

November 23, 2010

Clackamas County
Board of County Commissioners
2051 Kaen Rd.
Oregon City, Oregon 97045

Re: Sunnybrook Boulevard 15% Design Stage

Dear Commissioners:

In spite of overwhelming public opposition, enormous economic uncertainty, and the impending decline of petroleum fuels availability, the Commission seems bent on investing large amounts of limited public capital in questionable transportation infrastructure. At the same time, there seems to be precious little serious thought given to the sacrifice of our last remaining vestiges of functioning urban ecosystems.

Specifically, the Commission seems bent on building a westward extension of Sunnybrook Boulevard through the top of the Three Creeks Natural Area. The only explanation possible (though not a reasonable one) is institutional inertia. It can't have escaped the Commission that several of the trend lines that define our progress as a community, and as a society, have reversed rather strongly of late. And still business-as-usual prevails.

My comments here are based on the notion that this project's time has come - and long gone. The development paradigm that drives the underlying models - your planning department's models - is dead - permanently dead.

My comments are also predicated on something else - something fundamental. Human beings have long simply conscripted for our own use an enormous fraction of the ecological capital of this planet. And we do it utterly and completely thoughtlessly. If there's money to be made, commerce to be accommodated, mobility to be enhanced, nothing else matters. Mostly we destroy ecological capacity for the purpose of accommodating the automobile and its profligate use. Most of the rest is driven by perversions of tax law.

I'm proposing here that the purposes to be served by this misguided "investment" are not even close to being worth the ecological capacity being liquidated (at bargain-basement prices) or the trees being killed. It's even unsupportable (any more) from a transportation engineering perspective (and I should know - I have the requisite degree).

Human beings have lost their connections to the planet and its living systems. If we propose to take life – or the capacity to support life – we should do it with reverence, not with the careless inertia of expediency.

The County is proposing to confiscate yet another piece of our ecological capacity and place in service to the happy motoring paradigm of the 1950s and 1960s. So much for stewardship. So much for sustainability (literal in this case). So much for integrity. And so much for the commons and the common good.

How much more of the natural world do we need?

The Details (apologies in advance for the length):

On many levels, this project is a gross mis-investment of public funds. A number of other very intelligent and far-sighted citizens will be telling you (and have told you over and over) how this project is antithetical to all of your publicly stated sustainability and natural system preservation goals. And I strongly agree with all that they have to say in that regard.

But what I will concentrate on here is why the project solves no problems and serves no purpose. While I certainly don't have all of the answers (there's only so much the public can know about such projects), I do have some questions, and some relevant observations about the world into which this project is being shoved:

- 1) When was the last time the County did a relevant set of traffic counts? Or are we all just relying on the forecasting models to generate the future demand we think we're building for?

Most of the forecasting models are wrong, primarily because they implicitly assume, fundamentally, a continuation of the trends plotted in retrospect. Virtually all of those trends have turned downward, and unlike times past, the downward turn isn't temporary. I'll review why below. **But the key point is this – your forecasters are facing backwards – doing nothing more than extending the past into the future, even if they insist otherwise.**

- 2) Almost all of the significant real estate development in the area in question (Clackamas Town Center, Sunnyside Road, Happy Valley, Damascus, etc.), which is to say the areas generating all of the supposed trips in the models, were developed during the real estate bubble of 1998 to 2008. That bubble was built on an enormous Ponzi scheme of debt that has not yet finished unraveling. In particular, most of the 5- and 7-year balloon mortgages that are associated with recent commercial real estate development will come due over the next 1 to 3 years. There are hardly any buyers and fewer banks in a position to lend for long-term mortgages. For those interested in the details of how this

happened, and why it's over, permanently, I'll be happy to explain in greater detail on request.

Most of the forecasting models are calibrated to the slopes of the plotted data that are driven by that bubble, including the development models that drive the transportation planning models. Very little of this forecast development will occur, perhaps ever, primarily because in the absence of a major financial bubble that enables existing debt to be paid off with the proceeds from future debt, America is actually comprehensively insolvent and can't afford such development.

- 3) America's unfettered access to cheap fossil fuels is also over. In spite of the nonsense you hear in the mainstream media, most of it trotted out in response to the warnings that periodically leak out of the International Energy Agency (IEA) and other knowledgeable bodies, our prospects are fairly dim when it comes to driving. Warnings about flat and then declining oil production capacity in the face of static or rising demand are ignored. Unbeknownst to most people, while a major portion of the rising demand has come from China and India in recent years, more significant is the rapidly rising demand inside the economies of the major oil producers themselves, who are awash in "liquidity" from oil prices that are stubbornly staying at \$80 a barrel or more and burning ever more of their own oil. That means less for us. A lot less. Soon.

As I confirmed a few weeks ago in conversations with members of the USDOE General Counsel's office, the administration has prohibited anyone from actually speaking about this situation, in terms resembling reality, publicly. So you won't hear about this stuff in your average planning circles.

The only reason prices haven't spiked more is the worldwide recession – which continues to worsen. But within a few years (2015 or so), the trend line of declining oil supplies will meet up with the flat line of stagnant demand and prices will spike – again. This pattern will repeat itself over and over again from now on. Or until we quit building roads and start building transportation systems that are not so utterly dependent on fossil fuels.

This means that very little of the land set aside for residential development outside the I-205 corridor will ever be developed – it's too far out, with insufficient density to justify major investments in public transportation infrastructure. Ever.

In short, everything planned so far is automobile-based – driven by the assumption that everyone who lives in the thousands of new houses in Happy Valley and eastward of there will be driving into town.

In a future of rising energy prices and lowering energy availability, this is a most unfortunate misallocation of capital in a County that can barely afford to pay its bills or maintain the infrastructure it already has. Earth to Clackamas County – the bubble is over. Stop.

- 4) As pointed out by Dave Leland at the Oak Grove Community Council meeting a couple of months ago, America's supply of retail space is grossly overbuilt (38 sq ft per capita vs less than 3 in Europe, for instance). *This* tragic misallocation of resources occurred primarily because of the gross distortions of tax law that began in 1954 and have only gotten worse since. These laws made it enormously profitable to build new commercial building space, especially retail, while making it much less profitable to operate it. The bubble amplified this truly stupid arrangement.

The very same bubble prompted people to turn their largely fictitious new equity in their homes into cash for spending – in large measure at these retail establishments. Indeed, Citibank funded a \$1 billion ad campaign for exactly this purpose. As a result, more than half of the real estate mortgages in the country have been re-financed since 1998, and the value of mortgages issued in the year 2006 (\$2.7 trillion) was nearly equal to the market value of *all of the real estate in the United States in 1990* (\$2.8 trillion). The bubble is over and retail sales, especially if the somewhat volatile auto sales sector is excluded, are continuing to decline, on a real dollar basis. This trend is highly likely to continue, and the fortunes of the owners of retail square footage will go with it.

Most of the auto trips in the vicinity of the Harmony Road project have been generated in the past by this retail development and bubble-induced spending. The trend is downward, certainly for the forecast period in play here. The last thing we need is more pavement to accommodate *an ever-shrinking* trip count associated with *ever-emptier* retail square footage.

- 5) Clackamas County can't afford to maintain more than a tiny fraction of the road miles it already has. It has no business building more, particularly when what is being built serves no useful purpose, and what is constructed is built to such pathetic standards that it will fall apart within the decade. And maintenance costs are going to rise significantly over the next ten years.

Most refineries in the U.S. are now being refitted to refine a grade of oil that much more closely resembles tar – the kind of oil that comes out of Venezuela and the Canadian tar sands in Alberta.

Whether it's understood or not, this means that all of these refineries will be producing more oil from each barrel of feedstock, which means that the amount of residual product at the end - asphalt - will decline over time.

As a consequence, supplies of asphalt will dwindle and prices will continue to climb. In fact, within 10 years, we will likely be engaged in an organized program for "mining" asphalt from lesser-used portions of our automobile infrastructure (mostly parking lots that are becoming more empty by the year). Maintenance of our existing road infrastructure will become daunting indeed.

- 6) In a practical sense, "the Road" cuts off the public's access to the portion of the Three Creeks area that can be enjoyed by humans. As it stands now, the landscape to be taken by "the Road" is a buffer for the lower Three Creeks natural area - against human encroachment. It's currently accessible using existing parking area (and if better planners prevailed, a high-capacity bus service), and at no further cost to the Three Creeks ecosystem. With no more loss. "The Road" will funnel a steady stream of traffic there that will disrupt that connection. And for what purpose?

Nothing important that I can detect. But if the suicidal inertia prevails, there are at least a couple of things that might be considered, though I don't have the drawings to work with to validate them in detail:

- 1) Separate the bike lanes from the current roadway profile and re-route them away from traffic - and hope it will result in fewer trees being cut and more safety for people on bikes.

The paving materials don't have to be asphalt for the bike path and it can meander a whole lot more than the road, to miss trees and better optimize for bike destinations and connections. Given a choice, most bike riders would prefer to widely separated from automobiles.

- 2) With an extraordinary mis-investment in a road, we forego a more comprehensive solution that would turn the Harmony Campus site into a non-auto transportation hub. Such a transformation might turn the Harmony Campus (without "the Road") into a high-capacity express and local bus node, bike route node and regional town center re-development asset. "The Road" will do none of this, nor will it play any role in seriously improving automobile travel in the Harmony Road area as trips decline.

So here we have a project with significant financial cost, especially in these lean times, a significant community ecosystem cost, especially in view of how little functioning urban ecosystem we have left, and yet the

project has virtually no long-term benefit. Remind me again why we're doing this, please. Anyone?

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