



Oregon Coastal Notes

Oregon Coastal Zone Management Association

January 9, 2009

The Economic Stimulus Package: Will Oregon's Rural Communities Get Their Fair Share? —by Onno Husing, Director, OCZMA

“Sweet are the uses of Adversity” (William Shakespeare, from *As You Like It*)



On December 5, 2008, the second meeting of the Oregon Rural Congress (ORC) was held at the Mill Casino in North Bend, Oregon. Like the first meeting on August 21, 2008 in Cascade Locks, people from all over Rural Oregon attended. Looking back, it's hard to digest and comprehend everything that's happened since the first meeting of the Oregon Rural Congress.

Here's the good news. Congress enacted the County Timber Payments legislation. Alas, under the bill, the level of timber payments to Oregon counties decreases each year. The legislation, though, did stop the financial

hemorrhaging in our rural counties (at least for the public sector). And, for that, we should be grateful.

Here's the bad news. In the last three months, the world's financial system came dangerously close to imploding. I'm 53 years old. This is the first time I can recall financial experts talk about the possibility of a **DEPRESSION**. It's remarkable how fast the economic meltdown happened.

Because of the financial emergency, in early 2009, Congress will probably push through a major economic stimulus package. *It could be as much as a trillion dollars!* Getting dollars on the ground as soon as possible to build infrastructure (such as transportation improvements) is shaping up to be among the top priorities.

Talking Transportation the Night Before

The night before the Oregon Rural Congress meeting (December 4, 2008), I delivered my presentation on *A History of U.S. Highway 101* to the Cascades West Area Commission on Transportation (CWACT) in Albany, Oregon. Given recent events, *A History of U.S. Highway 101*—the story of a massive federal public works stimulus program—has suddenly become hugely relevant.



Like other folks who have seen this presentation on *A History of U.S. Highway 101*, CWACT members were astonished to learn Conde McCullough and his staff: (1) designed five major bridges on the Oregon Coast *in three months* (each of them masterpieces), and, (2) constructed five major bridges on the Oregon Coast within *two years!*

Looking at the agenda, I noticed CWACT was scheduled to discuss Governor Kulongoski's Transportation Package (2009 Jobs & Transportation Act [JTA]) immediately after my talk. So, I concluded my presentation with several key figures from the *Transportation Vision Committee Report to Governor Kulongoski* (released November 2008).

I shared how Oregonians spend, on the average, *per vehicle, \$180.00 annually* on gas tax and registration/title fees. I noted Governor Kulongoski's proposed package would raise \$1 billion per biennium by increasing the annual cost of operating a vehicle in Oregon by *\$85.00 per vehicle*. That translates into *\$7 a month more per vehicle* (about *\$.25 a day*). I concluded by saying I believed Governor Kulongoski's proposal is affordable, and, that it's our generation's turn to step up and make this investment.

(Editor's Note: *In 1970, the total cost of purchasing and operating a vehicle was 25% higher than it is today. Why? Today, people retain their vehicles two years longer than in 1970. And, vehicle repair costs are lower. Today, however, many more families own and operate two vehicles because many more husbands and wives are in the workforce. Source: Elizabeth Warren, Harvard University Law School, "The Coming Collapse of the Middle Class: Higher Risk, Lower Rewards, and a Shrinking Safety Net." A Graduate Council Lecture at UC Berkeley, March 8, 2007. Warren's lecture is posted on YouTube.*)



Highway 20 Improvement Dedication August 4, 2005 (from left to right holding shovels): Congresswoman Darlene Hooley; Representative Alan Brown; Commissioner Don Lindley, Lincoln County and others in attendance

Linn County Commissioner Roger Nyquist, who chaired CWACT that evening, thanked me for my presentation. CWACT members then discussed the anticipated federal stimulus package. I learned that Congressional staffers had been e-mailing and calling local government officials to tell them about the stimulus package and asking for lists of "shovel ready" projects. I thought, "Wow, this could be a repeat of 1933, when long-deferred infrastructure projects finally got done." CWACT members talked about what constitutes "shovel ready". In a nutshell, "shovel ready" means projects where: (1) environmental permitting work is done, (2) right-of-ways have been purchased, and, (3) engineering work is done.

Because Congress will act quickly on the stimulus package, concerns were raised that rural jurisdictions (with limited public works staffs and other resources) could get lost in the shuffle. After all, metropolitan jurisdictions often have larger staffs and more discretionary resources at their disposal.

A Discordant Note: It's the Process Stupid!

Commissioner Nyquist turned to me and said, "Onno, you're presentation inspired me. It makes me want to fire up a D-9 Cat and start knocking some trees down!" He continued, "But, here's

my frustration. It takes way too long to get projects going. As you point out, look at what they could do in 1933! We've created way too much red tape! We are the enemy! Today, we *can't* respond the way they responded in 1933."

Commissioner Nyquist is hardly alone in his frustration with the process. In 2008, a federal blue ribbon Commission on the nation's transportation system (*Report of the National Surface Transportation Policy and Revenue Study Commission—Transportation for Tomorrow, December 2007*) arrived at the same conclusion. Here's a quote from the press release with the report (January 15, 2008); it's one of five key recommendations:

"Accelerating the time between conception and delivery of major transportation projects to reduce costs while still addressing environmental concerns. Many federally-funded projects take between 10-13 years to complete after they are proposed, largely due to lengthy approval processes. Given the high rate of construction inflation, for example, simply reducing the time between conception of projects and delivery could save billions of dollars as well as bringing new facilities online more rapidly (page 2 of 15)."

Even though some CWACT members had issues with the process, it was clear all CWACT members supported raising additional revenue. After all, here's where things stand:

- (a) Oregon's transportation system is aging,
- (b) demographic projections for Oregon tell us we face serious congestion,
- (c) construction costs have escalated dramatically,
- (d) Oregon has *not* raised the gas tax in **12 years** (it remains 24 cents a gallon), and
- (e) today, vehicles get better mileage so the purchasing power of the gas tax is steadily declining.

Under this scenario, something's gotta give.

Newport Mayor Bill Bain offered how the City of Newport just passed a major bond by a 2-1 margin to upgrade Newport's water plant. Mayor Bain said, "We passed that bond because we sold people in Newport on the project. We gave voters the facts they needed to make an informed decision. We need to do the same thing for transportation, give people the facts."

CWACT voted to instruct the Cascades West Council of Government's (CWCOG) staff to develop a basic information package about transportation revenue. The package will include talking points CWACT members can use on the "Rotary Club Circuit." Prior to the vote, Port of Toledo Commissioner Cody Gray commented, "I'm going to support the motion. But, based on everything I've learned at CWACT, I don't think \$1 billion is enough. Shouldn't we support something much bolder?" No one disagreed.

Commissioner Nyquist and one other CWACT member voted "no" on the motion. Both gentlemen, however, informed their colleagues their "no" vote was a protest with the Oregon Department of Transportation (ODOT) about the process. So, again, *all* CWACT members that night supported generating additional revenue for transportation.

2008 is not 1933!

At the CWACT meeting I did *not* try to explain the differences between 1933 and 2008. Indeed, an important dialogue on transportation funding was underway. However, in this document, I'd like to respond to Commissioner Nyquist's provocative comments.

It's not fair to compare 1933 to 2008. In 1933, the Oregon State Highway Commission (OSHC) was building Oregon's first generation of modern transportation infrastructure. In those halcyon days, the OSHC didn't need to be too concerned about how the new highway system would function over time. Here's why.

First, of course, traffic volumes in 1933 were extremely light compared with what we face now. Second, during the 1930s and during the 1950s/1960s—the Glen Jackson/President Eisenhower era—the OSHC built transportation infrastructure *with ample surplus capacity*. Oregonians have been well served by these two surges of investment. Alas, since then, we've been steadily using up that excess capacity.



Oregon Transportation Commissioner Randy Papé (left) shaking hands with Lincoln County Commissioner Terry Thompson (right) at Highway 20 Improvement Dedication on August 4, 2005

Here's another telling anecdote. On November 14, 2008 I attended the "Toward One Oregon Conference" in Salem. A panel of journalists from around Oregon shared their thoughts on urban-rural issues. The Editor of *The Bend Bulletin* complained that ODOT was "dragging their feet" on building a cloverleaf intersection on the north side of Bend. He said the cloverleaf would lead to the development of a strategic parcel, which, in turn, would create many good jobs. Afterwards, I learned there are serious unresolved issues with that cloverleaf project (aside from a lack of funding). What's the problem? *If* that cloverleaf was built and *if* that

property was developed as proposed, the adjacent road system would be overwhelmed by additional traffic. To make that cloverleaf work, other nearby street improvements need to happen.

This same scenario plays itself out over and over again all over Oregon. People grasp the immediate benefits of a particular transportation improvement (e.g. a cloverleaf, a traffic light, a new highway access). At the same time, they rarely understand or want to consider the cumulative impacts of a project on the system's overall capacity. Consider this. If ODOT allowed a coastal city to develop in ways that created serious bottlenecks on U.S. Highway 101, neighboring communities along the corridor would suffer. *We are* all in this together. I don't want to sound preachy. But, today, transportation infrastructure must be seen as part of a larger integrated multi-modal system. And, we owe it to taxpayers to ensure that the projects we do build will function over time.



Progress on Streamlining: Are We Getting it Right?

In the last ten years, the Oregon Legislature put enormous pressure on ODOT over these process issues. I believe their "tough love" paid off. The OTC (Oregon Transportation Commission) and ODOT have made strides in improving project delivery schedules. Here's what happened.

The dialogue about process began in earnest during the Oregon Transportation Investment Acts (OTIA): OTIA 1 & OTIA 2 (about \$600 million), and, OTIA 3 (about \$3.5 billion).

Recently, I talked with Alan Brown about the history of OTIA and these process issues. Alan



Brown serves on the Oregon Transportation Commission (OTC). Before that, Alan served three terms in the Oregon House of Representatives (2001, 2003, 2005) when the OTIA packages were enacted. Alan played a key role in getting them passed. Alan recalled, “We failed, over and over again, to get revenue packages through the Legislature. Then, suddenly, we had a major crisis on our hands. Many

of the bridges built during the 1950s were close to falling down. Some of us legislators went out and looked at those bridges first hand. It was scary. You could see how the girders at the fracture joints were ready to come apart. Something *had* to be done.”

Alan noted, “When I talked to my colleagues in the Capitol, it became clear we could *not* get a funding package *if* the size of ODOT would increase. I worked closely with ODOT Director Bruce Warner during that time. Bruce made a commitment to me that: (1) ODOT would get the projects built in time, and, (2) the bulk of the work would happen through the private sector.” After all, we needed to create the new jobs in the private sector, not within government. That was the *only way* we could get the votes.”

And it worked. OTIA 3 happened because OTIA 1& OTIA 2 were a success. Alan said, “ODOT, to their credit, found a way to work through the regulatory process rather than try to fight it. They developed a streamlining process that’s become a national model.” Indeed, among other things, ODOT experimented with new approaches such as “design-built” projects. That’s where the private sector is encouraged to recommend alternative ways (cheaper and quicker) to build transportation projects.

Let’s take a deep breath and consider the balancing act the Oregon Transportation Commission (OTC) must perform. In a nutshell, the OTC must preserve system capacity while accommodating new development. The job has been getting tougher in recent years because of a lack of revenue. And, consider this. Many times improvements to arterial street networks—infrastructure owned and maintained by cities and counties—can make the biggest difference in preserving capacity/mobility on the state highway system.

So, again, it’s *not* 1933. Having said that, Commissioner Nyquist raised important issues at CWACT. At the local, state and national level, we must continue to search for ways to streamline the project delivery process. And, when ODOT feels compelled to say “no” to a proposed improvement, they must deliver that message as quickly as possible because in the real world, time *is* money.

Back to the 2nd Oregon Rural Congress Meeting



At the second meeting of the Oregon Rural Congress in Coos Bay, the federal stimulus package was on everyone’s mind. The same concerns about the process were voiced. Will

Rural Oregon get left behind in the rush? Does Rural Oregon have the capacity (staff and uncommitted resources) to get projects shovel ready?

Here’s another important consideration. Again, the federal stimulus package could be a ***\$1 trillion package!*** Not all of that money will be spent on transportation infrastructure. Some

resources will end up being in the form of tax breaks and other things. Still, an unbelievable amount of money could be in play in the next six months or so. Reliable reports from Washington D.C. indicate the stimulus package won't be subject to an earmarking process. President-Elect Obama has been firm about that. Instead, dollars will be channeled through state and federal agencies and through existing programs.

But, that begs a key question. Do local, state and federal agencies have enough staff in place to process all of these new projects? I doubt it. Why would they? Therefore, I believe *the stimulus package must contain resources for temporary staffing* to ensure dollars can get out the door six months after the package becomes law. People concerned with lengthy project delivery schedules may want to press for waivers to environmental laws/regulations. But, is that practical? In political terms, is it wise to try to do that?

Over the Christmas holiday I learned TriMet in Portland recently dedicated \$30,000 to contract with consulting firms to help them review their capital improvements list. TriMet did that to make sure some of their “iffy” projects were, indeed, “shovel ready”. That was a smart move. As a result, TriMet now has about \$106 million dollars worth of shovel ready projects in the cue for consideration in the stimulus package. Hopefully, Congress will assign resources in the stimulus package to help rural communities contract with the private sector the way TriMet did. If not, rural communities *will* get left behind.

We've got to ensure the stimulus dollars get spent responsibly. That means sufficient oversight (which again means adequate staffing). Members of Congress won't have a lot time to address these difficult questions. Economists warn that stimulus package dollars better get circulating into the economy *in the next six months* —or else. This *is* a true emergency.

What's Important for Rural Oregon?



At the second Oregon Rural Congress meeting in Coos Bay many good ideas about infrastructure projects that can help Rural Oregon were discussed. One individual suggested the nation's electrical grid needs fixing. He's right. The grid is decades old. It was originally built to serve as a one-way power delivery system. Today, with the development of renewable energy (such as wind power) the grid needs to be modernized to accommodate new diffuse sources of energy.

The importance of railroads and ports got a lot of attention. People shared stories about how frustrating it can be to deal with

privately held railroads. Short line railroads are priceless assets for many rural communities. Alas, in many cases, those rail lines are *not* priorities to their owners. As a result, some public sector entities (like the Oregon International Port of Coos Bay) are stepping up and taking over these assets. Commercial air service for Rural Oregon was also mentioned as an area ripe for investment. And, it was great to see people support upgrades to telecommunications infrastructure. This *is* about building a 21st Century Economy in Rural Oregon.

You could sense there isn't a lack infrastructure projects that need to be done. Rather, the challenge is figuring out—*as soon as possible*—how to prioritize among these project lists and how to get people employed as rapidly as possible.

Thoughts About the Future of the Oregon Rural Congress



Coos County Commissioner Nikki Whitty suggested a second meeting of the Oregon Rural Congress should be held prior to the 2009 Oregon Legislative Session to develop priorities for the 2009 Session. Well, with money being so incredibly tight in Salem, and, with the possibility of an enormous federal stimulus package, it was hard to concentrate on the 2009 Oregon Legislative Session.

And, the Oregon Rural Congress faces a dilemma. At this early stage in our development, we don't have the resources to hire someone or to put people on a contract to work these issues. In Coos Bay, I shared with people how a friend of mine called me after the first meeting to ask me about the Oregon Rural Congress. I enthusiastically described the Cascade Locks meeting to him. He commented, "Well, it sounds like you held a big pot luck." Commissioner Colleen MacLeod (Union County) laughed when I said that. She responded, "Pot lucks are great things!" I agree.

Still, over the course of two meetings, the Oregon Rural Congress identified hundreds of problems/challenges facing Rural Oregon (and some possible solutions). During a break in the meeting in Coos Bay, Darrin Fleener from the Oregon Economic and Community Development Department (OECDD) (who is the Mayor of Fall City) told me he reviewed the list of issues from the first Rural Oregon Congress meeting. Darrin noted there were a number of suggestions related to OECDD that merited further consideration by OECDD. And, in an e-mail exchange this week, Darrin let me know OECDD staff is reviewing these proposals to see if there's low hanging fruit. There's gold in what we've already collected during the first two meetings.

In Coos Bay we asked Ray Naff, Director of Intergovernmental Relations and the Economic Revitalization Team for Governor Kulongoski's Office, to say a few words. Ray's message was clear. Ray advised us to prioritize among the many issues we've identified and choose what we want to accomplish. We will do that.

After the first meeting in Cascade Locks in August 2008, here's what we've been doing at OCZMA to support the development of the Oregon Rural Congress.

First, I have had a number of productive conversations with Dr. Bruce Weber from Oregon State University (OSU). Bruce and I brainstormed about leveraging the skill sets at OSU's Rural Studies Program with OCZMA and the Oregon Rural Congress. We could work together to get socio-economic data broken down to the community level and out to local leaders ***with training and technical support***. It's a promising project that will boost the capacity of rural communities in the short and long term. The data would help local leaders track trends in their community, do visioning, and, give people information—***customized to their community***—required to apply for grants. Check out www.oregonexplorer.info/rural to see the web-based platform we intend to build upon.

Second, I've been working with a small team to develop a work plan to map the digital divide in Rural Oregon. There's a growing consensus in the telecommunications world that the best way to stimulate private sector investment in underserved rural communities is to do ***an inventory of telecommunications infrastructure*** coupled with ***market projections***. From work OCZMA supported on the Southern Oregon Coast and in Northern California, we know this works. It's labor intensive. And, you need people with the right skill sets to do the job. But, again, it works.

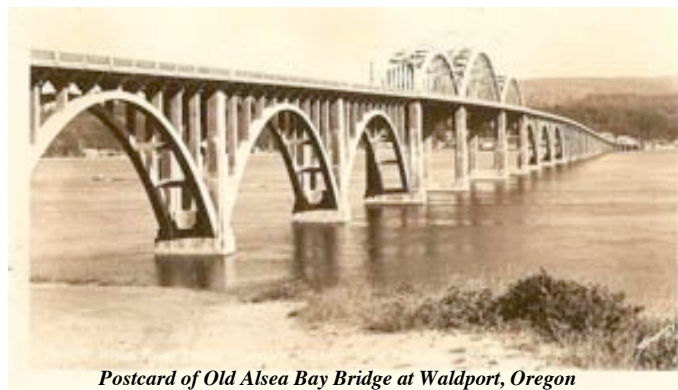
Both projects (partnering with OSU on community data and mapping the digital divide) are enormously promising. It's tangible stuff that can help Rural Oregon reach its full potential. But, resources are needed to carry out these projects. Attracting those resources is a top priority for OCZMA.

And, in closing, in Coos Bay, the Oregon Rural Congress established a Governance Committee. That Committee will develop a game plan for how to proceed in the future. With your help we will get there!

See many of you in Salem during the 2009 Session.

Did You Know?

- Oregon became the first state to enact a gas tax in 1919. By 1929 all other U.S. states followed suit. Since 1933 state fuel tax revenues (combined nationally of course) have risen from \$518 million to approximately \$31.8 billion 2001.
- Oregon's gas tax is 24 cents a gallon (unchanged since 1993). The federal gas tax is 18.4 cents a gallon and diesel is 24.4 cents a gallon.
- as a result of recent Federal revenue and expenditure trends, the Highway Account of the Highway Trust Fund is projected to reach a negative balance in 2009 and Mass Transit Account balance begins to decline in 2008.
- vehicle growth has far outpaced the growth of population, employment, and households, more than tripling in the last four decades. Together these changes have combined to fuel an immense growth in mobility.
- on average, the typical American now travels about 14,500 miles annually including 4,900 miles on long-distance trips each year. On the average day, American drivers spend more than 81 minutes behind the wheel.
- America faces the prospect of extensive population growth over the next 50 years, estimated to reach 420 million by the most current Census projections.
- Commercial Vehicle Miles Traveled (VMT), freight and especially light-duty commercial vehicle travel, is increasing at a faster rate than household VMT. The distribution of e-commerce goods to households and businesses is poised to create a huge new demand on the transportation system. So, in terms of impacts on congestion, expanding e-commerce may offset reductions in VMTs caused by tele-commuting.
- there were almost 4 million miles of public roads in the United States in 2004, of which 3.0 million miles were in rural areas. Local governments operated 76.5% of the total highway miles in 2004; States controlled 20.4%, and the Federal government owned 3.1%.
- road and street mileage in the U.S. increased by 2.4% between 1980 and 2000. However, the number of vehicles using those facilities increased 399.8% and vehicle miles traveled increased by 81.2%.



Postcard of Old Alsea Bay Bridge at Waldport, Oregon

Note: Photo of Franklin Roosevelt on Page 1 of this newsletter is from the Front Jacket of the Book Nothing To Fear by Alan Axelrod (2003). OCZMA scanned the Front Jacket and then cropped the photo for use in this newsletter.

Information about OCZMA

The Oregon Coastal Zone Management Association (OCZMA), formed in 1976, is a voluntary association of coastal counties, cities, ports, soil & water conservation districts, and the Coquille Indian Tribe on the Oregon Coast established to provide a forum for the resolution of issues of particular concern to the local governments of the coast and the people they represent.

Association Officers

Tim Josi • Chair (Tillamook County)

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Association Membership

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Lane County

Lincoln County

Tillamook County

City of Brookings

City of Cannon Beach

City of Coos Bay

City of Depoe Bay

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