

Attachment 1

June 11, 2008

To: LCOG Executive Committee
From: Byron Vanderpool
Subject: Letter of Support for Baucus-Grassley Proposal

Background:

This week, ODOT informed us that the Highway Account of the Highway Trust Fund, which annually invests about half a billion dollars in Oregon's transportation system, will exhaust its balances in a few months. This could result in a 30-40% cut in the federal highway funding flowing to ODOT and local agencies next year.

This could have a significant negative impact on state and local transportation projects as well as Metropolitan Planning Organization (MPO) funding.

Senators Baucus and Grassley have proposed covering this deficit in 2009 with a one-year patch that would reimburse the Highway Trust Fund for legitimate expenses it has incurred due to federal policies. This bill will need to be passed by the end of June, so we have a narrow window of opportunity.

Because of the importance of federal funding to LCOG member agencies and LCOG's responsibilities as the Central Lane MPO, staff recommends the LCOG Executive Committee authorize Board Chair James to sign a letter of support addressed to our congressional delegation. ODOT has indicated they need to know by June 16 which agencies are willing to sign such a letter and will then provide an appropriate version with signature blocks. Note ODOT intends to send the letter to our delegation without actual signatures, so we don't have the opportunity to rewrite the letter itself.

In addition or alternatively, the Executive Committee may wish to encourage LCOG member agencies to directly contact our congressional delegation and recommend their support of the Baucus-Grassley proposal.

A copy of ODOT's proposed letter of support is attached.

Requested Action:

Direct staff to indicate to ODOT LCOG's willingness to sign the letter in support of the Baucus-Grassley proposal and/or provide LCOG's member agencies with information about the proposal and urge their direct support.

Draft Letter of Support

In the next few months the Highway Trust Fund's Highway Account will exhaust its balances, and available resources will be inadequate to meet the highway program funding guarantees set in SAFETEA-LU. The Highway Account could face an FY 2009 deficit of up to \$5 billion.

The Highway Account annually invests about half a billion dollars in Oregon's transportation system. Much of this funding is used to preserve and improve the state highway system, and local governments, including cities, counties, transit agencies, and metropolitan planning organizations, are slated to receive about \$130 million in federal highway program funding in FY 2009. Transportation agencies throughout the state have scheduled projects for next year with the expectation of receiving the federal funds promised in SAFETEA-LU. If this shortfall in highway program funding goes unaddressed, federal highway funding flowing to Oregon could be cut by 30-40% next year. A cut of this magnitude would have significant impacts on ODOT and local government agencies—particularly for counties who are also reeling from the likely end of federal timber payments. This cut would make it very difficult for ODOT and local agencies to deliver transportation projects that provide jobs to local residents, address safety problems, reduce congestion, and improve the livability of our communities.

We hope Congress will take immediate action to fix this problem by passing the Baucus-Grassley proposal, which would fix the funding shortfall for next year by reimbursing the Highway Account for additional costs and decreased revenue caused by federal policies. While Baucus-Grassley will leave the long-term funding challenges facing the federal highway and transit programs unaddressed, it is needed to prevent the significant cuts that loom on the horizon.

Thank you for your continued efforts to invest in Oregon's infrastructure.

Sincerely,