

Analysis

Item 36: Department of Transportation Emergency Relief Projects

Analyst: Gregory Jolivette

Request: Increase Other Funds expenditure limitation by \$71,649,128 for the Oregon Department of Transportation, Maintenance Program to cover emergency relief expenses related to winter storms, wildfires, and COVID-19.

Analysis: The Oregon Department of Transportation (ODOT) has an important supporting role in emergency response and disaster recovery. Its efforts to clear the roads and highways of rocks and hazard trees, stabilize hillsides, and repair damaged pavement are vital to public health and safety, and help promote economic recovery after a disaster.

It is fairly routine for ODOT to seek additional expenditure limitation for emergency repair costs following winter storms and fire seasons. Most of these costs are typically eligible for federal reimbursement through the Emergency Relief Program administered by the Federal Highway Administration (FHWA). Depending on the type of repairs, the federal share ranges from 89% to 100% of eligible costs. Any state share of cost is typically covered by the State Highway Fund.

The current request for \$71.6 million Other Funds expenditure limitation is for actual and projected costs for emergency relief. The table below provides a breakdown of the projected 2019-21 costs by type of event. Most of the requested amount is for historic events that occurred in the current biennium, most notably the 2020 winter storm/flooding in Eastern Oregon and the Labor Day wildfires.

ODOT Emergency Relief Other Funds Limitation Request	
<u>Event</u>	<u>Projected 2019-21 Costs</u>
Winter Storms/Flooding	43,250,686
Wildfires	26,567,194
Covid-19 Pandemic	1,831,248
Total	\$71,649,128

It is important to note that the costs shown in the table above do not reflect the state's total costs related to these events. In the case of wildfires, for example, ODOT's wildfire debris removal project associated with the Labor Day fires is expected to cost several hundreds of millions of dollars; however, only a fraction of those costs included here (\$26.0 million) is eligible for FWHA reimbursement. The vast majority of federal reimbursement for the wildfire debris removal effort will be from the Federal Emergency Management Agency.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase the Other Funds expenditure limitation for the Oregon Department of Transportation's Maintenance Program by \$71,649,128 to cover expenses related to winter storms, wildfires, and the COVID-19 pandemic.

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Oregon Department of Transportation
Pearson

Request: Increase Other Funds expenditure limitation by \$71,649,128 for disaster expenses in the Maintenance program.

Recommendation: Approve the Request.

Discussion: The Oregon Department of Transportation (ODOT) is requesting a \$71.6 million Other Funds expenditure limitation increase in its Maintenance program to cover disasters, which started in 2017 and have continued through 2020. The request includes \$26.6 million for fires, \$43.3 million for winter storm and flooding damage, and \$1.8 million for the COVID-19 pandemic. ODOT anticipates most of the expenditures will be reimbursed by the Federal Highway Administration. The request is based on actual expenditures through September 30, 2020 and projected expenditures for the remainder of the 2019-21 biennium. There may be another request in the spring of 2021 once winter storm damage costs are known.

Fires: The expenditure limitation requested for fire damage will continue repairs and hazard tree removal in regions 1, 2, 3 and 4. This covers all of Western and Central Oregon and includes fires started in 2017, such as the Eagle Creek fire (Columbia River Gorge), Milli fire (Deschutes National Forest near Sisters), and High Cascades (Rogue River-Siskiyou, Umpqua, and Fremont-Winema National Forests, and Crater Lake National Park). The requested amount for these older fires totals about \$0.5 million of the request.

The remainder of the request related to fires is divided between events occurring before and after September 1, 2020. Fire costs prior to September 1st are less than \$1,000 and fire costs thereafter are about \$26.0 million. Region 3 expenses are \$10.1 million and Maintenance and Operations Division costs are \$13.5 million; together they comprise 91 percent of the post-September 1, 2020 fire request.

Winter Storm and Flooding Damage: This request covers costs in regions 3 (South Coast) and 5 (Eastern Oregon). In February 2020, an unusual storm created calamitous results in the Umatilla Basin, including \$22.3 million of flood damage and \$24.0 million in overall damage to transportation infrastructure. On the south coast, land under Highway 101 slid, creating sinks at Hooskanaden and between Rocky Point to Brookings. The repair costs total \$15.5 million. Winter storms also created less costly problems in the Columbia River Gorge at the Oneonta and Tooth Rock Viaduct, and slides in all regions.

COVID-19 Pandemic: Costs include public communications for office closures or changed schedules, cleaning supplies and increased janitorial work, Personal Protective Equipment (PPE) for employees, reconfigured office space, telework capacity and security, legal fees, and assisting the Office of Emergency Management and Oregon Health Authority with transporting materials, and traffic control for road closures. These costs are covered by existing State Highway funds.

Legal Reference: Increase the Other Funds expenditure limitation established by chapter 614, section 2(2), Oregon Laws 2019, for the Oregon Department of Transportation Maintenance and Emergency Relief, by \$71,649,128 for the 2019-21 biennium.



Oregon

Kate Brown, Governor

Department of Transportation

Office of the Director

355 Capitol St NE

Salem, OR 97301

November 4, 2020

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Representative Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

Nature of the Emergency/Request

The Oregon Department of Transportation (ODOT) requests a one-time increase of the 2019-2021 Maintenance limitation of \$71,649,128 to help offset the damages resulting from multiple disaster events that have occurred during the current and prior biennia. This request includes multiple fire events, the Hooskanaden and Oregon Coast Highway sink hole emergency events and the continuing repair work for damages caused during the 2020 winter storm and flooding events and the impacts of COVID-19 efforts. Please see the attached table for a detailed breakdown of costs by incident and year.

This request seeks a budget increase to offset actual expenditures incurred during the first fiscal year of the current biennium as well as the actual and forecasted expenditures for the second fiscal year of the current biennium. ODOT may seek an additional request during the Spring of 2021 as some of these events continue to incur costs and potential new events may occur from the upcoming winter and fire seasons.

ODOT anticipates that most of these expenditures will be reimbursed by the Federal Highway Administration (FHWA). Any matching funds or those items not eligible for FHWA reimbursement will be paid for out of ODOT's State Highway funds.

Agency Action

Eagle Creek (2017) and Labor Day Fires (2020) Damages - \$26,567,194:

In August 2017, the Eagle Creek wildfire in the Columbia River Gorge forced ODOT to close I-84 for over two weeks. The wildfire caused significant economic damages to the communities within the Gorge, and state highways sustained damages such as pavement damage, hazard trees, slope destabilization, and other damages. ODOT needed to remove hazard trees from the roadway and the slopes above the roadway before reopening I-84 to vehicular travel. ODOT's current biennial cost for the Eagle Creek fire are \$417,894. FHWA has agreed that these costs are eligible for FHWA participation.

Additional fire damage expenditures from other fire events such as the Milli Fire and the High Cascades Fire Complex from 2017 have occurred during the current biennium for a total of \$149,300. FHWA has agreed that these costs are eligible for FHWA participation.

The 2020 Oregon wildfire season has been one of the most destructive on record in the state of Oregon. On September 8th, wildfire damage across the state closed multiple highways, destroyed a number of structures and burned approximately 1.2 million acres. The wildfires caused significant economic damages to the communities within these areas as well as to state highways that sustained damages such as pavement damage, hazard trees, slope destabilization, and other damages. Removal of trees and debris is on-going.

ODOT appeared and received approval at the October 2020 E-Board for \$295.7 million of Federal Emergency Management Agency (FEMA) eligible reimbursement for hazard tree removals. This December 2020 request is for the FHWA eligible reimbursement costs for both roadway damage and hazard tree removal. Both FEMA and FHWA have agreed to which federal agency is responsible for which costs and ODOT is partnering with these federal agencies to ensure proper accounting of the expenditures. The estimated cost for these roadway damage and tree removal is \$26 million. ODOT's current biennial costs for the September 2020 fires are currently \$3,862,857.

Winter Storm Damages and Flooding in eastern Oregon - \$43,250,686:

ODOT incurred actual costs and estimated remaining costs for slide damage, wind damaged trees and sink holes from the winter storms in 2019-20 including the Hooskanaden Sink and the Oregon Coast Highway Sink of \$20,984,779 for the current biennium. FHWA has agreed to fund both the temporary and permanent fixes.

After a winter of heavy mountain snow above the Umatilla Basin, a historic storm event began on February 5, 2020. A wet warm front known as an "atmospheric river" deposited several inches of rain on top of rapidly melting snow. The storms brought flooding that exceeded 500 year flood levels. Numerous highways were covered in rapidly rising water, causing critical transportation failures including closure of the interstate and loss of county bridges. The high water displaced many families resulting in emergency shelter needs and one person perished while trying to evacuate. This flood damaged state highways and bridges with scour, washouts, and debris flows. ODOT incurred actual costs for these damages of \$15,548,195 with additional expected expenditures of \$6,717,712 for the current biennium for a total of \$22,265,907.

FHWA has agreed to fund both the temporary and permanent fixes with the Governor's approval. The Governor has declared both of these storms as emergencies. We anticipate that FHWA and our other partners will reimburse about 95% of ODOT's costs, with the difference coming from ODOT funds.

COVID19 Pandemic - \$1,831,248:

On March 23rd, 2020 Governor Brown issued Executive Order 20-12. Among other provisions, the order directs Oregonians to stay home "to the maximum extent possible" that included social distancing and closures of certain businesses that continue today. The COVID-19 expenditures that ODOT has incurred are for things like: management or staff conducting any work directly related to the state's response for COVID-19; costs associated with closing offices, added

security, and informing public of closures; increase in cleaning supplies and janitorial costs, to keep virus spread at a minimum; labor for updates to websites and other forms of communication directly related to COVID-19 response (e.g. posters); purchase of masks, shields, and gloves for employee use; facilities costs to reconfigure office space so employees can comply with 6 feet social distancing; legal fees associated with COVID-19 and Maintenance assistance with OEM and OHA to transport materials, provide traffic control/flagging and facilitate road closures. To comply with the Executive Order, ODOT has incurred actual costs related to the COVID pandemic of \$758,931 for the first fiscal year of the current biennium with additional expected expenditures of \$1,072,317 for the second fiscal year of the current biennium. The total COVID costs are estimated at \$1,831,248. These costs are not eligible for FHWA participation and will be funded out of existing State Highway funds.

As mentioned above, ODOT anticipates that most of these expenditures will be reimbursed by FHWA. Any matching funds or those items not eligible for FHWA reimbursement will be paid for out of ODOT's State Highway funds.

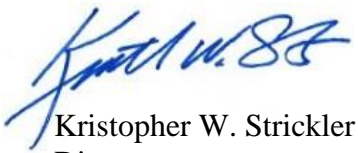
Action Requested

Approve ODOT's request to increase the Maintenance limitation by \$71,649,128.

Legislation Affected

Increase the Maintenance limitation, Chapter 614 section 2 (2) Oregon laws 2019, by \$71,649,128 Other Funds for the 2019-21 biennium.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kristopher W. Strickler".

Kristopher W. Strickler
Director

Attachment