.8 million CRC appropriations earmark in 2006. The CRC has to compete with other local projects for earmark requests, so political support increases the likelihood of receiving these funds.

Earmark requests must be submitted to a local member of Congress. The appropriations process is not "set in stone," but earmark request forms are typically made available in February, with a common request deadline being March 15th. After the House of Representatives and the Senate pass their individual bills (with different earmark amounts), a single bill is created by "going to conference," which often occurs in September. Congress often (but not always) reduces earmark amounts to reconcile differences between House and Senate earmarks for each project and to meet the overall earmark funding level that has been set. Congress's objective is to pass all bills

[6] http://www.fta.dot.gov/FedReg/05-24154.pdf

before October 1st, but delays are common. In some circumstances, earmarks can be inserted into the bill late in the process, even if a project missed the established request deadline.

6.3.1.7 *Value Pricing Pilot Program*

The Federal Highway Administration (FHWA) administered Value Pricing Pilot Program (VPPP) encourages states to implement value pricing (sometimes referred to as congestion pricing) projects, many of which charge tolls that vary by time of day to reduce congestion or provide premium express service. The VPPP allows projects to bypass some federal tolling constraints, but it only provides a limited amount of discretionary funding ($12 million per year for the program) for pre-implementation, design, development, and start-up costs (typically less than $1m per project). The VPPP is limited to 15 states, including Oregon and Washington. The CRC project has yet to apply for funding from this program, but it is a potential supplemental source.

VPPP grants can be applied for by any state, local, or other public authority. Grant applications require coordination with the relevant metropolitan planning organization (MPO) and state DOT, as well as early communication with the state FHWA division offices.[7]

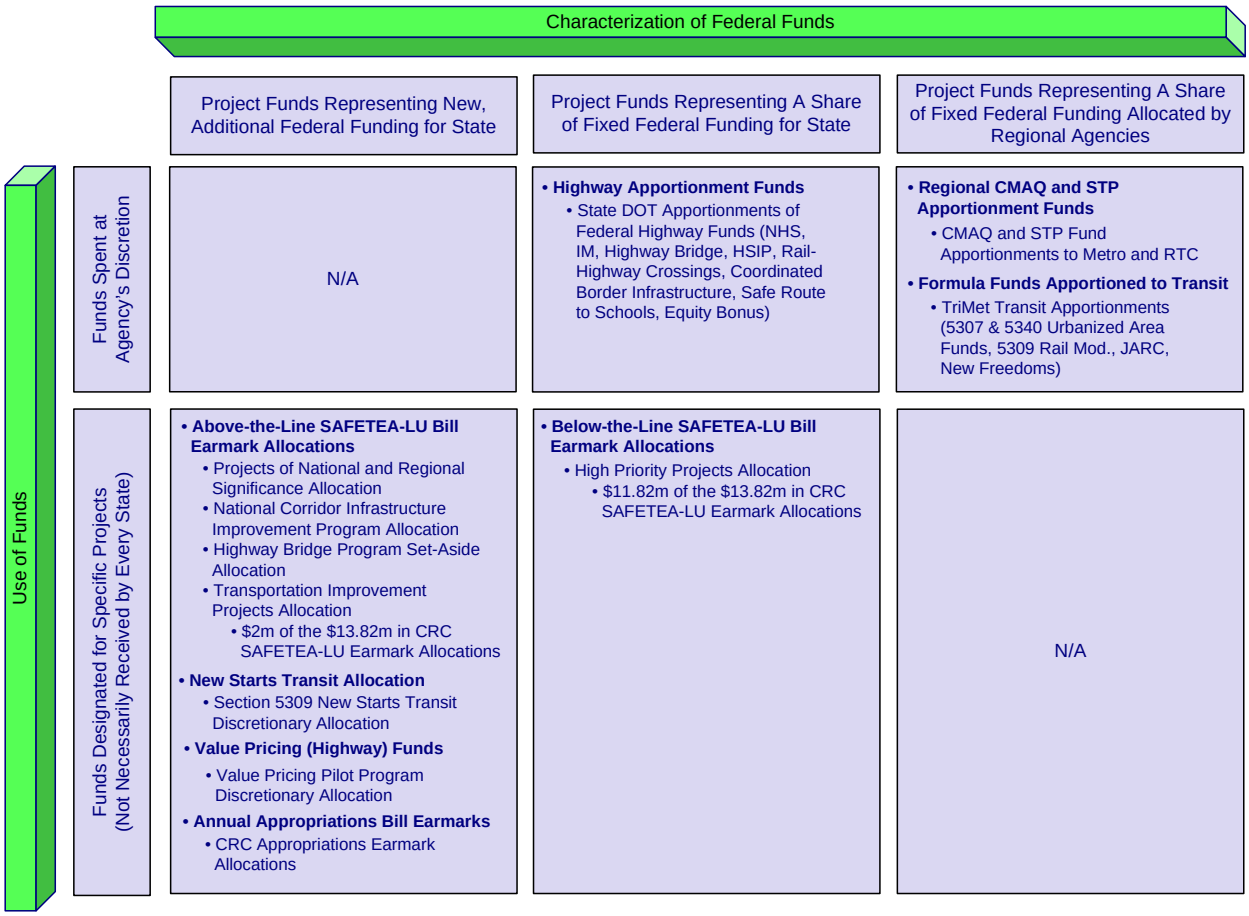
Summary Table: Pre-2009 Funding Sources

Source	Magnitude	Eligible Modes	Eligible Uses	Process /Actions
State Apportionment of Highway Funds	• OR annual avg $279M/yr • WA annual avg $407M/yr	Highway,Transit;	CapEX, O&M	Seek funding from state DOT budgets
Regional CMAQ and STP Funds	• Metro avg $30M / year • RTC avg $6M / year	Highway, Transit	CapEX, O&M	Seek funding from state DOT budgets or local MPOs
Formula Funds Apportioned to Transit	• $35.8M / year (Tri-Met) • $4M / year (C-Tran)	Transit	CapEx	Seek Tri-Met contribution
New Starts	Typically 50% of project capital cost	Transit (fixed guideway)	CapEx	Continue New Starts process
SAFETEA-LU earmarks	• $6.2M to ODOT (secured) • $7.6M to WSDOT (secured)	Highway and Transit	CapEx	No additional funding available
Appropriations earmarks	Typically < $2M / year • $0.8M to ODOT (FY06) • $3.0M to WSDOT (FY04) • $2.0M to WSDOT (FY05)	Highway, Transit	CapEx	Seek Congressional support for annual appropriations earmarks
Value Pricing Pilot Program	Typically < $1M / project	Highway, Transit	CapEx, Planning	Coordinate application w/ local MPO, others

[7] http://www.fhwa.dot.gov/policy/vppp.htm

Exhibit 3 summarizes how federal funds may be specifically distributed to a specific project, such as the CRC project. While the process shown here applies to SAFETEA-LU legislation, it may also serve as a blueprint for future reauthorizations.

Exhibit 3: Characterization and Uses of Federal Funds



6.3.2 What federal discretionary funds might become available at some later date?

Although funding from the sources listed in this section is not available at this time, funds may become available from these programs or new programs that are similar when the SAFETEA-LU successor bill is authorized. Funding appropriations and allocations in past federal transportation bills do not indicate future funding; however, knowing which funding sources have been available in the past and their historical funding amounts is helpful for assessing potential future CRC funding amounts. The programs listed in Section 6.3.1 are likely to exist after 2009, although program levels may be impacted by the condition of the federal Highway Trust Fund, which is forecast to be depleted by 2009, if not before. The continued existence of the programs that provide additional funding options in this section is less certain (several of the programs in

this section were created in SAFETEA-LU). Because federal programs are constantly changing, the post-2009 existence of any federal program is not guaranteed.

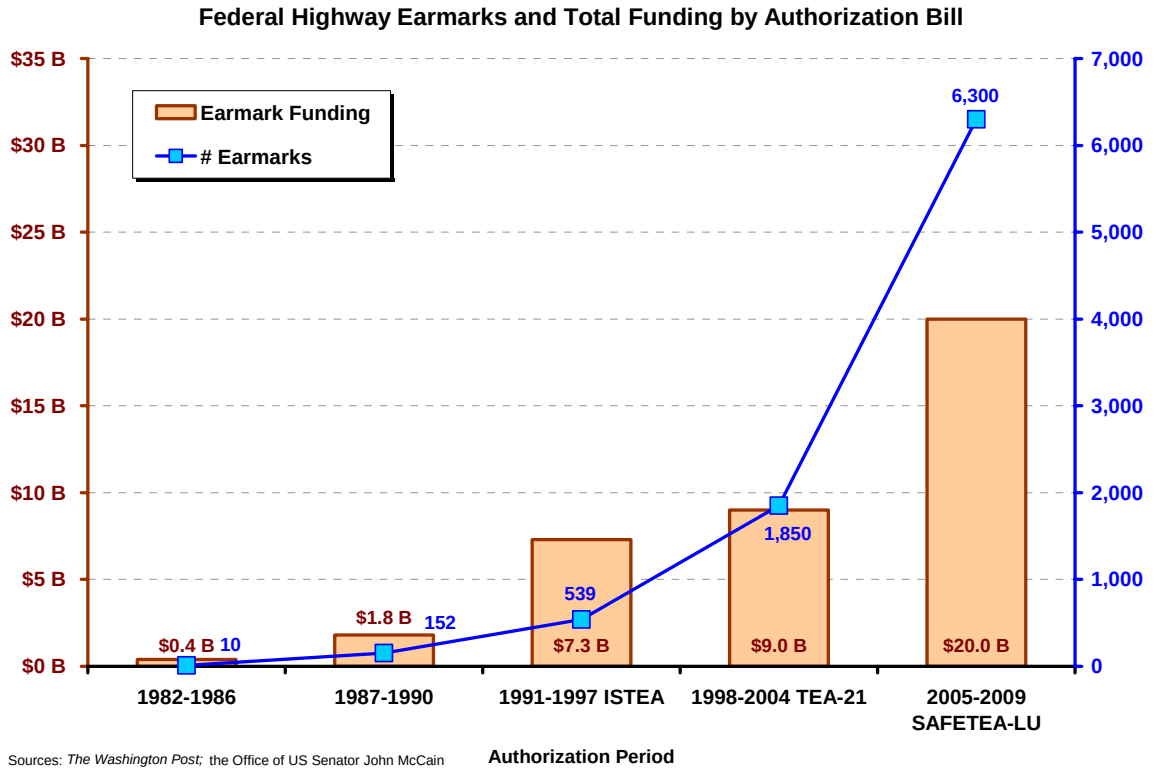
Of the programs listed in this section, only Transportation Improvement Projects, Projects of National and Regional Significance, the National Corridor Infrastructure Improvement Program, and the Highway Bridge Program Set-Asides are above the line. High Priority projects also used to bring in additional money to states, but they were placed below the line with TEA-21 in 1998, meaning that these earmarks are factored into the overall federal funding guaranteed to each state and additional high priority project earmarks do not bring in additional money (for most states). Some projects are so big that they could virtually eliminate all other improvements within a state if they came at the expense of formula funds. For example, the Woodrow Wilson Bridge's $900 million earmark in TEA-21 was above the line on the basis of this argument and its importance to the entire East Coast north-south transportation corridor. Notably, this bridge is also the only federally-owned portion of the Interstate System, and a provision of this above the line earmark was subject to an executed agreement transfer of ownership from the federal government to the states of Virginia and Maryland.

There were only 20 above the line earmarks of $100 million or more in Title I of SAFETEA-LU. The largest earmark was $330 million. Most projects only received one of these earmarks, although the Alaskan Way Viaduct and Seawall Replacement project in Seattle received two, totaling $220 million before takedown adjustments (see Section 6.3.2.7). Approximately 25% of the $6.9 billion in above-the-line highway earmarks in SAFETEA-LU went to just four members of Congress with leadership positions.[8] Oregon and Washington received $220 million each ($440 million total) in SAFETEA-LU above-the-line earmarks.

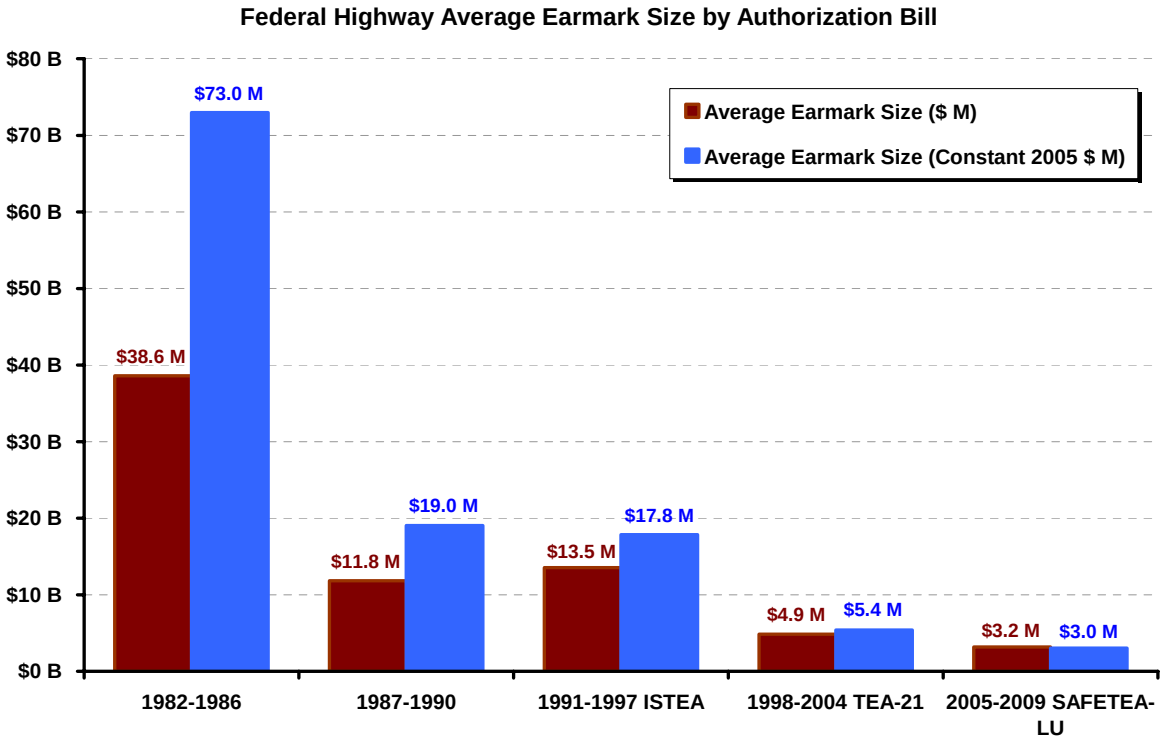
The practice of earmarking has been in American politics for a number of years, but it has only been in recent history that the sheer number of earmarks that are seen in federal transportation legislation has increased. For instance, the 1982 Surface Transportation Assistance Act had only ten earmarks. By contrast, the 2005 SAFETEA-LU legislation had over 6,300 funding earmarks. While the number of funding earmarks is on the rise, however, the average value of each earmark has plummeted. In 1982, the average of those ten earmarks was $38.6 million; in 2005, the average, adjusted for inflation, was $1.5 million. Exhibit 4 demonstrates the trends in transportation funding legislation relative to project earmarks. While individual projects may be more likely to receive a funding earmark, the size of the earmark is more likely to be small.

[8] "Above-the-Line" Highway Earmarks, *Transportation Weekly*, Volume 7, Issue 10.

Exhibit 4: Real Value Trends in Federal Earmark Legislation



Sources: *The Washington Post;* the Office of US Senator John McCain



Sources: *The Washington Post;* the Office of US Senator John McCain

6.3.2.1 *Projects of National and Regional Significance*

Twenty-five designated Projects of National and Regional Significance (PNRS) were identified in SAFETEA-LU, for a total of $1.78 billion in primarily highway (and some transit) capital expenditures. These were typically large above the line projects of a scale similar to the CRC project that received funding in the neighborhood of $100 million. Among the largest were an earmark for $160 million for Oregon's I-5 Bridge Repair Project (Oregon's only PNRS earmark), and a pair of earmarks for the Alaskan Way Viaduct and Seawall Replacement project totaling $220 million (Washington's only PNRS earmarks). These were notable successes for Washington and Oregon. If Members of Congress from the states maintain leadership positions and the next authorization bill is similar to SAFETEA-LU, then the states might continue to enjoy receiving above-the-line earmarks of similar magnitude in the next authorization bill. However, there will likely be other large scale projects in one or both states that will be competing for these above-the-line earmarks. The Columbia River Crossing project did not receive any PNRS funds from SAFETEA-LU.

6.3.2.2 *National Corridor Infrastructure Improvement Program*

The "Corridor" program is for projects in corridors of national significance that promote economic growth and international or interregional trade. The I-5 Corridor meets this characterization. All funds from this program were above the line earmarks in SAFETEA-LU, with a total of $1.95 billion authorized for FY2005 – FY2009. Thirty-three projects received earmarks from this program, where most earmarks were between $20 million and $100 million over the life of SAFETEA-LU. The largest earmarks were $330 million, $152 million, $150 million, and $110 million. Neither Washington nor Oregon received Corridor program funds in SAFETEA-LU. The funds can be used for highway capital expenditures.

6.3.2.3 *Highway Bridge Program Set-Asides*

The FHWA-administered discretionary Bridge program ended in its previous form in FY2005 and $100 million per year is set-aside for above the line designated (earmarked) projects beginning in FY2006. A total of $400 million was authorized for nine highway bridge capital expenditure projects in SAFETEA-LU. The typical allocation was $50 million for each project, with the two highest allocations being $75 million and $50 million. In SAFETEA-LU, Washington and Oregon received $0 and $40 million, respectively, in Bridge program set-aside earmarks.

6.3.2.4 *Transportation Improvement Projects*

There were approximately 465 earmarks in this program, which was essentially a general earmarking category for highway projects with no major theme. The average authorization was typically in the $1 million to $10 million range. A total of $2.56 billion was authorized for the life of SAFETEA-LU for TIP highway capital expenditures. Washington did not received Transportation Improvements funds in SAFETEA-LU, but Oregon received $20 million in TIP earmarks.

6.3.2.5 *High Priority Project (HPP) Authorization*

Approximately 5,100 highway projects received below-the-line HPP earmarks for highway and some transit capital expenditures in SAFETEA-LU, totaling $14.8 billion over five years. Some projects received multiple earmarks, although the allocations were relatively small. Most HPP authorizations range between $0.5 million and $3 million over the life of SAFETEA-LU. Only five earmarks exceeded $50 million ($151 million, $100 million, $92 million, $70 million, and $53 million), and they were given to the districts of four Members of Congress with leadership positions. It is again worth noting that these earmarks did not represent additional funds to the receiving states.

6.3.2.6 *Process for Obtaining Federal Authorization Act Earmarks*

The earmarking process for federal transportation authorization acts is very fluid because there is not an established course of action and it tends to be highly political. The process for SAFETEA-LU reauthorization will depend on the procedures in place at that time. But if past practice is followed, in February 2009, the House of Representatives and Senate Authorization Committees (for transportation) might make earmark request forms available. Members of Congress decide how to split up the earmark allowance that has been given to them (the allowance is based on several criteria, such as seniority, party affiliation, etc.) and different members split up their earmark allowances differently. As noted previously, Members of Congress from Oregon and Washington received a total of $440 million in above-the-line earmark allowances ($220 million for each state) in SAFETEA-LU. Earmarks frequently are added right before the Act is passed, and some members change their earmarks to different projects at the last moment. Therefore, while it is often advantageous to build political support with members of Congress in the years leading up to reauthorization, initial support does not guarantee that earmarks will be received.

6.3.2.7 *Comparable Program Results: Alaskan Way Viaduct*

For perspective, the relative, recent success of securing SAFETEA-LU earmark funding for a similar project in the Pacific Northwest is offered. The Alaskan Way Viaduct and Seawall Replacement project is an ongoing project in Seattle, Washington. Several funding sources similar to those discussed in this document were secured during the planning stage of that project. SAFETEA-LU ultimately included three earmark authorizations for the Viaduct project: two under the Projects of National and Regional Significance program totaling $220 million, and one for the High Priority Projects program in the amount of $11.2 million.

Total earmarks equaled $231.2 million. However, after passage, the Congressional allocations for earmarks were subject to a 15 percent reduction to cover other federal transportation expenditures and program administration. The $231.2 million allocation thereby brought $197.6 million in actual funding to the project. The project is currently estimated to have a capital cost of $2.4 to $3.6 billion.

6.3.2.8 *Corridors of the Future*

The US Department of Transportation recently issued a request for applications for interested parties to participate in the Corridors of the Future Program (CFP) selection. CFP is a new

vehicle for identifying key, multi-state corridors for which their managing agencies are investigating multimodal solutions to congestion problems, with a particular focus on advanced project development and alternative financing. The primary objectives of the CFP include: promotion of innovative approaches to congestion mitigation; address the needs of major transportation investment; illustrate the benefits of alternative project financing, including the use of private sector capital; and promotion of more efficient environmental review. Corridor Proposals will be accepted in October, 2006, with finalist applicants proceeding on to submission of a more detailed Application, due in April, 2007. Up to five corridors will then be designated as Corridors of the Future.

The CRC is an excellent representative candidate project. It satisfies the primary screening criteria put forth by the USDOT, namely that it is a multi-state project with multi-modal solutions to severer congestion problems under consideration. Additionally, the selection criterion contains elements that the CRC project team has already identified as key project development issues, including: local economic impacts and benefits; innovations in project delivery and finance; environmental stewardship; and potential private-sector participation.

The CFP is not a source of new funds. Securing a CFP designation will, however, aid the CRC project team in a number of ways, including:

- Enabling a more efficient environmental review process.
- Accelerated review and conditional approval of experimental features under USDOT's Special Experimental Program - 15 (SEP-15) process
- Expedited commitment for TIFIA credit assistance (see Section 6.4.1).
- Conditional approval for Private Activity Bonds (see Section 6.4.4.4).
- Priority consideration for tolling programs.
- Improved visibility for the I-5 corridor in general, and the CRC project in particular, potentially leading to greater opportunities for project-specific funding in future authorizations.

Summary Table: Post-2009 Funding Sources

Source	Magnitude	Eligible Modes	Eligible Uses	Process / Actions
Projects of Nat'l and Regional Significance	Typically $100M / project	Highway, Transit	CapEx	Seek support from local Members of Congress
National Corridor Infrastructure Improvement	Typically $20M-$100M / project; only four >$100M	Highway	CapEx	
Highway Bridge Program	Typically $50M / project	Highway	CapEx	
High Priority Project (HPP)	Typically $0.5M-$3.0M / project	Highway, Transit	CapEx	

Summary Table: Post-2009 Funding Sources

Source	Magnitude	Eligible Modes	Eligible Uses	Process / Actions
Transportation Improvement Projects	Typically $1M-$10M / project	Highway	CapEx	

6.3.3 How is transportation funded in Oregon, and what might be available for the CRC project?

ODOT estimates it will collect approximately $3.9 billion in revenue during the 2005-2007 biennium (two-year budgetary period), of which 15% is from federal sources. After disbursements to cities, counties, and local agencies, ODOT retains $2.9 billion for its two-year budget, or approximately $1.45 billion per year.[9] ODOT's funding sources and uses are illustrated graphically in Appendix A. Outside of federal sources, the largest sources of ODOT funds are the state's Motor Fuels Tax, the Weight-Mile Tax, and the various Driver and Vehicle License fees. These and other sources are discussed below.

6.3.3.1 *Oregon State Motor Vehicle Fuel Tax*

As is the case with most states, the motor vehicle fuel tax is the largest state-generated source of revenue for transportation uses in Oregon (and Washington). The Oregon state fuel tax is 24¢ per gallon of gasoline, diesel, or equivalent natural gas or propane.[10] Motor fuel and aviation fuel taxes generate approximately $426 million per year.[11] Motor fuel tax revenues are limited to funding capital improvements or operations and maintenance costs for highway and roadway facilities.[12]

Each increase in the fuel tax of 1¢ per gallon and the equivalent increase in the weight-mile tax (discussed in Section 6.3.3.2) are projected to generate an additional $22 million per year.[13] Increases to the state motor vehicle fuel tax can be approved by legislative action, but in recent history, the legislature has deferred to popular vote for approvals. Despite numerous propositions, Oregon voters have not approved a fuel tax increase since 1991.

6.3.3.2 *Oregon State Weight-Mile Tax*

In Oregon, vehicles weighing more than 26,000 pounds gross vehicle weight (GVW) pay a weight-mile tax instead of a motor fuel tax. This graduated tax is based on both the number of miles a heavy vehicle travels on public roads as well as its weight. The tax ranges from 4¢ to

[9] http://www.oregon.gov/ODOT/COMM/docs/2005budgetbooklet.pdf
[10] Oregon Department of Transportation. "Funding the Oregon Transportation Plan – Final Report." May, 2005.
[11] Oregon Department of Transportation, 2005. "Oregon Department of Transportation Budget 2005 – 2007. http://www.oregon.gov/ODOT/COMM/docs/2005budgetbooklet.pdf
[12] Oregon State Constitution, Article IX, Section 3
[13] Portland/Vancouver I-5 Transportation and Trade Partnership, June 2002. "Findings and Recommendations of the Governors Task Force – Final Strategic Plan"

18.51¢ per mile for vehicles between 26,001 and 105,500 pounds GVW and exceptional loads pay a fee of 5.7¢ per equivalent single-axle mile.[14] This source generates approximately $228 million per year.[15] As with the fuel tax revenues, weight-mile tax receipts in Oregon must be used exclusively to fund capital expenditures and operations and maintenance costs for the state's roadway network.[16]

The weight-mile tax was increased nearly 10% by the 2003 Legislature.[17] Any additional increases would also be subject to legislative approval or popular vote. As mentioned in Section 6.3.3.1, an increase in the fuel tax of 1¢ per gallon and the equivalent increase in the weight-mile tax are projected to generate an additional $22 million per year. While not cast in state law, it is generally understood that future increases in the fuel tax and weight-mile tax will be shared on an equal basis between ODOT and the state's cities and counties.

6.3.3.3 *Driver and Vehicle License Fees*

Oregon Driver and Motor Vehicle Services (DMV) collects a number of fees, which include driver license, vehicle registration, vehicle title, and other fees (e.g., specialty license plates). DMV fees generate approximately $250 million per year. These fees historically have been used to pay for DMV services (expenditures of approximately $66 million per year[18]) with the remaining included in ODOT's general operating budget.

In 2001, ODOT and the state legislature collaborated on a new plan to supplement existing ODOT funding with additional resources to bridge the disparity described by ODOT as the "ever-widening gap between needed work to improve Oregon's roads and the funds to pay for it."[19] The result of this collaboration was the Oregon Transportation Investment Act I (OTIA I), which secured $400 million in bonds to fund lane capacity increases, bridge repair and replacement, and pavement preservation. OTIA I was financed through increases in Driver and Motor Vehicle fees. Encouraged by favorable bond rates, the legislature passed the second phase, OTIA II, in 2002, and included provisions for an additional $100 million dedicated toward similar-type projects. The bond proceeds of $500 million for OTIA I and II were combined with matching funds from local governments to deliver projects across the state totaling $672 million in value.[20]

OTIA III was passed in 2003 with a larger program and a focus on repair and replacement of existing highway bridges on the state and local highway system. Approximately $2.5 billion will be dedicated to specific bridge projects, maintenance and preservation of local and county roads and streets, and statewide modernization projects. OTIA III was funded with additional

[14] Oregon Department of Transportation. "Funding the Oregon Transportation Plan – Final Report." May, 2005.
[15] http://www.oregon.gov/ODOT/COMM/docs/2005budgetbooklet.pdf
[16] Oregon State Constitution, Article IX, Section 3
[17] http://www.oregon.gov/ODOT/HWY/OTIA/financial.shtml
[18] Oregon Department of Transportation, 2005. "Oregon Department of Transportation Budget 2005 – 2007. http://www.oregon.gov/ODOT/COMM/docs/2005budgetbooklet.pdf
[19] http://www.oregon.gov/ODOT/HWY/OTIA/history.shtml
[20] Ibid.

increases in the Driver and Motor Vehicle fees, coupled with existing ODOT funds and federal advance construction money.[21]

Despite the fee increases used to help fund OTIA packages in 2001-2003,[22] Oregon still has relatively low registration and title fees. Registration is $27 per year for passenger vehicles (ranked 45th out of 50 states),[23] $169 - $375 for heavy vehicles less than 26,000 pounds GVW, and $184 - $636 for heavy vehicles more than 26,000 GVW.[24] Title transaction fees are $55 per year for autos (ranked 34th out of 50 states)[25] and $90 for heavy vehicles.[26] Driver license renewal is $56 for eight years,[27] which is near the national average.

Revenues from Oregon licensing fees are required to be used for capital expenditure and operations and maintenance costs associated with highway and roadway projects. Increasing the state vehicle registration fee by $5/year might generate an additional $20 million annually.[28] Any such increase would require legislative action similar to the process demonstrated in the OTIA packages. To specifically receive project funding from such an increase, the CRC could be a named project in future funding exercises.

6.3.3.4 *Oregon Lottery Fund*

The Oregon Lottery Fund generates approximately $340 million per year in profits for use across Oregon in "creating jobs, furthering economic development, financing public education in Oregon or restoring and protecting Oregon's parks, beaches, watersheds and critical fish and wildlife habitats."[29] Most of the funding (63%) goes toward public education funding. Transportation uses generally fall under the economic development justification.

In 1991, the Oregon Legislature dedicated $113.6 million to help fund the Westside MAX project, and allocated $10 million of lottery proceeds per year (through 2010) for repayment of the bonds that were sold to generate that funding.[30] In 2001, the Oregon legislature also committed $35 million for commuter rail in Washington County[31] from the lottery fund,[32] with a similar financing and repayment arrangement.

Legislative action could potentially extend this commitment beyond the current obligations. Recently, Gov. Ted Kulongoski announced an intention to pursue *ConnectOregon II*, with an

---

[21] Ibid.
[22] Ibid.
[23] http://www.oregon.gov/ODOT/HWY/OTIA/financial.shtml
[24] Oregon Department of Transportation. "Funding the Oregon Transportation Plan – Final Report." May, 2005.
[25] http://www.oregon.gov/ODOT/HWY/OTIA/financial.shtml
[26] Oregon Department of Transportation. "Funding the Oregon Transportation Plan – Final Report." May, 2005.
[27] http://www.oregon.gov/ODOT/HWY/OTIA/financial.shtml
[28] Portland/Vancouver I-5 Transportation and Trade Partnership: Findings and Recommendations of the Governors' Task Force, Final Strategic Plan
[29] Constitution of Oregon, Article XV, Section 4
[30] Oregon Legislative Committee Services. "Background Brief on Public Transit." May, 2004.
[31] Wilsonville to Beaverton Commuter Rail, Washington County, OR
[32] Portland/Vancouver I-5 Transportation and Trade Partnership: Findings and Recommendations of the Governors' Task Force, Final Strategic Plan

additional $100 million to be dedicated to the improvements to Oregon's ports, railroads, airports, and transit systems statewide.[33] This might make the Lottery Fund a source for CRC transit funding. The CRC would need to meet the Oregon Constitution's limitations of lottery fund use to utilize these proceeds. As such, appropriate justification within the above parameters must be clearly identified.

6.3.3.5 *Other Oregon Revenue Sources for Transportation Projects*

ODOT also has several other smaller sources of revenue.[34] These include:

- Revenues from transportation-related permits and fees of approximately $32 million per year. These fees include truck registrations and vehicle Sno-Park permits.
- Transfers to ODOT, in the amount of $54 million. These funds come from dedicated revenues from the cigarette tax, local government match and participation, and Transportation Growth Management match from Land Conservation and Development.
- Assorted other revenue of $22 million. Items in this category include interest income, Infrastructure Bank loan repayment, rent and fines, utility permit fees, and other miscellaneous revenue.

It is important to emphasize that all of the Oregon state-level funding described in the preceding discussion has been committed to other uses. Additionally, on a state-wide basis, the total funding needs exceed the funding available, so competition for the funding that is available is difficult. As a result, short of any significant increases to dedicated revenues, any funding dollars that are directed to the CRC project from those funding sources would come at the expense of other projects or other programs within the state.

Summary Table: Oregon State Funding Sources

Source	Magnitude	Eligible Modes	Eligible Uses	Process / Actions
Motor Vehicle Fuel Tax	$426M / year (Fuel Tax); $250M / year (Weight-Mile Tax);	Highway	CapEx, O&M	Ballot measure; unsuccessful since 1991
Weight-mile Tax	1¢ fuel tax increase + equivalent W-M tax increase yields $22M/yr	Highway	CapEx, O&M	Legislative vote required for change; increased in '03
Driver & Vehicle Licenses	$228M / year; $5 vehicle registration fee increase yields $20M/yr	Highway	CapEx, O&M	Legislative vote required for change; increased for OTIA programs
Lottery Fund	$10M / year (currently committed thru 2010)	Transit; within constraints of Oregon Constitution	CapEx	Legislative vote required for change and extension

[33] AASHTO Journal: Weekly Transportation Update. July 28, 2006
[34] Oregon Department of Transportation, 2005. "Oregon Department of Transportation Budget 2005 – 2007. http://www.oregon.gov/ODOT/COMM/docs/2005budgetbooklet.pdf

6.3.4 How is transportation funded in Washington, and what might be available for the CRC project?

The Washington State $6.3 billion transportation budget of the 2005-2007 biennium is composed primarily from two sources: federal sources (as described in part in Section 6.3.1); and state sources, chiefly the statewide fuel tax and revenue generated from licenses, permits, and fees. Of this $6.3 billion budget, $1.6 billion is distributed to cities, counties, and other local agencies for their use, leaving $4.7 billion for WSDOT's own operating and capital programs. Operating expenses (highway and bridge O&M, operations for ferries, rail and transit, etc.) account for $1.2 billion, leaving approximately $3.5 billion for capital expenditures. Of this $3.5 billion, roughly $2.4 billion is allocated to highway capital improvements. The 2003 Nickel Funding Package and the 2005 Transportation Partnership Account (both described in Section 6.3.4.1) identified specific projects that would be paid for with proceeds from those funding agreements; thus, along with money set aside for the Tacoma Narrows Bridge project, $1.85 billion of the $2.4 billion highway capital improvements budget is dedicated to named projects. As a result, only $540 million of the original $6.3 billion in transportation funding described above remains for discretionary highway capital improvements. WSDOT's funding sources and uses are illustrated graphically in Appendix B.

As shown in Appendix B, expenditure projections indicate that WSDOT's capital program of funds not already dedicated to specific projects will increasingly focus more on highway preservation and less on capital improvements. While highway preservation expenditures are projected to increase steadily from the current $440 million to $640 million in the 2011–2013 biennium, new highway improvement project expenditures are expected to decrease from the current $540 million to approximately $220 million in the 2011–2013 biennium.[35] There is likely to be significant competition for this limited amount of funding. In the absence of any tax and fee increases, it is unlikely that Washington State will be able to provide additional capital funding for the CRC project.

6.3.4.1 *Washington State Motor Vehicle Fuel Tax*

In 2003, the state's fuel tax was 26¢ per gallon. Since then, the Washington state legislature has twice approved increases in the per gallon rate to fund transportation programs. In July 2003, the "Nickel Package" raised the tax rate by 5¢, to 31¢, generating revenue for 158 named projects over a ten-year period. The 2005 Transportation Partnership Account (TPA) funding package, approved by the legislature, called for a phased increase of the fuel tax rate of 9.5¢ per gallon. The gas tax rate will increase on July 1st of each year to 34¢ (2005), 37¢ (2006), 39¢ (2007), and 40.5¢ (2008) scheduled for future years. This fuel tax portion of the whole TPA package[36] will generate an additional $5.5 billion in new taxes and net bond proceeds over 16 years[37], and will help pay for 274 named projects statewide. Included in these projects is a $50 million

[35] WSDOT, information represents levels of investment assumed in 2006 Legislative TEIS Financial Plan.
[36] Which also included weight fees and a motor home fee; see Section 6.3.4.2
[37] Representing $4.43 billion in tax revenue and $1.04 billion in net bond proceeds.

commitment to the CRC. In 2005-2007, the Washington State fuel tax will generate a total of $2.11 billion in revenue, with $674 million of this dedicated to the Motor Vehicle Account (MVA)[38] that pays for discretionary highway projects, the state Departments of Transportation and Licensing, and the Washington State Patrol.

As with the Nickel and the TPA funding packages, any new fuel tax rate increase would require legislative approval. It has been estimated that every 1¢ increase in the fuel tax rate would generate approximately $32 million per year.[39] Infrastructure components eligible to receive funds from future fuel tax rate increases are limited to capital expenditures of highway improvements, and it is noted that while revenue from increases can be directed to named projects, the revenue generated from any increase would have to be used to fund projects across the entire state. Additionally, other WSDOT programs (e.g., Department of Licensing, Washington State Patrol, etc.) would compete for funding increases. Considering, however, that total tax rate increases of 14.5¢ (a 56% increase) have been approved since 2003, it is considered unlikely that additional state fuel tax rate increases would be approved in the near term.

6.3.4.2 *Washington State Licenses, Permits, and Fees*

Washington assesses a $30 licensing fee per each registered motor vehicle (like Oregon, relatively low in comparison with peer states), with additional weight fees of $10-$30 per vehicle. For the two-year budget (2005-2007), $817 million is generated, with $381 million of this allocated to the MVA; the remainder is used to fund other WSDOT programs, as shown in Appendix B.

In addition to the fuel tax rate increase, the 2005 TPA included three additional sources of revenue increases: a new Vehicle Weight Fee, applied to passenger cars, is expected to generate approximately $908 million in additional funding over the 16-year term of the program; an increase in the existing light-truck Weight Fee, which will generate approximately $436 million; and a new annual Motor Home fee of $75, which will contribute approximately $130 million. As with the fuel tax rate increase, the money generated from these fees will be used to pay for the cost of 274 named projects.

New legislation could be introduced to increase these fees to support the costs of the CRC. A hypothetical increase in the licensing fee could come in a $5 increment. Such an increase would yield an additional $27 million per annum,[40] with funding eligibility requirements similar to those of fuel tax increases. Similar to the fuel tax discussion above, it is unlikely that an additional fee increase would be approved in the near term.

[38] http://wsdot.wa.gov/accountability/fueltax/05-07GasTaxDistribution.pdf
[39] Portland/Vancouver I-5 Transportation and Trade Partnership: Findings and Recommendations of the Governors' Task Force, Final Strategic Plan
[40] Portland/Vancouver I-5 Transportation and Trade Partnership: Findings and Recommendations of the Governors' Task Force, Final Strategic Plan

Summary Table: Washington State Funding Sources

Source	Magnitude	Eligible Modes	Eligible Uses	Process / Actions
State Motor Vehicle Fuel Tax	• $674M (of $2.11B) / 2 years to Motor Vehicle Account (MVA) • 1¢ increase yields $32M/yr	Highway	CapEx, O&M	Legislative vote required for change (previously increased in 2003, 2005)
Licenses, Permits & Fees	• $381M / 2 years to Motor Vehicle Account (MVA) • $5 increase yields $27M/year	Highway	CapEx, O&M	Legislative vote required for change (previously increased in 2005)

6.3.5 What are the regional and local revenue sources in Oregon, and what might be available for the CRC project?

Oregon has created many different tax instruments to fund transportation projects, particularly for public transit. But despite a relatively liberal legal framework for the adoption of local option taxes, they are not widely used -- voters tend to accept small transportation taxes while rejecting larger taxes that could fund large infrastructure projects.[41] As such, the funding potential of local option taxes for CRC uses is expected to be relatively small.

6.3.5.1 *Oregon State Revenue Distributed to Counties*

About 40 percent of Highway Fund revenues (derived primarily from vehicle fuel taxes and license and registration fees) are distributed to cities and counties throughout Oregon each year. In 2000, $104 million of fund account money was expected to be available to cities and counties of the Portland metropolitan region in the year 2000, increasing to $126 million by the year 2020.[42] According to Oregon's constitution, all vehicle tax revenues must be used for the construction and maintenance of highways, roads, and streets.[43] In FY 2005-2006, Multnomah County received $30.9 million, and Washington County received $18.7 million from this trust fund account.[44] For reference, Multnomah County's transportation capital projects budget in 2007 is $45 million.[45] Based on the relatively small sizes of these counties' transportation budgets, the level of funding that could be made available for CRC use would be quite small.

[41] Goldman, Todd; Corbett, Sam; and Wachs, Martin. March 2001. "Local Option Transportation Taxes in the USA." Berkeley Institute of Transportation Studies.
[42] Metro. 8 July 2004. "2004 Regional Transportation Plan -- Chapter 4: Financial Analysis." <http://www.metro-region.org/library_docs/trans/2004rtp_chapter4.pdf>
[43] Constitution of Oregon, Article IX, § 3a.
[44] Oregon Department of Transportation. 2006. "Oregon Dept of Transportation Fund Apportionments – Receipt Distribution for Fiscal Year 2005-2006."
[45] From Multnomah County 2007 Approved Budget "Capital Budget" section.

6.3.5.2 *Regional Vehicle Registration & Title Fees*

Counties, transportation districts, and the Portland area's Metropolitan Service District ("Metro") have the power to levy motor vehicle registration fees to fund various transportation projects.[46] A proposal to raise the fees can be initiated by voter petition or by legislative action, and must ultimately be approved by popular vote. Voters in several counties considered adopting these fees in 1997, but all proposals were rejected.[47] Should Metro choose to seek adoption of a local registration or license fee under its home rule charter, it would be statutorily required to enter into an intergovernmental agreement with the three counties in its district and the City of Portland regarding the use of the revenues derived from the vehicle registration fee prior to pursuit of voter approval. Determination of appropriate fee rates (if any) and the resulting funding levels would require further study. It is estimated that a $15 per year fee administered in the Tri-Met area would generate approximately $20 million in annual revenue.[48]

6.3.5.3 *Local Fuel Taxes*

In the State of Oregon, counties and cities may levy fuel taxes that are in addition to the State base rate of 24¢ per gallon. Washington and Multnomah counties have contracts with the State Fuel Tax Branch to collect and administer the tax. Fuel tax rates for these counties are presented in Exhibit 5. Approximately $9.3 million of local gas tax revenue was expected in the year 2000.[49] Revenues from county gas taxes are shared with cities within their boundaries.

Exhibit 5: Selected County Fuel Tax Rates in the State of Oregon (2006)[50]

County	Rate	Effective Date
Washington County	$0.01 per gallon	Effective 1993
Multnomah County	$0.03 per gallon	Effective 1993

Multnomah County retains 53% of its fuel tax revenue for road improvements in the unincorporated areas of the County, distributing the rest of the money to cities on a per capita basis.

Several cities also levy fuel taxes, although Portland is not one of them.[51] For reference, the highest fuel tax rate in the state is $0.05 per gallon, in the City of Eugene. State law (ORS

[46] Oregon Revised Statutes, §§ 267.001, 268.503, and 801.041.
[47] Goldman, Todd; Corbett, Sam; and Wachs, Martin. March 2001. "Local Option Transportation Taxes in the USA." Berkeley Institute of Transportation Studies. <http://www.its.berkeley.edu/research/localoptiontax/oregon.pdf>
[48] Portland/Vancouver I-5 Transportation and Trade Partnership: Findings and Recommendations of the Governors' Task Force, Final Strategic Plan
[49] Metro. 8 July 2004. "2004 Regional Transportation Plan -- Chapter 4: Financial Analysis." <http://www.metro-region.org/library_docs/trans/2004rtp_chapter4.pdf>
[50] Oregon Department of Transportation. Accessed 16 May 2006. "Current Oregon Fuel Tax Rates." <http://www.oregon.gov/ODOT/CS/FTG/current_ft_rates.shtml#BM2>.
[51] Oregon Department of Transportation. Accessed 16 May 2006. "Current Oregon Fuel Tax Rates." <http://www.oregon.gov/ODOT/CS/FTG/current_ft_rates.shtml#BM2>.

268.710) and Metro's own home rule charter also allow Metro, with voter approval, to levy a sales tax, including a fuel-specific tax.[52]

Determination of applicable fuel tax rates and/or increases for Portland, the counties, or Metro, and the revenue that would be generated and applied to CRC uses, would require additional study.

6.3.5.4 *Regional Income and Employer Payroll Tax*

Metro, transit districts, and transportation districts may levy local option personal pay-related taxes: income taxes and/or employer payroll taxes.

Resident Income Tax: district taxing authorities are authorized to assess taxes up to one percent (1.0%) of income on every resident of the district. This income tax would apply to both residents and non-residents alike who earn income within the bounds of the district. Additionally, other taxable entities (e.g., corporations) with income from activity within the district are also subject to the tax.[53]

Employer Payroll Tax: district taxing authorities are also authorized to impose an excise tax on every employer, not to exceed 0.7% of wages paid. Similarly, a district may impose this tax, at the same approved rate, on individuals and their self-employment earnings.[54] Raising these tax rate caps requires action by the state legislature.[55] Through 2004, Tri-Met assessed this tax at a rate of 0.006218 dollars per dollar earned (or, 0.6218%). Beginning in 2005, Tri-Met began a ten-year scheduled increase in the payroll tax rate. On January 1st of each year through 2014, the assessed rate will increase by 0.01%, capping at a rate of 0.7218%. Each of these annual increases are estimated to generate an additional $2.2 million for Tri-Met.[56] It is noted that Tri-Met did receive legislative approval to exceed the prescribed 0.7% maximum.

Both taxes may be used to support capital improvements as well as operations and maintenance of the transit systems. Tri-Met used its payroll tax to help fund an extension of its light rail system to Portland's airport.[57] Implementation of the income tax and any increases to the payroll tax may be imposed by ordinance, and dedication of these funds to the CRC would require Tri-Met approval.

6.3.5.5 *Property Taxes*

Counties and several types of county-established road districts may adopt property taxes for the construction and maintenance of county roads and bridges. In all, Oregon has 123 road districts, of which 86 receive revenues from dedicated local property taxes. Transit districts may use

[52] http://www.metro-region.org/article.cfm?articleid=211
[53] Oregon Revised Statutes, §§ 267.370
[54] Oregon Revised Statutes, §§ 267.385
[55] Oregon Revised Statutes, §§ 267.370, 267.380.
[56] Portland/Vancouver I-5 Transportation and Trade Partnership: Findings and Recommendations of the Governors' Task Force, Final Strategic Plan
[57] Goldman, Todd; Corbett, Sam; and Wachs, Martin. March 2001. "Local Option Transportation Taxes in the USA." Berkeley Institute of Transportation Studies.

property taxes to fund their operations or repay debt. Currently, six transit districts (Basin, Hood River, Lincoln County, Rogue Valley, Salem Area, and Sunset Empire) receive property tax revenues to support operations. Tri-Met issued General Obligation Bonds to pay for the construction of the West Side Light Rail project, and uses property tax revenue to repay this debt. Together, transit property taxes generate $19.4 million annually statewide.[58] Increases in the property tax for transit uses would have to originate with Tri-Met.

6.3.5.6 *Hotel and Motel Taxes for Transportation*

Hotel and motel taxes are another minor source of revenue for transportation finance. Of the many jurisdictions that impose the tax, just four (Lake Oswego, Lincoln City, Umatilla County, and Union County) dedicate revenue to transportation projects. Together these taxes raise nearly $1 million annually.[59] Initiating or increasing hotel / motel taxes for the CRC would have to originate with the City of Portland or with the counties. Determining the magnitude of funds that could be generated from such taxes would require further study.

6.3.5.7 *Port of Portland Transportation Improvement Fund*

The Port of Portland Transportation Improvement Fund is used for transport-related projects on Port property. Revenues are derived from passenger facility charges, parking revenues and lease revenues.

Revenues are expected to provide $138 million during the 20-year plan period, from 2000 to 2020.[60] Investment of these revenues is guided by the 1999 Port Transportation Improvement Plan (PTIP) and approval by the Port Commission. The CRC project is included in the PTIP, thought no funding has yet been committed to the project.[61] Acquiring a portion of this funding for the CRC would require action by the Port of Portland.

6.3.5.8 *Fare Box Revenues*

Tri-Met earned $57,142,621 in fare revenues in 2004.[62] Tri-Met holds as its operating standard a farebox recovery rate of 30%,[63] with the remainder of the costs of operations covered by other means; as such, passenger fare revenues may not be expected to contribute to the CRC capital investments.

---

[58] Goldman, Todd; Corbett, Sam; and Wachs, Martin. March 2001. "Local Option Transportation Taxes in the USA." Berkeley Institute of Transportation Studies.
[59] Goldman, Todd; Corbett, Sam; and Wachs, Martin. March 2001. "Local Option Transportation Taxes in the USA." Berkeley Institute of Transportation Studies.
[60] Metro. 8 July 2004. "2004 Regional Transportation Plan -- Chapter 4: Financial Analysis." <http://www.metro-region.org/library_docs/trans/2004rtp_chapter4.pdf>
[61] Port of Portland. February 2006. "2006 Port Transportation Improvement Plan." <http://www.portofportland.com/PDFPOP/Trade_Trans_Studies_PTIP_2006_Final.pdf>
[62] National Transit Database. 11 January 2006. "Tri-County Metropolitan Transportation District of Oregon (Tri-Met)."
[63] 2005 farebox recovery system-wide for Tri-Met was 19.5%; see www.trimet.org/pdfs/publications/factsheet.pdf

Summary Table: Oregon Regional and Local Sources

Source	Magnitude	Eligible Modes	Eligible Uses	Process /Actions
County DOT budgets	• Multnomah: $45M capital budget • Washington: capital budget at least $18.7M	Highway	CapEx, O&M	Seek budget allocations
Registration & title fees	$15 fee increase estimated to generate $20M/yr	Highway	CapEx, O&M	Seek local voter approval; adoption rejected in 1997
Fuel taxes	$7.2/yr (both counties combined), $0 at city level (current)	Highway	CapEx, O&M	Seek legislative and / or local voter approval
Income and Payroll taxes	• Income tax: up to 1.0% of resident income • Payroll tax: up to 0.7% of employers' payroll; 0.01% increase generates $2.2M	Transit	CapEx	Seek Tri-Met approval
Property taxes	General Obligation Bonds may be issued in an amount approved by voters	Transit	CapEx, O&M	Seek Tri-Met approval
Other, new local taxes (e.g., hotel and motel)	Varies depending on rate approved	Highway, Transit	CapEx, O&M	Seek legislative and / or local voter approval
Port of Portland Transportation Improvement Fund	$138M over 20 years (00-20)	Highway, Transit	CapEx	Seek budget allocations

6.3.6 What are the regional and local revenue sources in Washington, and what might be available for the CRC project?

In the past, Washington State's Motor Vehicle Excise Tax (MVET) was an important source of revenue for transportation investments, especially transit service. However, the State Legislature repealed the state MVET in 2000 in response to voter direction from the passage of Initiative 695. The 2%-of-vehicle-value tax collected at the state level was replaced with a $30 flat licensing fee. The elimination of the state MVET, much of which was distributed to local jurisdictions, has led to an increased reliance on sales taxes and other local option taxes for local transit serviced.

6.3.6.1 *Establishment of Transportation Benefits Districts (TBD)*

A county or a city may establish a Transportation Benefit District (TBD) without popular vote with the purpose of funding transportation improvements that are consistent with any existing state, regional, and local transportation plan. Port and transit districts may participate in the

establishment of a district, but may not initiate one.[64] TBD legislation was structured to allow areas outside the Puget Sound region to form agencies similar in nature to that region's Regional Transportation Investment District (RTID). RTID legislation was passed in 2002 to enable regional and local authorities to address their transportation problems by providing them with "enhanced funding options for governments at the county and regional levels, using already existing tax authority to address roadway and multimodal needs and new authority for regions to address critical transportation projects."[65]

In addition to roadway capital improvements, recent legislative changes allow TBDs to fund projects that are contained in state or regional transportation plans that are of statewide or regional significance, including transit projects, and operations and maintenance.[66]

TBDs are quasi-municipal corporations with independent taxing authority. TBDs may levy tolls,[67] issue general obligation bonds, establish Local Improvement Districts (LID – see Section 6.3.7.2), and impose development impact fees to fund transportation improvements. Other revenue options include administering a sales and use tax of up to 0.2 percent and vehicle fees of up to $100 annually, all subject to voter approval. If any improvement exceeds its original cost by more than 20 percent, a public hearing must be held to solicit public comment on how the cost change will be resolved.[68] As of April 2006, TBDs have been formed in Point Roberts (of Whatcom County) and Liberty Lake (of Spokane County).[69] Determining the magnitude of funding for CRC uses from the establishment of a TBD within Clark County, while potentially large, would require further study.

6.3.6.1.1 A Note On Tolls Within a TBD

The 18th Amendment of the Washington State Constitution prohibits the use of motor vehicle funds for non-highway purposes such as transit.[70] Motor vehicle funds include vehicle excise fees, gas taxes, ***and all other state revenue intended to be used for highway purposes***. By statute, toll revenues are not placed in the Motor Vehicle Fund, which indicates that they are excluded from the 18th Amendment; however, there remains a chance that a court may hold that tolls are intended to be used for highway purposes and thus still subject to the restrictions.

Proponents of the TBD would have a strong argument that while tolls might be collected in part to finance highway improvements, other statutory purposes include congestion management and

---

[64] Jurisdictions within King, Pierce, and Snohomish counties may not participate prior to December 2007
[65] RCW 36.120.010. The RTID legislation limits participation to counties with population over one million five hundred thousand persons and any adjoining counties with a population over five hundred thousand persons, effectively limiting the application to the King County region of Washington (RCW 36.120.030).
[66] Washington State Legislature – Senate Republican Caucus. 24 April 2005. "Legislature passes bill enhancing transportation benefit districts."
<http://www1.leg.wa.gov/Senate/SRC/MediaCenter/2005Archive/sweckertransbenedistricts042405.htm>
[67] RCW 47.56.078 and 36.73.
[68] Municipal Research and Services Center of Washington. April 2006. "Washington Statutes Relating to Financing Economic Development." <http://www.mrsc.org/Subjects/Econ/ed_laws.aspx>.
[69] Municipal Research and Services Center of Washington. April 2006. "Washington Statutes Relating to Financing Economic Development." <http://www.mrsc.org/Subjects/Econ/ed_laws.aspx>.
[70] Washington Constitution, Article II § 40 (Amendment 18)

the improvement of the safety and efficiency of the transportation system as a whole. In fact, TBD legislation allows tolls to be applied "in order to implement the district's transportation improvement plan," including "high-capacity transportation (and) public transportation."[71]

There may also be federal obstacles to be overcome in applying toll revenue to transit uses. If the CRC Project receives any federal highway funding, the tolling authority would be required to enter into an agreement with FHWA, and then follow any stipulations of the agreement and/or any other federal statutory requirements.

At this juncture, it appears possible that current law would allow toll revenue to be used for some transit purposes; however, it is by no means a certainty. Any effort to do so would likely be met with legal challenge and a test within the courts of Washington. Additionally, FHWA concurrence would likely be required before tolls could be implemented.

6.3.6.2 *State Revenues Distributed to Counties*

In 2006, Washington counties will receive 4.92¢ of the 37¢ collected in fuel taxes for each gallon of gas sold in the state. A portion of revenue generated from the state fuel tax goes towards local government transportation projects. From July 2005 to July 2006, counties received a total of $314 million distributed from state fuel taxes.[72] Clark County's forecasted revenue from this source during the 2005/2006 biennium is $12.9 million.[73]

6.3.6.3 *Local Option Motor Vehicle Excise Taxes (MVET)*

Regional transit authorities in King, Pierce, and Snohomish Counties and transit agencies in Thurston, Clark, Kitsap, Spokane, and Yakima Counties may adopt a Local Option Motor Vehicle Excise Tax (MVET) of up to 0.8% of vehicle value to raise revenues for high-capacity transit, commuter rail, and feeder transportation facilities. At this assessment rate, C-Tran could generate up to $24.1 million per year.[74] To date, the only transportation jurisdiction that has levied this tax is the Puget Sound Regional Transit Authority (known locally as Sound Transit), whose jurisdiction includes parts of King, Pierce, and Snohomish counties. In 1996, voters approved a tax package including a 0.3% motor vehicle excise tax for high capacity transit investments.[75] However, I-776, passed statewide by voters in 2002, removed the ability of counties and transportation districts to exceed the statewide $30 limit on vehicle license fees, limiting these agencies' ability to administer the additional MVETs.

---

[71] RCW 36.73
[72] WSDOT. 2006. "LPF & Gas Tax Revenue Distributions based on the February 2006 Transportation Revenue Forecast" <http://www.wsdot.wa.gov/accountability/fueltax/05-07GasTaxDistribution.pdf>
[73] Clark County, Washington. Biennial Budget, 2005/2006.
[74] Washington State Legislature Joint Transportation Committee. January 2005. "Transportation Resource Manual – January 2005 Update." < http://www1.leg.wa.gov/documents/ltc/trm/Taxes_Fees/Local_Taxes.pdf#Page=2>
[75] Goldman, Todd; Corbett, Sam; and Wachs, Martin. March 2001. "Local Option Transportation Taxes in the USA." Berkeley Institute of Transportation Studies.

6.3.6.4 *Local Option Sales Taxes*[76,77]

Washington authorizes a number of sales taxes that support transportation. Two particularly important taxes are the "Transit Sales and Use Tax," which funds general transit capital and operating expenses, and the "High Capacity Transportation Tax," which funds the provision of public transit operating on exclusive right-of-ways.

Transit Sales and Use Tax: Counties or their public transportation benefit areas (PTBA) may levy up to a 0.9 percent sales and use tax for the operations, maintenance, or routine capital needs of public transit systems, provided there is majority approval in a public vote.[78] This authority was increased from 0.6 percent to 0.9 percent by the 2000 legislature after the motor vehicle excise tax was repealed.[79]

As of January 1, 2006, local option sales and use tax rates for PBTAs across Washington State ranged from zero to 0.9 percent. The Central Puget Sound Regional Transit Authority (RTA) levies a local option sales tax of 0.4%. Clark County's PBTA tax rate of 0.3% was approved to increase to 0.5% in 2005, putting it in the mid-range of counties with local option PTBA sales and use taxes. This revenue source (at the 0.3% rate) generated approximately $16 million for Clark County in 2005.[80] An additional increase in the sales tax rate of 0.1%, which would require voter approval, would increase revenue by about $5.3 million per year.[81]

High Capacity Transportation Tax: Regional transit authorities in King, Pierce, and Snohomish counties, and transit agencies in Thurston, Kitsap, Spokane, Yakima, and Clark counties are eligible to impose a tax, with voter approval, of up to one percent, and solely with the purpose of providing high capacity transportation service.[82] Additionally, agencies within counties that impose a Criminal Justice tax under RCW 81.104.170 are limited to a tax rate that will not exceed 0.9%; Clark County administers this criminal justice tax, and would therefore be subject to this 0.9% limitation. If administered at this rate, Clark County could generate approximately $48 million in additional revenue.

Determination of the application and fund magnitude of the implementation of any of these taxes would require further study.

---

[76] Goldman, Todd; Corbett, Sam; and Wachs, Martin. March 2001. "Local Option Transportation Taxes in the USA." Berkeley Institute of Transportation Studies.
[77] Municipal Research & Services Center of Washington. July 2001. "A Revenue Guide for Washington Counties." Report #53.
[78] RCW 82.14.045
[79] Goldman, Todd; Corbett, Sam; and Wachs, Martin. March 2001. "Local Option Transportation Taxes in the USA." Berkeley Institute of Transportation Studies.
[80] Southwest Washington Regional Transportation Council, 2005. "Metropolitan Transportation Plan for Clark County."
[81] Washington State Department of Revenue. 2006. "Local Sales/Use Tax Distributions for Transportation 2004-2005: Table 17."
[82] RCW 81.104.170

6.3.6.5 *Local Fuel Taxes*

Local fuel taxes play a relatively small role in Washington. With majority voter and county commission approval, counties may adopt a motor fuel tax by popular vote at 10% of the state rate.[83] Cities may adopt a fuel tax at a rate of 1¢ per gallon.[84] Funds may be used for road and highway purposes, as well as for ferries.

As of 2005, no counties had adopted the tax, and only three small cities (Blaine, Nooksack, and Sumas), and one transit district (Port Roberts Transit District) had chosen to do so – all at the full 1¢ per gallon rate that cities are allowed. Ballots were cast in Spokane and Snohomish counties, but both measures were defeated.[85] Clark County and/or the City of Vancouver could implement this tax with voter approval. Determining the magnitude of funding that could be generated for CRC uses would require further study.

6.3.6.6 *Employer Tax*

Employer taxes take a wide variety of forms, including taxation based on gross proceeds, type of business activity, number of employees, and floor area. Proceeds can go towards general municipal revenues, but when earmarked for transportation, they are usually aimed at relieving traffic congestion.[86] The employer tax, for example, would charge $2 per employee per month to provide funding for "high-capacity transportation" projects, HOV lanes, commuter rail, or vanpools.[87] Employers engaged in trip reduction efforts may be exempt from these taxes.

FY 2003 revenues in Clark County for the $2 per employee per month tax totaled $3.0 million.

6.3.6.7 *Local Property Tax*

Property taxes are a significant source of local transportation funding in Washington. According to state legislation, a county legislative authority must annually levy a property tax for the purpose of building or maintaining county transportation systems.[88] In 2000, the counties levied over $972 million in property taxes, which represented 32 percent of total revenue in their general funds and special revenue funds. Counties allocate about 18 percent of the taxes they collect for general and road fund purposes.[89] In 2004, Clark County collected a total of $364

---

[83] Goldman, Todd; Corbett, Sam; and Wachs, Martin. March 2001. "Local Option Transportation Taxes in the USA." Berkeley Institute of Transportation Studies.
[84] Washington State Department of Revenue. 2005. "SPECIAL FUEL TAX: RCW 82.38 and 70.149." <http://dor.wa.gov/docs/reports/2005/Tax_Reference_2005/14special_fuel.pdf>
[85] Goldman, Todd; Corbett, Sam; and Wachs, Martin. March 2001. "Local Option Transportation Taxes in the USA." Berkeley Institute of Transportation Studies.
[86] Goldman, Todd; Corbett, Sam; and Wachs, Martin. March 2001. "Local Option Transportation Taxes in the USA." Berkeley Institute of Transportation Studies.
[87] Goldman, Todd; Corbett, Sam; and Wachs, Martin. March 2001. "Local Option Transportation Taxes in the USA." Berkeley Institute of Transportation Studies.
[88] Municipal Research & Services Center of Washington. July 2001. "A Revenue Guide for Washington Counties." Report #53.
[89] Municipal Research & Services Center of Washington. July 2001. "A Revenue Guide for Washington Counties." Report #53.

million in current and delinquent property taxes.[90] Roadway facilities that benefit from this funding generally are those that are not otherwise served by federal and state funding. As an interstate highway, the I-5 corridor in general and the CRC project specifically, is not likely to be eligible for this funding.

Any county or city may adopt a 0.5% real estate transfer tax for capital projects. Property taxes may also be imposed by county rail districts, transportation benefit districts, and road and bridge service districts to help retire their general obligation bond debt. However, no county rail district currently imposes these property taxes.[91]

Initiative 747, passed in 2001, limits annual increases in the amount of regular property taxes levied by a city, county, or other taxing district to inflation or one percent, whichever is less, without voter approval. With this limitation on Clark County's capacity increase property tax revenues, and considering the size and number of public programs that property taxes fund (public education among them), they will be likely less willing to dedicate property tax revenues to the CRC project.

6.3.6.8 *Local Commercial Parking Tax*

To help finance their six-year transportation plans, cities and counties may adopt parking taxes at any rate they choose, within certain guidelines. The tax may be used for general transportation purposes, including construction and operation of state highways, county roads, and city streets; public transportation; high capacity transportation; transportation planning and design; and other transportation-related activities.

Exhibit 6 shows revenues earned in jurisdictions that imposed the parking tax in 2003. Note that revenues from this source are typically very small; the exception, SeaTac, has higher revenue due to the parking revenue from its airport operations.

Exhibit 6: Washington State Local Parking Tax Revenues (FY 2003) [92]

City / Transit District	Revenue (FY 2003)
SeaTac	$ 3,722,553
Bainbridge Island	$ 216,463
Bremerton	$ 254,247
Mukilteo	$ 44,975
Tukwila	$ 137,599

[90] Washington State Department of Revenue. 2006. "Property Tax Collections: Table 27" <http://dor.wa.gov/Docs/Reports/2005/Tax_Statistics_2005/Table27.pdf>
[91] Goldman, Todd; Corbett, Sam; and Wachs, Martin. March 2001. "Local Option Transportation Taxes in the USA." Berkeley Institute of Transportation Studies.
[92] Washington State Legislature Joint Transportation Committee. January 2005. "Transportation Resource Manual – January 2005 Update." http://www1.leg.wa.gov/documents/ltc/trm/Taxes_Fees/Local_Taxes.pdf#Page=2

6.3.6.9 *Fare Box Revenues*

In 2004, C-TRAN fare box revenues covered 19.7% of operations and maintenance (O&M) costs, an all-time high. C-TRAN's long-term goal is to raise this recovery number to above 21%.[93] Because fares cover only this small portion of existing O&M costs, it is unlikely that they could contribute to new CRC transit-related capital costs.

Summary Table: Washington Regional and Local Sources

Source	Magnitude	Eligible Modes	Eligible Uses	Process / Actions
Transportation Benefit District	Possibly large, depending on which tax/fee authorities and options are used	Highway, Transit	CapEx, O&M	County or city ordinance
County DOT budget	$205M (05-06) for entire Clark County Public Works Department[94]	Highway, Transit	CapEx, O&M	Seek budget allocations
Clark County MVET	$21.4M/yr	Transit	CapEx	Seek local voter approval
Local Option Sales Tax • Transit sales and use • High Capacity Transit tax	• $5.3M+/yr per 0.1% increase • $48M/yr at 0.9% rate	Transit	CapEx, O&M; applicability options depend on source	Seek local voter approval
Property tax dedicated to capital projects	$1.8M/yr	Highway, Transit	CapEx	Seek local voter approval; limited by I-747 influenced budgetary constraints

6.3.7 What value capture opportunities are available as part of CRC?

Economic Value Capture refers to a type of innovative public infrastructure financing mechanism in which increases in private land values generated by a new public investment are all or in part "captured" through a land related tax to pay for that investment or other public projects. Value capture may not offer substantial revenue for the CRC project, as it is most applicable when there is a new or different land use being introduced to an area, or when new infrastructure investments are made that improve on the accessibility or utility of an area. For value capture applications, the CRC project can be generally thought of as replacing an existing crossing rather than providing new access or changes in land use.

[93] Washington State Department of Transportation. 2004. "Summary of Public Transportation 2004: C-Tran." <http://www.wsdot.wa.gov/Transit/library/2004_summary/06-CTRAN.pdf>

[94] 2005-2006 Clark County (WA) Budget "Introduction and Summaries" section. Note that other sales taxes, such as the local option transit, general sales and high-capacity transportation taxes, are mostly already levied at their maximum allowable rates.

The value capture techniques described below vary by the payer, the typical situation in which the technique is used, how the payment is calculated, and the frequency with which the payment is made. Importantly, there is wide variation in how these techniques are used and in the legal precedents enabling and limiting them.

6.3.7.1 *Tax Increment Finance (TIF) District*

TIF districts reallocate a portion of future property tax collections to repay debt. The debt to be repaid by the TIF is issued to finance public infrastructure investments in a defined area. The real property tax *rate* is not increased; rather, it is assumed that the infrastructure investments (sometimes accompanied by re-zoning) will increase land values, thereby increasing *assessments* and, therefore, overall tax receipts. A portion of these increased, recurring receipts are used to repay the bonds.

TIF is most often used in areas that have potential for higher-value uses, although it can be used to help finance infrastructure improvements in other areas as well. TIF districts are usually enabled by state and/or local legislation, and are created when a majority of commercial and residential land owners in the defined area approve the TIF. Because this funding mechanism can be politically controversial, and because there is not expected to be major changes in corridor property values attributable to the CRC project, TIF would not seem to fit the CRC project well.

Oregon was the second state (after California) to pass a law enabling TIF. In 1960, Oregon voters approved an amendment to the state constitution that allowed Urban Renewal Districts to use TIF. Since 1979, however, legislative actions and ballot measures have limited the ability of Urban Renewal Districts to fund investments with TIF money.[95] Regardless, the lack of project-induced increases in property values in the CRC project corridor within Oregon limits the applicability of this value capture technique.

TIF would be especially difficult to implement for the CRC project within Washington State. TIF laws in Washington are more restrictive, and thus less successful than in other states. The state constitution limits the amount of property taxes that can be diverted for non-school uses, and attempts over the past 33 years to change this situation have been largely unsuccessful. Moreover, Initiative 747 limits total annual property tax levy increases to inflation or 1%, whichever is lesser, unless otherwise approved by voters. Without voter approval, this means that any increase in property tax revenue in one area would generally need to be offset by a decrease elsewhere.

In 2006 a new TIF law was passed, which allows municipalities to apply to the state for a matching amount of redirected state sales taxes, combined with redirected local property taxes from new construction. The lengthy application procedure, however, motivated by legislative wariness towards TIFs, is expected to limit the law's application.[96] Additionally, since there will

[95] "Legislative History of Urban Renewal in Oregon", by Tashman Johnson LLC < http://www.portlanddev.org/pdf/about/urban_renewal_legislative_history.pdf>

[96] Municipal Research and Services Center of Washington <www.msrc.org> and "The new tax increment financing law is loaded with hurdles" by High Spitzer, April 21, 2006, Puget Sound Business Journal.

likely be no directly attributable new sales tax or new development associated with the CRC project, the applicability of this new TIF law to this project is suspect.

6.3.7.2 *Special Assessment District (SAD)*

In contrast to TIFs, SADs levy an additional tax on property owners in a defined area. SADs come in several different forms and names: Local Improvement District (LID); Utility LID (ULID); Road Improvement District (RID); and Community Facilities District (CFD). It is typically in the form of an additional "cents per $100 in real property" (or other metric of residential, commercial and industrial property) that would be paid by all property owners. The assessments are intended to capture from property owners a portion of the benefits that they will enjoy from new infrastructure investments. Revenue from assessments must be used to finance public infrastructure that directly benefits the land owned by the people being charged.

Because the CRC project is not expected to provide widespread new benefits to existing property owners in the corridor, it is unlikely that a special assessment district will have significant application. One possible exception may apply on a small scale to property adjacent to and benefiting from one or more new transit stations if the CRC project includes a high capacity transit component within its own right-of-way. Additional research would be required to quantify the funding potential of such an SAD should this become of interest.

6.3.7.3 *Development Impact Fee*

A Development Impact Fee (DIF) is a one-time fee charged to developers of new residential and/or commercial property. While laws vary by state, the payments must typically be in proportion to, and used for, the additional public infrastructure needed to accommodate the new development. DIFs come in one-time, lump sum payments and, considering the cyclical nature of the real estate industry, cannot be viewed as consistent revenue streams. Because DIFs are typically used in areas where there will be high levels of new (i.e., "Greenfield") development, and because both states in question limit the use of impact fees to areas of new development to fund the necessary supporting infrastructure, they do not appear to offer an application for CRC.

6.3.7.4 *Direct or Indirect Contributions from Private Beneficiaries*

In some cases, many of the project benefits accrue to residences and businesses located in the project corridor. Sometimes land owners are willing to donate right-of-way in exchange for favorable development rights. Unless the CRC required additional right-of-way and current owners were willing to donate it in return for certain rights, this value capture technique would appear to have no application to the CRC project.

Summary Table: Value Capture Opportunities

Source	Magnitude	Eligible Modes	Process / Actions
Assessment Districts	Small: relevant only if project generates new benefits to existing property owners; possible exception around project related fixed HCT stations	Highway, Transit	Municipalities apply to form special assessment districts

Summary Table: Value Capture Opportunities

Source	Magnitude	Eligible Modes	Process / Actions
Impact Fees	Small: relevant only if new development or land use attributable to the CRC project; possible exception around project related fixed HCT stations	Transit; not likely for highway	Seek changes to local ordinances, as needed
Tax Increment	Small: relevant only if land value increases expected; additional constraints in Washington State	Transit; not likely for highway	Seek changes to local ordinances, as needed
Private Contributions (e.g., rights-of-way)	Small: relevant only if new land needed	Highway, Transit	Seek contributions, as needed

6.4 What are some potential financing mechanisms? What is their applicability to CRC?

Non-traditional financing techniques may provide opportunities for the CRC project to increase the financial capacity or purchasing power of revenue sources to the project. Such mechanisms for surface transportation projects include direct federal credit assistance, federal credit assistance administered by the state, other debt instruments (loans) and private participation. These mechanisms differ by the source of funds, how much is available, how the funds are administered, and the conditions under which they can be used. It is to be stressed that these "mechanisms" are not sources of new funds, but rather are ways to convert the other sources discussed in this document into forms that can be used for up-front capital expenditures.

6.4.1 Direct Federal Credit Assistance: Transportation Infrastructure Finance Act (TIFIA)

Transportation Infrastructure Finance Act (TIFIA) may be relevant for all, or discrete parts, of the CRC project. Passed in 1998, TIFIA offers federally-subsidized credit to projects of regional and national significance in the form of direct loans, loan guarantees, and lines of credit. This credit assistance helps to supplement and attract private funding sources. Under SAFETEA-LU, the TIFIA program can make commitments of up to $610M through 2009 to cover the subsidy costs of these products, which would allow for approximately $2.5 billion in project financing per year. These credit products are intended to lower a project's financing costs, increase the certainty of completion and enhance repayment flexibility, thereby bolstering the project's attractiveness to other, private lenders and expediting completion of large, complex capital projects.[97] While TIFIA loan interest rates may not be lower than regular tax-exempt municipal bond rates, they offer less interest rate and market risk; in particular, TIFIA loans take subordinate position in an interest's credit portfolio, while charging the lower interest rates

[97] See TIFIA program website at: http://tifia.fhwa.dot.gov/

associated with senior debt. TIFIA also offers greater flexibility of repayment terms and superior conditions on private participation.

Applications are evaluated by a Joint Program Office (JPO) of the Federal Highway Administration (FHWA), U.S. Department of Transportation (DOT). Projects must cost at least $50 million ($15 million for Intelligent Transportation System (ITS) projects) and receive an investment grade rating for the senior project debt. Applications must demonstrate the regional and national importance of the project, the participation of the private sector, and the dedication of other funding sources to debt repayment. A TIFIA loan can be used as subordinate debt, although a credit agreement does not require this. The rate on a TIFIA loan is fixed at the signing of the Secured Loan Agreement (end of the application process). A TIFIA loan can cover no more than one third of project costs and is on par with senior debt in the case of bankruptcy.

Since its first approved project in federal FY1999, TIFIA has approved $3.2 billion for 16 credit products to 13 projects, for average of $246 million per project. TIFIA credit products cover an average of 25% of total costs for the approved projects. All three product types have been used, although most are direct loans, and they have been used for highways, passenger rail, transit and intermodal projects. Borrowers have pledged various revenue sources for TIFIA credits, including user charges (tolls), lease income, and various tax revenues. Since program inception, $725 million for four credit agreements have been retired. In federal FY2005, the TIFIA program received six Letters of Interest (LOI) and one application, and it closed direct loans for two projects ($66 million each). In FY2006, TIFIA has thus far received one LOI.

TIFIA has not been widely used in Oregon or Washington. In 2000, the U.S. DOT approved an application for a direct loan ($210 million) and a credit line ($30 million) for the Tacoma Narrows Bridge; however, the State of Washington opted not to execute, in part to avoid being bound by federal "Buy America" procurement rules. In 2004, U.S. DOT received a Letter of Interest for a direct loan to the Sound Transit Central Link Light Rail Initial Segment Project. According to the most recent information available from the TIFIA JPO, no Letters of Interest have been received for Oregon projects.

6.4.2 State Administered Federal Credit Assistance

6.4.2.1 State Infrastructure Banks (SIB)

The federal government enabled State Infrastructure Banks (SIB) in the NHS Act of 1995 and, since then, has taken steps to broaden the program. Based on the most recent FHWA information available, 33 states have implemented SIBs.[98] Since program inception, these banks have issued 457 loans totaling $5.1 billion. SIB activity is concentrated in South Carolina, whose 8 SIB loans account for 51% of this total, in Florida (50 loans, 17% of total) and in Arizona (49 loans, 11% of total). Across all SIBs, the average loan size is $11.1 million, although South Carolina's average is $325.6 million.

[98] FHWA website. Program quantitative data available at: http://www.fhwa.dot.gov/policy/ohim/hs04/htm/fa22.htm#foot1. Fact sheet available at: http://www.fhwa.dot.gov/safetealu/factsheets/sibs.htm

The federal government provides seed capital for states that want to launch a SIB. This seed capital provides the initial funds with which the SIB then lends funds for infrastructure projects. SIBs provide non-grant assistance, possibly at below-market rates, to various infrastructure projects. States have flexibility regarding project selection, loan terms and financial management. SIBs have been used most extensively in projects such as toll road or bridges that provide a recurring revenue stream to repay the loan. The state must contribute an amount equal to at least 25% of the federal contribution. The SIB can leverage these funds by issuing additional debt, thereby increasing the funds available to lend. The SIB has separate accounts for different project types; for the highway account, a state can divert to the SIB up to 10 percent of the funds apportioned to it for the National Highway System Program, the Surface Transportation Program, the Highway Bridge Program and the Equity Bonus.

In 1996, Oregon started one of the first ten SIBs (Oregon Transportation Infrastructure Bank (OTIB)), during the pilot program phase following the NHS Act of 1995.[99] Since its inception, the Oregon SIB has issued 19 loans for a total of $34.4 million, representing 0.7% of total SIB loans nationwide (based on most recent data available from the FHWA). Its average loan size is $1.8 million, and its day-to-day operations are managed by the Chief Financial Office of the Oregon Department of Transportation.[100] Washington also has an SIB, which has issued three loans for a total of $2.4 million and an average loan amount of $792,000 (based on most recent data available from the FHWA).

The amount available from SIBs for the CRC project could be increased with higher allocations from general state and / or state DOT budgets, which may be matched by even greater federal grants. It is again noted that SIBs are not a source of new funding, but are instead loans that must be secured by other revenue streams, such as tolls.

6.4.2.2 Section 129 Loans

Like SIBs, Section 129 loans are federal monies that states can lend for infrastructure projects, the terms of which are negotiated by the state, given certain federal guidelines. The primary differences between the two are that Section 129 loans are one-time agreements, and the state does not establish and administer an ongoing bank program, as with SIBs; additionally, Section 129 loans can not be repaid with federal-aid money. Repayment terms require a dedicated revenue stream, such as tolls, local government tax pledges, or concession income, among others. Each state DOT determines the amount and terms of the money to be lent.

6.4.3 Market Debt Instruments

6.4.3.1 Grant Anticipation Revenue Vehicles (GARVEEs)

Grant Anticipation Revenue Vehicles (GARVEEs) are bonds that are repaid using future federal highway grants. GARVEEs resemble other bonds, with the distinction that they are backed by future federal grant funding, rather than a dedicated tax , user fee revenue source, or by the "full

[99] For more program information, see http://www.oregon.gov/ODOT/CS/FS/otib.shtml.
[100] The Oregon state Administrative Rules for the Oregon Transportation Infrastructure Fund are available at: http://arcweb.sos.state.or.us/rules/OARS_700/OAR_731/731_030.html

faith and credit" of the issuing entity.[101] GARVEEs are a good way to advance a project that would otherwise eventually be funded with discretionary federal grant monies; however, they do not represent new funding.

Neither Washington nor Oregon has issued GARVEEs. Oregon has the authority to issue GARVEEs, but Washington does not. In both cases, some state government approval would likely be required, and in the case of Washington, a specific legislative action would be needed. GARVEEs are useful when market pricing mechanisms (e.g., tolls) cannot substantiate the investment capital required for the project, but other revenue sources can be isolated to re-pay the needed debt financing. Because FHWA and FTA funds are widely considered to be reliable revenue streams, ratings agencies typically look upon such debt favorably. As a result, the required interest rate is lower and thus financing costs go down. Some states receive even lower interest rates by "back-stopping" federal grant revenue with additional revenue streams (e.g., sales tax proceeds).[102] Both the previous TEA-21 authorization and the current SAFETEA-LU authorization provide a firewall with a minimum level of funding to transportation agencies. While the federal government does not authorize the bond issue, federal law requires that GARVEEs be issued only for projects that are eligible for federal grants.

The key issues facing agencies when issuing grant anticipation bonds are substantiating the quantity and timing of funds available for repayment and the ability of the local agency or agencies to provide the requisite local match payments attached to federal payment requirements. In addition, there is always the risk that the federal government will not reauthorize the current transportation legislation. FTA and FHWA appropriate funding until the end of the current authorization and have a contingent commitment against the next legislation. Thus, depending on the timing of the CRC project, there will be uncertainty of federal funding levels in the out years. Note also that dedicating future grant funding to a current project will reduce the available funding to other future uses.

6.4.3.2 Certificates of Participation (COP)

Like GARVEEs, Certificates of Participation (COP) are securities representing interests in a stream of future payments. In the case of COPs, the underlying revenue stream typically comes from a lease or an installment sale agreement. COPs are typically issued by a trustee (e.g., a state agency), who uses the proceeds to purchase the assets, and then leases those assets to the project authority. The project authority then pays the trustee for use of the asset, and the trustee then passes-on payments to the holders of the COPs. In practice, future federal formula grants are often used as partial security for leases underlying COPs. Terms of COPs have varied, although most tend to be for assets with useful lives around 12 years, especially buses.[103]

Despite these strong similarities, COPs are not actually debt (as GARVEEs are). COPs do not give the holder the same rights in case the issuer defaults. As a result, COPs have higher risk

[101] See the GARVEE section at the American Association of State Highway & Transportation Officials (AASHTO) website Innovative Finance (www.innovativefinance.org).
[102] See http://www.fhwa.dot.gov/innovativefinance/ifp/debtfin.htm.
[103] See the Federal Transit Authority's online publication on Innovative Financing for more information (at www.fta.dot.gov).

than bonds, and the issuer will have to offer more attractive (i.e., more costly) terms. However, COPs enable agencies to fund capital projects without being subject to statutory restrictions for long-term debt issuance, such as voter approval or related debt ceiling limitations. The credit strength of COPs may be enhanced with bond insurance, letters of credit or other guarantees.

COPs may be relevant for some portion of the CRC project. COPs are typically used by states to finance lease payments by transit authorities for buildings or equipment, such as buses, that are more widely leased. For a toll bridge, this leasing technique may be cost-effective for the tolling equipment and facilities. COPs are often in amounts less than $50 million, and are typically conducted through a state treasurer's office according to established procedures and evaluation criteria. Once again, it is noted here that COPs are not sources of new money, but rather are instruments to leverage future funding streams.

Summary Table: Financing Mechanisms

Source	Magnitude	Eligible Modes	Process / Actions
GARVEEs	Large: $175M - $2+ billion	Highway, Transit	Seek WA legislative change
TIFIA	Medium: avg $246M/project; up to 1/3 of a project's total cost	Highway, Transit	Undertake competitive, multi-year application to FHWA
Section 129 Loans	Medium: depends on Surface Transportation Funds	Highway, Transit	Structure loan(s) through state DOTs
Certificates of Participation	Typically <$50M / project; capacity for repayment is required	Highway, Transit	Seek approval through state treasurer
State Infrastructure Banks	• OR avg $1.8M loan • WA avg $0.8M loan • capacity for repayment is required	Highway, Transit	Seek additional state matching funds for SIBs

6.4.4 What private participation opportunities are available?

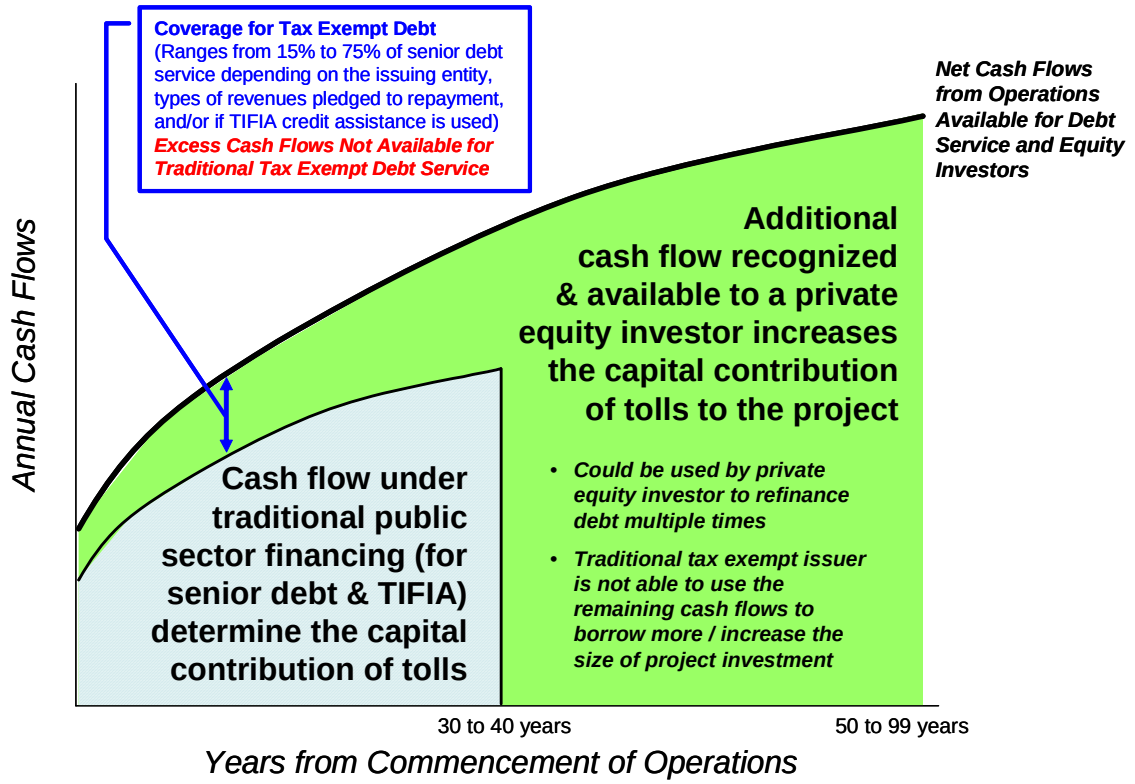
6.4.4.1 *Public Private Partnerships (PPP)*

The National Council of Public-Private Partnerships defines a Public Private Partnership (PPP) as "a contractual agreement between a public agency (federal, state or local) and a for-profit corporation. Through this agreement the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility."[104] PPPs are thought of as project delivery mechanisms (e.g., design-build contract) and/or tools that can bring both greater certainties to cost elements. However, a PPP can also provide an additional source of funding in cases where the private participant(s) provide supplemental capital funds in the form of subordinated debt and/or equity. Under certain

[104] http://ncppp.org/howpart/index.html

conditions, such as a long term concession lease agreement, a private entity may be able leverage more project funding from a stream of project revenues (e.g., toll revenues) than would be the case under a traditional public agency, tax-exempt financing. By taking a longer term view of the revenue stream, pledging excess cash flows to repay an equity investment and/or taking advantage of possible tax depreciation benefits, the private entity could generate additional up-front project funding, including induced equity. Exhibit 7 illustrates this concept. For the public sector, a number of key questions must be considered, including whether to relinquish the value of long-term toll revenues in exchange for an immediate infusion of cash.

Exhibit 7: Private Concession Financing Versus Traditional Public Sector Financing



Because the consideration of PPPs as a source of funding would involve an alternative form of project delivery and relies on tolling which will be discussed in a separate, forthcoming issue paper, this topic warrants further discussion outside the scope of this paper.

6.4.4.2 *Public Private Partnership Legislation in Oregon*

Oregon's 2003 PPP law enables ODOT to accept solicited or unsolicited bids from private parties who are interested in investing in transportation assets in Oregon.[105] This law created the Oregon Innovative Partnerships Program (OIPP), within which ODOT signed a PPP in January 2006 with the Oregon Transportation Improvement Group (OTIG), a consortium including Macquarie Infrastructure Group and Hatch Mott MacDonald. This PPP pertains to the

[105] See the FHWA's summary of Oregon's PPP law (http://www.fhwa.dot.gov/ppp/legis_oregon.htm).

development of three projects: the Newberg-Dundee Bypass, the Sunrise Corridor, and the I-205 South Corridor Improvements.[106]

6.4.4.3 *Public Private Partnership Legislation in Washington*

In Washington, the 2005 Transportation Innovation Partnership Program (TIPP) legislation provides the state with new authority to implement PPPs for transportation-related projects and programs. In terms of facilitating private sector participation in a way that could bring additional project funding to the project, the TIPP legislation includes one potentially limiting constraint: it precludes private sector debt financing by requiring that project debt to be issued by the state treasurer.[107] While there are many examples of publicly issued debt providing project financing to private entities, this provision could reduce competitive interest from the private sector if it were to constrain the opportunities for the private sector to take on certain risks associated with a revenue stream under the private concession model. Private equity is attracted to opportunities that create an upside potential for profit from higher than expected revenues; the State's current TIPP is untested in its ability to attract private equity. However, there are at least two ways in which this TIPP constraint may be overcome. First, legislative approval to deviate from this restriction could be obtained, ideally in combination with whatever legislation may be required to provide tolling authority. Second, the use of Private Activity Bonds (PAB; see section 6.4.4.3) could be used within the current TIPP framework. To take advantage of the PAB pilot program, debt needs to be issued by a public agency even though the entity with the obligation to repay principal and interest could be a private party.

6.4.4.4 *Private Activity Bonds (PAB)*

In SAFETEA-LU, the Internal Revenue Code was amended to add highway and freight facilities to the privately developed and operated projects for which Private Activity Bonds (PABs) may be issued. PABs serve as an additional means for attracting private investment and financing participation while retaining the advantage of low-cost tax-exempt debt financing.[108] Interest income accruing to PAB bondholders is excluded from federal taxation, which lowers a project's overall financing costs.

Surface transportation projects that receive federal assistance under Title 23 are eligible for PABs. Projects that receive credit assistance under TIFIA are also Title 23 projects, and thus TIFIA projects are also eligible to receive this tax-exempt bond authority. While there is no state-specific limit on PAB issuances, there is a total national ceiling of $15 billion.[109]

---

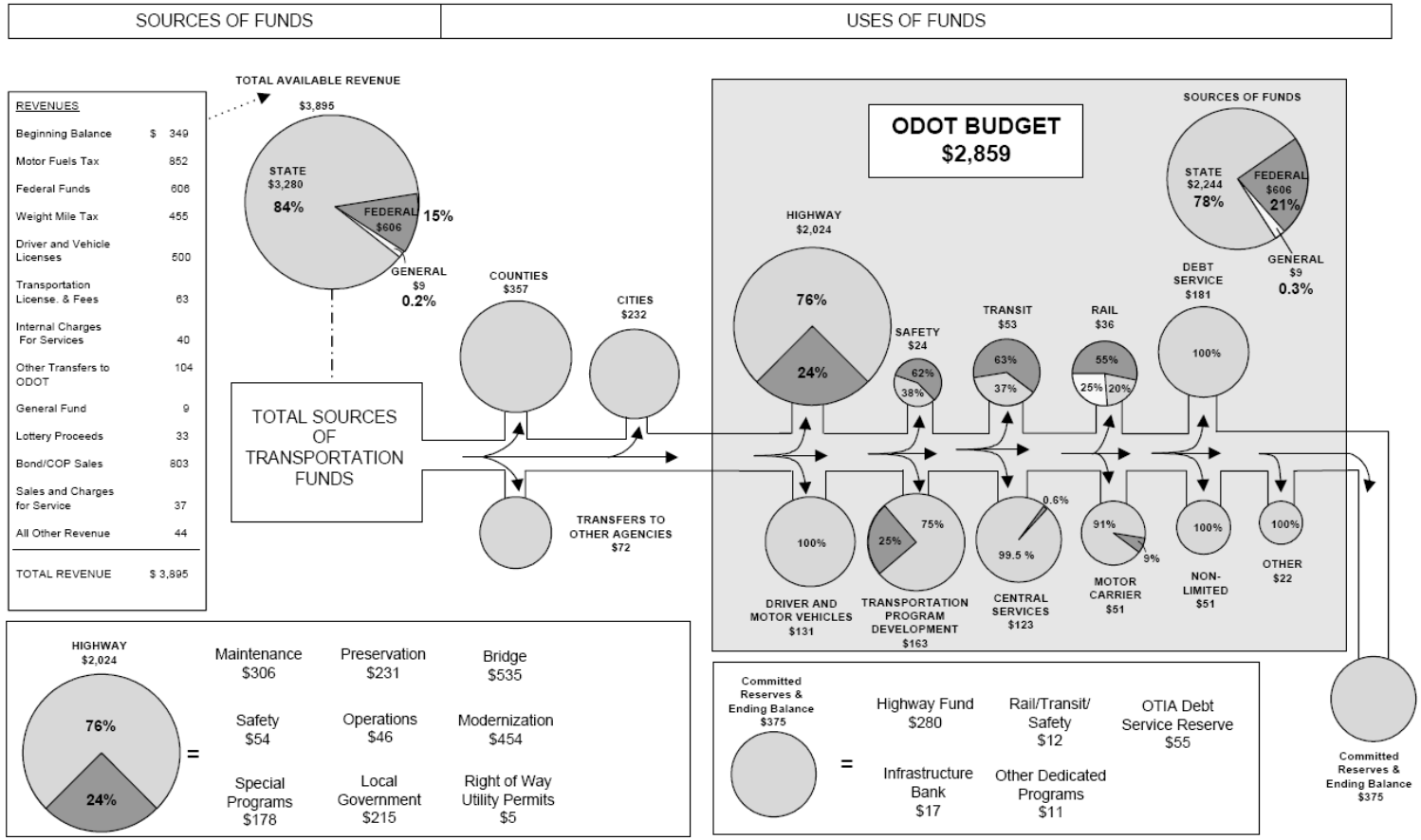
[106] "Oregon Innovative Partnerships Program and Oregon Transportation Improvement Group," a Frequently-Asked-Questions press release available at http://www.oregon.gov/ODOT/HWY/OIPP/innovative.shtml.
[107] Revised Code of Washington Section 47.29.060(3) states "For any transportation project developed under this chapter that is owned, leased, used, or operated by the state, as a public facility, if indebtedness is issued, it must be issued by the state treasurer for the transportation project."
<http://apps.leg.wa.gov/RCW/default.aspx?cite=47.29.060>
[108] http://www.fhwa.dot.gov/ppp/private_activity_bonds.htm
[109] http://www.fhwa.dot.gov/safetealu/summary.htm

Summary Table: Private Participation Opportunities

Source	Magnitude	Eligible Modes	Process / Actions
Public-Private Partnerships	Possibly significant, but limited by existing WA law	Highway, Transit	Seek WA legislative change
Private Activity Bonds	Large: nat'l limit $15 billion	Highway, Transit	Seek WA legislative change

Appendix A – ODOT Sources and Uses[110]

2005 – 2007, $ millions



[110] Oregon Department of Transportation, 2005. "Oregon Department of Transportation Budget: 2005 – 2007 Governor's Recommended Budget" p. 14

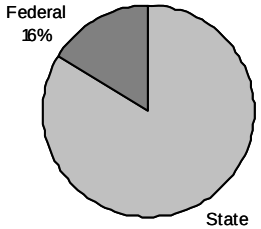
Appendix B – WSDOT Sources and Uses

2005-2007, $ millions **Estimates**

Sources of Funds

Revenues	
Beg Balance	$192
Motor Fuels Tax	2,245
Federal Funds	1,021
Lic, Permits, Fees	793
Ferry Fares	290
Local Funds	80
Rental Car Tax	45
Vehicle Sales Tax	70
Bond Sales	1,177
TNB Bond Sales	257
TNB Tolls	7
All Other	97
Total Available	6,274

Total Available Revenue $6,274



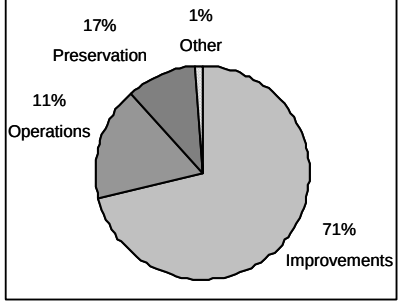
Total Sources of Transportation Funds

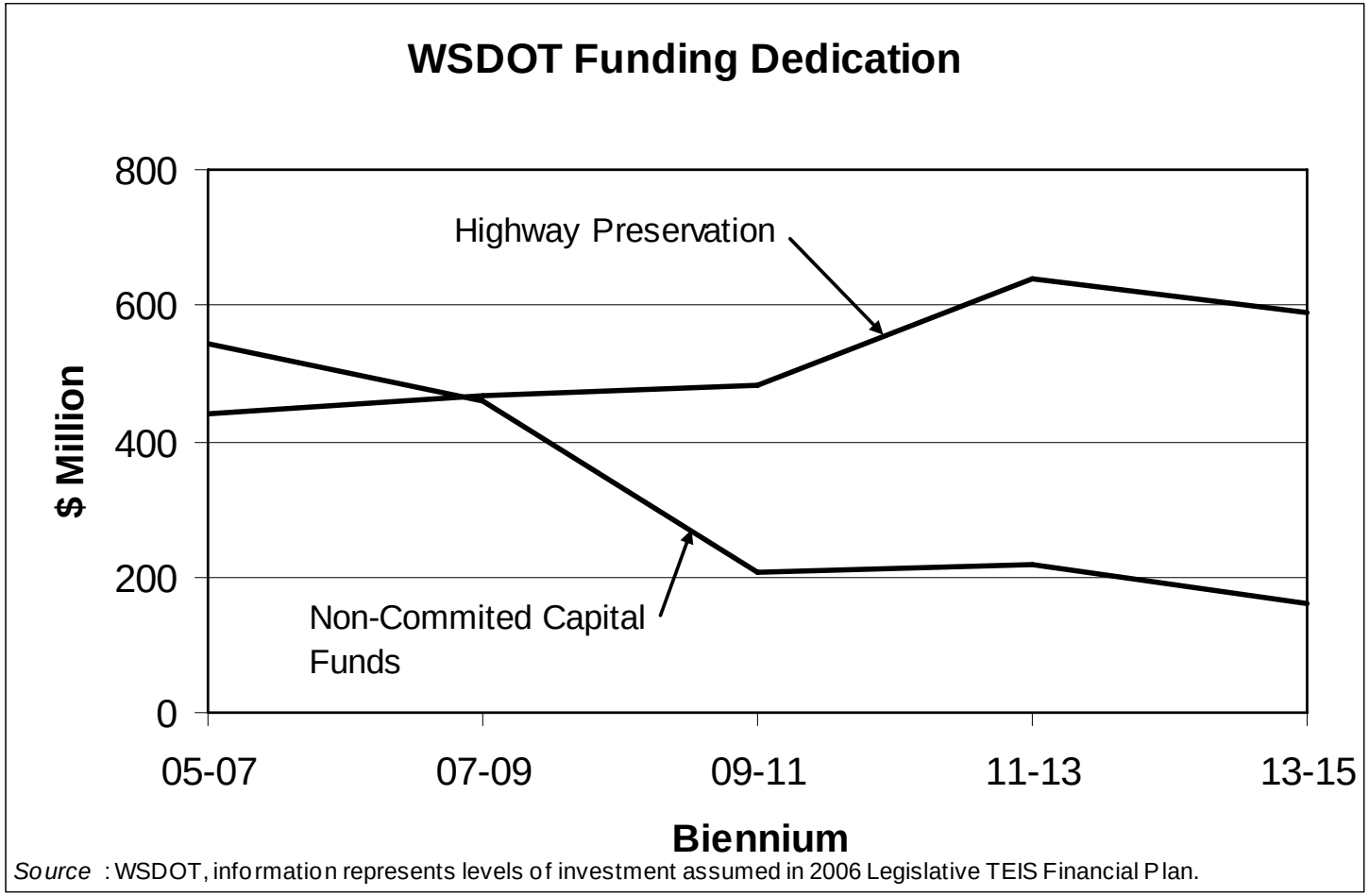
Uses of Funds

WSDOT Budget $4,635

Highways	$3,363
Cities and Counties	$759
Other Transfers	$200
Rail & Transit	$220
Local Programs	$144
Debt Service	$411
WSP	$269
Ferries	$620
Support Services	$278
Support Services	$10

WSDOT Budget: Highway Uses





Source : WSDOT, information represents levels of investment assumed in 2006 Legislative TEIS Financial Plan.

Appendix C – Summary Tables

Private Participation

		Eligible Use		Eligible		Enactment					
Source	Funding Available	Highway	Transit	Capital	O&M	Legislation Required	Popular Vote	Petition or Lobby for Allocation	Probability of Funding (H/M/L)	Critical Questions	Notes
Public-Private Partnerships	Possibly significant, but limited by existing WA law	x	x			x					Seek WA legislative change
Private Activity Bonds	Large: national limit = $15B	x	x			x					Seek WA legislative change

Financing Mechanisms

		Eligible Use		Eligible		Enactment					
Source	Funding Available	Highway	Transit	Capital	O&M	Legislation Required	Popular Vote	Petition or Lobby for Allocation	Probability of Funding (H/M/L)	Critical Questions	Notes
GARVEEs	Large: $175M - $2+B	x	x			x					Seek WA legislation change to allow issuing of GARVEEs
TIFIA	Medium: avg $246m/project; credit products cover on average 25% (up to 1/3) of the total project cost.	x	x								Undertake competitive, multi-year application to FHWA
Section 129 Loans	Medium: depends on Surface Transportation Funds.	x	x								Structure loans through State DOTs. Repayment terms require a dedicated revenue stream.
Certificates of Participation	Typically <$50M/project. Capacity for repayment is required	x	x					x			Seek approval through state treasurer
State Infrastructure Banks	OR avg: $1.8M loan WA avg: $0.8M loan Capacity for repayment is required. State must contribute an amount equal to at least 25% of the federal contribution.	x	x								Seek additional state matching funds for SIBs. Amount available for CRC project could be increased from general state/state DOT budgets.
Oregon Transportation Investment Act (I, II, III)	I & II - proceeds totaled $672m in value. Financed through increases in Driver and Motor Vehicle fees. III - $2.5b be dedicated to specific projects	x			x						Proceeds used to fund specific bridge projects, repairs, maintenance, preservation of local and country roads and statewide modernization projects

Value Capture Opportunities

			Eligible Use		Eligible		Enactment					
Source	Funding Available	Application to CRC	Highway	Transit	Capital	O&M	Legislation Required	Popular Vote	Petition or Lobby for Allocation	Probability of Funding (H/M/L)	Critical Questions	Notes
Tax Increment Finance (TIF) District	Limited	Relevant only if land value increases are expected. There are additional constraints in Washington state	x	x	x			x				
Special Assessment District (SAD)	Limited	Relevant only if project generates new benefits to existing property owners; possible exception around project related to fixed HCT stations	x	x					x	x		Municipalities apply to form SADs
Impact Fees	Limited	Relevant only if project generates new benefits to existing property owners; possible exception around project related to fixed HCT stations		x						x		Seek changes to local ordinances, as needed
Private Contributions	Small	Relevant only if new land needed	x	x								Seek contributions as needed

Local & Regional Funding

Local or Regional Sources	Maximum Eligible Rate	Current Rate	Current Revenue	Potential Funding		Eligible Use		Eligible Expenditures		Enactment		Critical Questions	Notes
				Increase	Yield	Highway	Transit	Capital	O&M	Legislation Required	Local Popular Vote		
OREGON			**Multnomah (M), Washington (W) Counties**										
County DOT budgets	n/a		County DOT Budgets: M - $45M; W - $18.7M			x		x	x	x			
Regional vehicle registration and title fees			$0	$15	$20 M/year	x		x	x		x		Rejected by voters in 1997.
Metro fuel taxes	n/a	n/a	n/a			x		x	x		x		Metro's home rule charter will allow Metro to levy a sales tax, including a fuel-specific tax.
County fuel taxes	n/a	$0.03/gallon ('06) (M) $0.01/gallon ('06) (W)	$6m (M--'06); $1.2m (W--'06)			x		x	x				
City fuel taxes	n/a; City of Eugene is at$0.05/gallon for reference	$0 (Portland)	$0			x		x	x				
Regional Income Tax	Income tax: up to 1% of resident income						x	x	x	x			Resident income tax would apply to both residents and non-residents who earn income within the bounds of the district.
Regional Payroll Tax	Payroll tax: up to 0.7% of employers' payroll.	2005-2014: Tri-Met will increase employers' payroll tax by 0.01%.	Estimated to generate $2.2M annually	0.01%	$2.2M/year		x	x	x	x			Tri-Met has legislative approval to exceed the maximum. Increases to tax rate scheduled through 2014
Transit property taxes	n/a	n/a	$19.4m (Statewide--'00)				x	x	x				Needs Tri-Met approval
Hotel and Motel Taxes for Transportation	n/a	n/a	$1m annually state-wide			x	x	x	x	x	x		
Port of Portland Transportation Improvement	n/a	n/a	$138m total ('00-'20)			x	x	x					
Tri - Met Fare Box revenues	n/a	n/a	$57m (Tri-Met--'04)				x		x				Fare Box recovery standard = 30%

Local & Regional Funding

Local or Regional Sources	Maximum Eligible Rate	Current Rate	Current Revenue	Potential Funding		Eligible Use		Eligible Expenditures		Enactment		Critical Questions	Notes
				Increase	Yield	Highway	Transit	Capital	O&M	Legislation Required	Local Popular Vote		
WASHINGTON			**Clark County**										
Transportation Benefits District (TBD)	Sales and use tax - 0.2%; vehicle fees - $100 annually	n/a	n/a								x		Toll revenues in TBDs cannot be used for non-highway purposes (e.g. transit). Any effort to do so will result in legal challenges.
County DOT budget	n/a	n/a	County public works budget = $314m for 2005-06. Out of this, Clark county's forecasted revenue from state fuel tax distributions is $12.9m.			x	x	x	x	x			
Local option motor vehicle excise taxes (MVET)	0.8% vehicle value; $30 limit on vehicle license fees	0		0.8% vehicle value tax	$24.1M/year		x	x			x		Potentially threatened by I-917
local option transit sales and use tax	0.90%	0.5% ('05)	$16M/year at 0.3%	0.10%	$5.3M/year		x	x	x		x		additional increase (beyond 0.5%) would require voter approval
Local Option High Capacity Transportation Tax	0.9%	n/a	n/a								x		Based on voter approval. Sole purpose of providing high capacity transportation service.
Local option fuel taxes: County	Counties: $0.034/gallon ('06) $0.036/gallon ('07) $0.0375/gallon ('08)	$0.00/gallon	$0			x		x	x		x		
Local option fuel taxes: City	$0.01/gallon	$0.00/gallon	$0										
Employer tax	$2/employee/month	$2/employee/month	$3m ('03)			x	x	x			x		Funds are allocated to "high capacity transportation" projects
Clark County property tax -- dedicated capital projects	0.5% real estate transfer tax for capital projects	$0	$0			x	x	x	x				
Clark County property tax -- general	n/a	n/a	Clark County $364m ('04)			x	x	x	x	x			
Local Commercial Parking Tax	n/a	0	$0			x	x	x			x		typically very small source of revenue
C-Tran: Fare Box Revenues	n/a	19.65% recovery	$4m ('04)				x		x				Farebox recovery goal - 21%
County road tax	$2.25/$1,000 valuation	n/a	$316.3m ('03 -- all counties)			x	x	x	x		x		

M = Multnomah County
W = Washington County

State Funding

Regional Source	Current Rate	Current Revenue	Potential Funding		Eligible Use		Eligible Expenditures		Enactment		Notes
			Increase	Yield	Highway	Transit	Capital	O&M	Legislation Required	Local Popular Vote	
OREGON											
State Motor Vehicle Fuel Tax	$0.24/gallon	approximately $426M per year	0.01 in fuel tax + equivalent increase in weight-mile tax	$22M/year	x		x	x	x	x	Legislature holds tax increase authority, but has previously deferred to voter approval. OR voters have not approved a fuel tax increase since 1991.
State Weight-Mile Tax	$0.04 -- $0.1851/mile	approximately $228M per year			x		x	x	x		Current rate was set by 2003 legislative action
Driver and Vehicle License Fees	$27/year/passenger vehicle; $169-$636/year/heavy vehicle; $55/auto title; $56/8years/driver license renewal	$250M per year	$5	$20M/year	x		x	x	x		Requires legislative action
Oregon Lottery Fund (Westside MAX)	$10m/yr ('00--'10)	Used to pay off $125M Westside MAX bond		$10M/yr if extended beyond 2009		x	x		x		Lottery program requires re-authorization by legislative action in 2015; usage limited by state Constitution
Transportation related permits		$32m/yr									
Transfers to ODOT		$54m									
Assorted		22m									
WASHINGTON											
State Motor Vehicle Fuel Tax	$0.37/gallon ('06) $0.39/gallon ('07) $0.405/gallon ('08)	$2.11B ('05-'-07 biennium): $1.35B to WSDOT & $0.67B to MVA. Additional revenue from increases: $5.5B		$50M secured for CRC (2005)	x		x	x	x		Legislature holds tax increase authority, but has previously deferred to voter approval
State Licenses, Permits & Fees	$30 licensing fee + weight fees ($10-$30). New vehicle weight fee expected to generate $908M in additional funding over 16 years	$817m total ('05--07 biennium): $533m to WSDOT & $381m to MVA	$5 increase in licensing fees	$27M/year	x		x	x	x		Revenue is threatened by I-917

Federal (Pre-2009) Funding

Federal Source	Funding Available	Typical Funding Amount	Secured Funding for CRC	Eligible Use		Eligible		Enactment			Probability of Funding	Critical Questions	Notes
				Highway	Transit	Capital	O&M	Legislation Required	Popular Vote	Petition or Lobby for Allocation			
OREGON													
State Apportionment of Federal Highway Funds	$279M per year on average for FY'05 to '09		$0	x	x	x	x			x	M		Cannot be increased
Regional CMAQ and STP Funds	$98M per year on average for the entire state ($30M of which is distributed by Metro, of this, $20.7M is available for new projects)		$0	x	x	x	x			x	M		Projects have to be recommended and approved by the Joint Policy Advisory Committee (JPACT) in order to receive funding from Metro
Formula Funds Apportioned to Transit (Tri-Met)	Tri-met most recently received $35.8M in combined program funds	$42M per year on average for FY'06 to '09	$0		x	x				x			
Federal SAFETEA-LU Earmarks for CRC	Total Program: approximately $4.035B per year on average for FY'05 to '09	See Post-2009 Federal Sheet	$4.22M (High Priority Projects program) + $2M (Transportation Improvement Project program) = $6.22M	x	x	x				x	H		Of the $13.82M total expected out of earmark funding, only the $2M ODOT earmark represents above-the-line funding.
Federal Appropriations Earmarks for CRC	Varies	<$2M / project / year	$0.8M (FY '06)	x	x	x		x		x			
WASHINGTON													
State Apportionment of Federal Highway Funds	$407M per year on average for FY'05 to '09		$0	x	x	x	x			x			Cannot be increased
Regional CMAQ and STP Funds	$152M per year on average for the entire state ($6M of which is distributed by RTC)		$0	x	x	x	x			x	H		Seek funding from state DOT budgets or local MPOs. The amount distributed by RTC could be reduced in the future.
Federal SAFETEA-LU Earmarks for CRC	Total Program: approximately $4.035B per year on average for FY'05 to '09	See Post-2009 Federal Sheet	$7.6M (out of $8M from the High Priority Projects program)	x	x	x							Of the $13.82M total expected out of earmark funding, only the $2M ODOT earmark represents above-the-line funding.
Federal Appropriations Earmarks for CRC	Varies	<$2M / project / year	$3M (FY '04); $2M (FY '05)	x	x	x		x					Seek congressional support for annual appropriations earmarks
BOTH STATES													
Value Pricing Program	Total Program: $12M per year (FY '06 -- '09)	<$1M / project total	$0	x	x	x							Grant application required. CRC has yet to apply for this funding from this program
5309 New Starts/Small Starts Program	Total Program: $0.5b -- $1.8b per year. Can fund 50% (average) of capital expenditures for major fixed investments		$0		x	x				x			Coordinate application with local MPOs

Additional Federal Discretionary Funds that Might Become Available with SAFETEA-LU Reauthorization (Post-2009)

Federal Source	Funding Available for Allocation in SAFETEA-LU	Typical Allocation per SAFETEA-LU Earmark	Potential Funding for CRC	Eligible Use		Eligible Expenditures		Enactment		Probability of Funding	Critical Questions	Notes
				Highway	Transit	Capital	O&M	Fed. Legislation Required	Popular Vote			
Projects of National and Regional Significance	$1.78b authorized through '09 (25 projects)	$100M (Max = $220 for a pair of earmarks for the Alaskan Way Viaduct and Seawall Replacement project in WA)	$25M-$250M total (Comparison: The $2.4 - 3.6B Alaskan Way Viaduct received $231.2M in combined authorizations. Authorizations were reduced to $197.6M in actual funding.)	x	x	x		x		M-H	• Extent of earmarking in SAFETEA-LU reauthorization bill • Timing of CRC project relative to reauthorization • Leadership roles of Senators and Representatives during reauthorization • Competition with other WA & OR projects for earmarks	Above the Line Earmark
National Corridor Infrastructure Improvement Program *	$1.95b authorized through '09 (33 projects). WA and OR did not receive Corridor Program funds	$20M-$110M (Max = $330M; 5 projects > $100M)		x		x		x				Above the Line Earmark
Highway Bridge Program Set-Asides	$0.40B authorized through '09 (9 projects). OR and WA received $0 and $40M respectively	$50M (Max = $75M, next highest = $50M)		x		x		x				Above the Line Earmark
High Priority Project Authorization	$14.83B authorized through '09 (approx. 5,100 projects)	$0.5M-$3M (Max = $151M, next highest = $100M, $92M, $70M, $53M)		x	x	x		x				Below the Line Earmark
Transportation Improvements Projects	$2.56B authorized through '09 (465 earmarks). OR received $20M in TIP earmarks.	$1M-$10M		x		x		x				Above the Line Earmark

* Even though neither state has received CFP funding, CRC is an excellent candidate and satisfies the primary screening criteria put forth by the USDOT.