

SR-35 Columbia River Crossing Feasibility Study



FINANCIAL FEASIBILITY

A financial feasibility study was conducted, which included a discussion of the toll revenue potential, using the public opinion surveys as input as well as an analysis of the level of capital investment that could be supported by tolls. In addition, other potential local non-toll revenue sources were considered and summarized. Results for this study are summarized as follows:

- The revenue maximizing toll has been conservatively estimated at \$1.50 in 2001 dollars. This is equivalent to a toll of \$1.75 in year 2010 dollars, rounded to the nearest quarter.
- In 2010, this toll is expected to generate between \$3.5 and \$4.5 million in gross annual revenues before operation and maintenance (O&M) costs. O&M costs are estimated at approximately \$0.5 million per year in today's dollars.
- Proposed toll structure for financing a new crossing would include increasing toll to \$1.00 in 2004, with 50¢ set aside for capital costs of a new crossing between 2004 and 2010. Increase toll to \$1.75 in 2010 when new crossing opens. Periodically increase toll for inflation in 25¢ increments to maintain a constant real toll.
- Under the proposed toll structure, toll revenues appear capable of financing upwards of \$50 million in project costs.
- Each \$1 million of annual net revenue could finance approximately \$8.8 million of direct capital investment, or about \$10.9 million of project costs including capitalized debt service. This helps put perspective on how \$1 million in annual non-toll local revenues can contribute to overall project costs.
- A tax that charges businesses as well as households, like a property tax, would decrease the household contribution for most households and are the most viable of any local, non-toll financing options.
- \$1 million in annual non-toll tax revenue in Washington is equivalent to \$134 per household per year in Klickitat County. If we limit the revenue requirement to White Salmon and Bingen, \$853 per household would be needed in those two cities. On the Oregon side, raising \$1 million annually requires the equivalent of \$138 per household in Hood River County, or \$412 per household in the City of Hood River.
- Limited amounts of state and federal funding may be available, but it is unlikely that they will fund the majority of the project cost. Competitive grants that have the highest potential for funding this project include the Washington Transportation Improvement Board (TIB), Oregon Transportation Investment Account (OTIA), federal Enhancement, and federal High Priority Project program.