

BEFORE THE COUNCIL
OF THE METROPOLITAN SERVICE DISTRICT

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| FOR THE PURPOSE OF ADVISING |) | RESOLUTION NO. 80-165 |
| OREGON'S CONGRESSIONAL DELEGA- |) | |
| TION OF THE NEED TO INCREASE |) | Introduced by the Joint Policy |
| APPROPRIATIONS FOR ASSURING THE |) | Advisory Committee on |
| ADEQUATE FUNDING OF THE PORTLAND |) | Transportation |
| REGION INTERSTATE TRANSFER |) | |
| PROGRAM |) | |

WHEREAS, The Portland metropolitan region and State of Oregon withdrew the Mt. Hood and I-505 Freeways from the Interstate Highway System; and

WHEREAS, Under federal statutes these freeway sections were withdrawn for an equivalent amount of estimated transfer funds to be used for priority transit and highway projects in the Portland metropolitan region; and

WHEREAS, By federal statute these funds have escalated according to the National Average Construction Index to some \$460 million of unobligated funds; and

WHEREAS, The Metro Transportation Improvement Program identifies priority projects to be funded with these Interstate Transfer funds; and

WHEREAS, The Portland Interstate Transfer Program is well advanced with over 90 transfer projects with federal authorization to proceed with some phase of project work using Federal Interstate Transfer funds; and

WHEREAS, It is estimated that nationally and in the Portland region, Interstate Transfer Project funding requirements greatly exceed anticipated appropriations for FY 1981; and

WHEREAS, The anticipated shortfall in federal funding will cause project delays causing further inflation in costs including additional local match requirements; and

WHEREAS, The financing of Interstate Transfer projects is by annual appropriations and by Congress; now, therefore,

BE IT RESOLVED,

1. That the Executive Officer communicate a request to the Oregon Congressional Delegation for an annual appropriation each year for the next six years (through the 1986 program termination date) adequate to fund the Interstate Withdrawal Program.

2. That the Executive Officer request appropriate local jurisdictions and the Oregon Department of Transportation establish a coordinate approach to Oregon's Congressional Delegation for action to address the Interstate funding needs.

3. That the Executive Officer work with the Oregon Department of Transportation and other agencies to coordinate with the other states and regions participating in the Interstate Withdrawal Program to develop nationwide support for the adequate funding of the withdrawal program.

ADOPTED by the Council of the Metropolitan Service District
this 16th day of July, 1980.



Presiding Officer

BP:bk
8675/33

THIS 10th DAY OF July 1980

CLERK OF THE COUNCIL

A G E N D A M A N A G E M E N T S U M M A R Y

TO: Metro Council
 FROM: Executive Officer
 SUBJECT: Advising Oregon's Congressional Delegation of the Need to Increase Federal Appropriations for Assuring the Adequate Funding of the Portland Region Interstate Transfer Program

I. RECOMMENDATIONS:

- A. **ACTION REQUESTED:** Council adoption of the attached Resolution No. 80-165 directing the Executive Officer to
- 1) request of the Oregon Congressional Delegation an annual appropriation for the next six years adequate to fund Metro's Interstate Withdrawal Program; 2) coordinate with local jurisdictions and the Oregon Department of Transportation (ODOT) to establish a unified approach in making this request; 3) work with ODOT and other agencies in coordinating with other states and regions to develop nationwide support by withdrawal participants for adequate funding of the Interstate Transfer Program.
- B. **POLICY IMPACT:** This action will bring to the attention of Oregon's Congressional Delegation Metro's concerns over current and insufficient appropriations to carry out the Portland Region's Interstate Withdrawal Program:
1. Little can be done to alleviate the funding shortfall for the remainder of FY 1980 and it is recommended that the region, local jurisdictions and the State emphasize increasing the funding for FY 1981 and future years for both transit and highways.
 2. It is further recommended that the effort to increase the funding be coordinated and include not only the participation of the Metropolitan Service District, but the policy bodies of local jurisdictions, Tri-Met and the State. The emphasis should be on increasing the congressional appropriations and achieving equity between the transit and highway transfer funding and other programs such as the standard federal highway funding.
- C. **BUDGET IMPACT:** The Metro budget funds staff planning activities in preparing systems documentation for projects funded by Interstate Transfer funds.

II. ANALYSIS:

- A. **BACKGROUND:** In the Portland region, certain sections of the planned Interstate system (Mt. Hood and I-505 free-ways) were deemed not needed. Under federal statutes,

these sections could be "withdrawn" for an equivalent amount of estimated funds to be used for other transit or highway "transfer" projects in the region.

Originally, the value of the two freeways withdrawn were about \$244 million federal. This amount, by statute, has escalated, according to the National Average Construction Cost Index. This has resulted in about \$490 million being available in the Portland region on December 31, 1979. About \$30 million have been obligated on projects, leaving some \$460 million remaining to be obligated.

While "unobligated" funds continue to escalate (or de-escalate) according to the National Construction Cost Index, construction costs in Oregon have risen faster than the national average. Therefore, even though there may be more federal dollars available since the withdrawal of the two freeways, it is likely that they will buy fewer projects than was the case when the withdrawals were first made. Nearly every major Interstate Transfer project being planned is experiencing cost increases exceeding the average national escalation rate. Lack of an adequate federal allocation of funds for project implementation will significantly worsen this situation resulting in some projects not continuing to be financially viable.

Projects on the Federal Interstate Highway System are financed from the Federal Highway Trust fund which is supported by federal gas tax and other revenues. However, once an Interstate Withdrawal is made, financing for the resulting "transfer" projects comes from the Federal General fund. This fund is replenished only by annual appropriations from Congress.

As of December 31, 1979, there were 15 states and the Washington, D.C., region with Interstate Transfer programs. The dollar amounts that could be spent for transfer projects (either transit or highway) were over \$8.2 billion. About \$2.5 billion have been obligated by various states resulting in a need for \$5.7 billion to complete the program.

Congress, in the last three years, has appropriated only \$700 million per year, nationally, to cover the funding for the Interstate Transfer program. At this rate of appropriation over the next six years, (to the 1986 cut-off date of the program) \$4.2 billion will be made available to cover the existing program demands. With the \$5.7 billion in needs, this would leave \$1.5 billion of projects unfunded by 1986, in today's dollars. This shortfall will likely be significantly increased by additional Interstate Withdrawals in other states and continued escalation. Additional withdrawals are possible until September 30, 1983.

Compounding the problem is that the \$700 million annual appropriation has been divided into \$600 million for "transit transfer projects" and \$100 million for "highway transfer projects." "Transit projects" are narrowly defined as rolling stock, fixed guideway facilities, etc., while "highway transfer projects" include park and rides, high occupancy vehicle lanes, rideshare programs, as well as traditional highway projects. The division of funds between transit and highways reflects large transit programs currently underway in specific urban areas.

In the Portland region, well over 50 percent of the projects being developed are defined as highway transfer projects.

The impact of these funding problems can be summarized as follows:

1. Nationally forecasted interstate highway and transit transfer fund needs exceed anticipated funds for the remainder of FY 1980 and FY 1981.
 2. The Portland region Interstate Transfer Program is well advanced and funding needs for the remainder of FY 1980 funding will not be sufficient, however, some additional funding approvals are anticipated. More importantly, the anticipated shortfall for FY 1981 (and future years) will be severe for both transit and highway funding. The region's top priority project (Banfield) alone, will require a large portion of available transfer funds over the next few years.
 3. The anticipated shortfall in federal funding will create delays causing further inflation in project costs including additional local match requirements.
- B. ALTERNATIVES CONSIDERED: This action will document Metro's concerns over appropriations to the Interstate Withdrawal Program. At the same time, it will support local, State and national attempts to address funding problems of the Interstate Transfer Program. The other alternative is to do nothing.
- C. CONCLUSION: Metro staff recommends approval of the attached Resolution.

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