



CITY OF

PORTLAND, OREGON

Tom Potter, Mayor
Sam Adams, Commissioner
Nick Fish, Commissioner
Dan Saltzman, Commissioner
Randy Leonard, Commissioner

October 30, 2008

Honorable Earl Blumenauer
2267 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Blumenauer:

A federal economic stimulus package built upon public works projects is exactly what Portland needs right now. The package generates quality jobs, increases the total economic activity in our community, and allows us to make gains in replacing our aging civil infrastructure. The City has surveyed its own infrastructure needs in light of potential federal stimulus funding – focusing on job production, ability to move to construction quickly, and projects with a local match. A survey of those projects is attached and this letter serves to set out the City's priorities.

We recognize that workers need jobs now and that the benefit of a public works stimulus package is directly related to the speed at which projects can move to construction. We have surveyed City Bureaus to determine which capital projects could be under construction within 18 months. The results of our survey reveal \$1.3 billion in projects that would produce over 11,500 jobs and result in an additional \$2 billion in economic investment.

We realize that Congress has not issued a call for projects to be listed in the bill – but want to assure you that there are many significant ready to go projects in Portland. We believe that Congressionally directed projects are important and we offer our projects as examples of quality, publicly accountable projects if Congress decides to name projects in the bill. Whether Congress chooses to list projects or not, the City urges passage of a stimulus bill.

The City is accelerating its own capital investment and any federal dollars will help extend the reach of our local dollars. Ratepayers and tax payers in Portland are already being asked to respond to this economic crisis – any federal involvement accelerates economic recovery and puts more Portlanders back to work. We have focused the project list to eight priorities for federal funding that we believe can move quickly and have significant job creation benefits.

Portland Streetcar – \$75 million – The City of Portland and the State Legislature have put together a funding package that provides \$72 million in funds that need to be matched by \$75 million in federal funds. The City is ready to proceed and awaits only Congressional Appropriation and FTA signature on the Project Construction Grant Agreement. Every month of delay in funding costs the City \$500,000. If the stimulus package allocated \$75 million to the project, it could be under construction in the spring of 2009 and new streetcar manufacturing jobs would be created almost immediately. The economic

benefits of the project are tremendous: 600 construction-related jobs and an estimated \$1.5 billion in development along the line. Additionally, the project will supply United Streetcar with its first multiple car order, securing the Oregon-based company as the only domestic manufacturer of modern streetcars.

Water Supply Project – \$435 million – The City must replace the 100-year-old in-town distribution reservoirs and related infrastructure that are in extremely poor condition. We will be prepared to break ground on the first phase of this project by next spring. The City estimates that construction of in-town reservoirs (Powell Butte, Kelly Butte, and Washington Park) and related infrastructure will cost approximately \$335 million. An additional component of this project is a new treatment plant – \$100 million. The total cost of this project is roughly \$435 million – a cost that prevents ratepayer investment in other critical water infrastructure. Federal funding through a stimulus package would accelerate the project significantly and allow the City to use ratepayer funds on other key projects among the remaining \$1 billion in Water Bureau capital needs. The economic benefits of the projects are enormous and the ability to begin them soon will have a measurable impact on our regional economy. A conservative estimate is that the project will create 4,780 jobs with an economic multiplier effect of over \$650 million.

Portland Arterial Paving, Improvement and Safety – \$68 million – Portions of this project could be under construction in March. Paving significant portions of SE Hawthorne Boulevard, SE Madison Street and SE 39th Avenue is desperately needed. Safety improvements such as lighting in the Park Blocks area could also be immediately under construction if federal funding were made available. The old, obsolete lighting fixtures in this district are prone to frequent failures, leaving many key streets and pathways dark and unsafe. In six to nine months, a number of other critical improvements to Portland's arterial system could be under construction including: 37 miles of bike boulevards, safety improvements to East Burnside Street, NE Couch Street and NE Cully Boulevard, and paving NE Columbia Boulevard, SW Naito Parkway and NE Sandy Boulevard. This \$66 million federal investment would lead to 928 jobs and \$106 million in additional economic impact.

Portland Bridge Repair – \$22.3 million – As the tragedy in Minneapolis highlighted, bridges are a crucial part of our infrastructure and without investment horrific consequences follow. This project includes six bridge reconstructions or replacements. Two of the bridges (the North Willamette Viaduct and NE Glisan Street) could be under construction within six months and the remaining four bridges within 18 months. Both the North Willamette Viaduct and the NE Glisan Street bridges are emergency response and transit routes. The bridges are in such bad condition that the Willamette Viaduct is restricted to 75% of legal loads and the Glisan Street bridge is weight limited. In addition to the obvious safety benefits, this project would produce 312 jobs and produce an additional \$36 million in further economic investment.

Portland Parks and Trails Construction – \$86 million – This project includes construction of a community center, several parks and 10 miles of multi-modal trails. A significant portion of this package would be for the construction of a community center located near

the former Washington Monroe High School. The plans for the location include the reuse and renovation of the historic high school for housing. Five new parks, totaling 35 acres, would be constructed throughout the city. Finally, much needed extensions of Springwater Corridor, Bridgeton Trail and the Red Electric Trail would enhance the regional multi-modal trail system. This package if funded would produce 1,118 jobs and has an economic multiplier effect of \$137 million.

Sewer Capacity and Reconstruction – \$52 million – The City has already invested \$1.4 billion in local funds to address the system's combined sewer overflow problems, including both traditional pipe and innovative green infrastructure approaches. This project would expand the Columbia Wastewater Plant and reconstruct a number of key facilities in the citywide system. Within six months, federal funds for the expansion of the Columbia Wastewater plant and system-wide capital repairs and rehabilitation could be obligated for construction. This project would generate 759 jobs and has an economic multiplier of \$92 million.

Housing for Homeless and Veterans – \$101 million – Federal capital investment to construct the Resource Access Center and veterans housing in South Waterfront is needed. The construction of these two buildings would produce hundreds of jobs while serving the most vulnerable during this incredibly tenuous time. As more veterans return home with severe injuries, these projects become all the more important. Federal funds for the Resource Access Center could be obligated within six months and within nine months for the South Waterfront Veterans Housing. The economic benefit is undeniable: 275 jobs, over \$150 million in additional economic benefit, and significant social service savings through the reduction in the chronically homeless.

Emergency Coordination Center – \$19 million – This vital project is a key to ensuring that Portland is capable of responding to a disaster. One of the significant lessons learned during the federal TOPOFF exercise in Portland last year was the need for an Emergency Coordination Center that is always operable and large enough to co-locate the entire response command team. The current Center has to be set up in the conference room of another City facility and takes a few hours to become operable, in addition to being undersized. The construction of this facility could begin within a year and would produce 165 jobs.

In addition to these priority projects the City urges you to pursue funding mechanisms that send funding directly to local governments. Local governments can spend the funds quickly, effectively leverage multiple sources of funding, and most accurately gauge the pulse of community needs. There are several mechanisms available to you to accomplish these goals:

Community Development Block Grant – The CDBG is a proven and effective partnership program between cities such as Portland and the federal government. The CDBG delivery system has been adjusted over time to allow additional flexibility to address national emergencies. It remains a preferred mechanism to distribute stimulus funds. Today, CDBG can be used to create jobs through: the construction of public facilities and improvements, water and sewer facilities, streets, and neighborhood centers; the conversion of school buildings for eligible

purposes; activities relating to energy conservation and renewable energy resources; and assistance to profit-motivated businesses to carry out economic development and job creation/retention activities.

Surface Transportation Funding – If our goal is to create jobs, support metropolitan economic engines, relieve congestion, and address critical safety needs, then highway stimulus funds must not be distributed based on the current state-based system. The Surface Transportation Program (STP) must be the mechanism for distributing highway stimulus funding. This will provide maximum flexibility to cities, counties, and states in advancing bridge, bus and rail, and road projects in our nation's metropolitan areas. This ensures that funds are allocated more evenly within each state so that local leaders, who own and operate most of the transportation assets and facilities, are at the table to make decisions on "ready to go" projects.

Portland has a good relationship with the Oregon Department of Transportation and works collaboratively on innumerable projects. We believe use of the STP as a stimulus tool reinforces that partnership. We believe that using this program retains the guaranteed share of STP funds reserved for the State, but also ensures that local governments within Oregon would receive a balance of the funds based on population, as federal law has provided since 1991. Importantly, every eligibility under current law is subsumed under the STP program, so that state and local officials have the maximum flexibility to select any project, whether it is a project to repair a bridge on I-5 or a less costly bridge repair project in Portland.

Energy Efficiency and Conservation Block Grants – Portland has led the nation in producing a green economy. According to a recent study prepared by Global Insight, with the right kind of investment, 4.2 million green jobs could be created nationwide by 2038. In Portland, the study identifies 46,000 potential green jobs – an eight-fold increase from today's numbers, which already reflect enormous growth in green-related employment and businesses. Funding the Energy Efficiency and Conservation Block Grant Program through the stimulus bill would give Portland and communities around Oregon direct aid to create energy efficiency and renewable energy production projects.

More than any other community, Portland has the experience to deliver energy savings. In the past 15 years, Portland has brought together business, non-profit and government funding to reduce greenhouse gas emissions by more than 15 percent per capita. Federal funding would accelerate the retrofit of existing homes and commercial buildings, leverage private investment to improve the energy efficiency of 10,000 homes and 1,000 businesses per year, and provide a model for other communities to follow. These investments produce both environmental and economic benefits, keeping businesses globally competitive and leaving extra dollars in household budgets at the end of each month.

Water and Wastewater Funding – Water and wastewater infrastructure is an integral component of the nation's economic competitiveness, protects public health, and creates jobs. In 2006 alone, local government spent \$85 billion on water infrastructure nationwide. During the same time the federal government provided only \$1.9 billion through state loans. Across the country, local governments contribute 98 percent of the total investment in wastewater and 95 percent of the investment in water infrastructure. In Portland it is no different. In the last five fiscal years


ending FY 2007-2008 the Portland Water Bureau received just one direct FEMA Pre-Disaster Mitigation Grant. During this period of time the Water Bureau funded 98.6% of its infrastructure investments. In the last five years, federal government grants were less than one percent of Portland's wastewater capital investment. Federal loans accounted for less than four percent of wastewater capital investment.


Portland persevered over the years to maintain the infrastructure and expand capacity without a federal partner. It is time for the City to have a federal partner on water infrastructure, and the stimulus package affords Congress that opportunity. Accordingly, Congress needs to allocate significant water and wastewater funding directly to cities as grants to assist with rehabilitating aging water and sewer infrastructure.

Broadband Access – Speaker Pelosi, as recently as yesterday, suggested that funds for broadband should be included in the stimulus package. We agree. Ubiquitous, affordable, high-speed broadband infrastructure is absolutely essential to Portland's economic growth and job creation. Fiber broadband infrastructure encourages cost-effective advances in health care, education, public safety, environmental protection, sustainability, independent living, and other government services. Any broadband funding included in the stimulus bill needs to be directed to local governments. Both of the City's incumbent cable and telephone providers have declined to offer any plans to deploy fiber broadband in Portland. The only foreseeable way that Portland will get the fiber broadband infrastructure it needs will be for the City to either build the infrastructure itself or leverage public and private dollars in a public/private partnership. Stimulus funds directed to local governments for broadband deployment can make that happen.

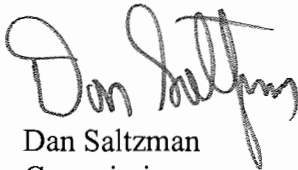
We understand that there is fierce competition for federal funds and that the national economic picture looks bleak. Federal funding of public works is the right solution to the current problem. We urge you to pursue funding that would allow the federal government to be a partner in the infrastructure projects we have highlighted and to ensure that significant federal investment is sent directly to local governments. As you make the case for Portland and for Oregon, we stand ready to supply you with all of the support we have to offer.

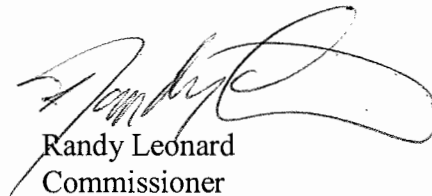
Sincerely,


Tom Potter
Mayor


Sam Adams
Commissioner


Nick Fish
Commissioner


Dan Saltzman
Commissioner


Randy Leonard
Commissioner

Enc.