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Columbia River Channel Deepening Project Update

Background

In 1997, the Legislature enacted SB 710 that committed the State of Oregon to pay its share of the cost to dredge the Columbia River from Portland to the Pacific Ocean. The other partners in this project include the State of Washington and the Army Corps of Engineers (Corps). The Columbia River would be deepened by 3 feet to a depth of 43 feet, which is necessary for the passage of deeper-hulled shipping vessels. Without this project, the ports along the river would lose viability. The total cost of the project is estimated at \$150 million, and the return on this investment to the nation is projected to be \$1.66 for every dollar spent on the dredging project.

Funding

At the time of passage, SB 710 required quarterly deposits of Lottery Funds to the Channel Deepening Account, until a total of \$10 million was deposited. Since an initial feasibility study had not been completed, the final cost was not known, but was expected to be significantly greater than the \$10 million. In 1999, when the feasibility study was completed, the Legislature adopted HB 2153 that added \$17.7 million in Lottery backed bonds to the financing package, for a total of \$27.7 million for Oregon's non-federal share of the cost. In 2001, the Legislature enacted HB 2275 that modified the SB 710 funding process. The Channel Deepening Account held \$3.3 million, and the Legislature authorized that Lottery backed bonds be issued for the remaining balance of \$6.7 million from the original \$10 million commitment. The total was still \$27.7 million, but the mix was now \$3.3 million from funds on hand and \$24.4 million from bonding. In 2003, the Legislature enacted HB 3446 that redirected the \$3.3 million to debt service on Lottery backed bonds for other related state dredging projects, and authorized \$27.7 million in Lottery backed bonds for Oregon's share of Columbia channel deepening project costs.

Conditions

ORS 777.282(7) details the conditions under which Lottery backed bonds would be issued for the Columbia River Channel Deepening Project. The conditions are:

- *A final environmental impact statement has been issued and a record of decisions has been submitted to Congress by the Corps.* In January 2003, the Corps issued the final supplemental environmental impact statement. This included the addition of two ecosystem restoration projects, which received Congressional authorization in January 2004. The record of decision was issued by the Corps in January 2004.
- *The United States Congress has authorized the channel deepening project.* The project was authorized in the 1999 Water Resources Development Act, and has received \$10 million in Congressional construction appropriations since the 2001 Federal Fiscal Year.
- *The State of Washington has committed funds for its share of the costs of the channel deepening project.* The Washington Legislature re-appropriated its share of state funds for the project in March 2003.
- *A project cooperation agreement with the appropriate federal agencies has been signed.* The project cooperation agreement is pending, and is expected to be signed by March 2004. The Economic and Community Development Department will not request the sale of Lottery backed bonds until the agreement is signed.

Current Status

Assuming the project cooperation agreement is signed, as anticipated, in March 2004, the State of Oregon will proceed with the Lottery backed bond sale in May 2004. Ecosystem restoration will begin in 2004, and channel deepening will begin in 2005. The target completion date is mid-2007.

**For additional information, contact:
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