

ANALYSIS

Item 66: Department of Transportation I-205 INFRA

Analyst: Michelle Deister

Request: Approve, retroactively, the submission of a federal grant application to the U.S. Department of Transportation in the amount of \$120,000,000 for up to four years for improvements to Interstate 205.

Analysis: This competitive grant is being made available through the Infrastructure for Rebuilding America (INFRA) program, additional funding for which was made available through the federal Infrastructure Investment and Jobs Act (IIJA). The Oregon Department of Transportation (ODOT) submitted notice of intent to apply on May 2, 2022, and the grant application was due May 23, 2022. The grant will help fund improvements to Interstate 205 pursuant to phase 1-B of the project plan, which includes construction of an additional lane between Stafford Road and OR 213, and replacement of the Tualatin River Bridges to provide bottleneck relief and seismic resiliency. The total project construction cost based on an updated estimate is \$453 million, 26.5% of which would be offset by grant funding should ODOT's grant application be successful. If ODOT is not awarded the grant, other funding and grant opportunities will be pursued.

The grant requires matching funds, which ODOT proposes to supply through \$333 million from toll-backed bond proceeds. ORS Chapter 383.150 directs the establishment of a toll program by the Oregon Transportation Commission, and 383.200 allows for revenue bonds to be issued for tollway projects.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board approve, retroactively, the request by the Department of Transportation to apply for a federal grant to the U.S. Department of Transportation in the amount of \$120,000,000 for improvements to Interstate 205, with the understanding that if the funds are awarded, the agency will return to the Legislative Assembly for approval of any necessary expenditure limitation or position authority.

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Oregon Department of Transportation
Brickman

Request: Retroactive authorization to apply for an Infrastructure for Rebuilding America (INFRA) grant of \$120 million from the United States Department of Transportation.

Recommendation: Approve the request.

Discussion: On April 29, 2022, the Oregon Department of Transportation's (ODOT) Urban Mobility Office submitted a 10-day letter notification of intent to apply for a \$120 million INFRA grant from the USDOT. INFRA grant funding was increased through the Infrastructure Improvements and Jobs Act (IIJA). The INFRA grant program provides federal financial assistance to highway, bridge, and multimodal projects to improve and expand surface transportation infrastructure. It is a competitive federal discretionary grant program specifically designed to alleviate congestion and promote freight mobility. Grants are awarded on a competitive basis to states, tribes, and local governments. Competitive projects will meet the program goals of supporting economic vitality, addressing climate change, advancing racial equity, leveraging federal funding, use of innovation, safety, and accountability.

ODOT received notice of this funding opportunity on March 22, 2022, with applications due on May 23, 2022. Award dates from this grant have not yet been provided, but the grants, if awarded, are expected to be announced in the second half of 2022. The funding from this application will be dedicated to the I-205 Improvements Project.

The I-205 Improvements Project is part of the regional Urban Mobility Strategy and was selected as the priority for this grant program due to I-205's status as an important freight route through the Portland Metropolitan Area – connecting with Interstate 5 near Wilsonville, on its southern end, and Vancouver, Washington to the north. In addition to congestion relief and seismic resiliency, this project will improve safety.

The I-205 Improvements Project will provide bottleneck relief and seismic upgrades in Clackamas County by adding a third through lane to match the rest of I-205 and reconstructing bridges to make them earthquake-ready. The I-205 Improvements project includes several phases of construction. Phase 1A includes replacement of the Abernethy Bridge and adjacent interchanges; Interim Phase 1A financing is through tools provided in House Bill 3055 (2021), and tolling will be the final funding source. This INFRA grant application requests funds for Phase 1B of the I-205 Improvements project, which includes construction of an additional lane on I-205 between Stafford Road and OR 213 and replacement of the Tualatin River Bridges. If the INFRA grant application is successful, the grant funds in combination with already-identified matching funds will fully fund this phase of the Project. ODOT provided an update after submitting the request letter. The project costs have been updated (below) to reflect an increase of \$13 million from the initial request.

Total Project Construction Cost: \$ 453 million
Grant Request: \$ 120 million
Matching Funds: \$ 333 million

The I-205 Toll Project will implement tolls in the vicinity of the Abernethy and Tualatin River Bridges in Clackamas County, to fund the I-205 Improvements Project. Toll-backed bond proceeds will be used for the match for the INFRA grant. The INFRA grant would provide ODOT with the ability to fully fund the project. Grant funds will be available between Fiscal Year 2022 and Fiscal Year 2026 and must be obligated by September 30, 2025, with construction beginning by March 30, 2027. No additional staff is needed and ODOT may return for an additional Other Funds expenditure limitation request if the grant is awarded.



Oregon

Kate Brown, Governor

Department of Transportation

Office of the Director

355 Capitol St NE

Salem, OR 97301

May 2, 2022

Senator Peter Courtney, Co-Chair
Representative Dan Rayfield, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairs:

NATURE OF THE REQUEST

The Oregon Department of Transportation (ODOT) Urban Mobility Office requests retroactive approval to apply for an Infrastructure for Rebuilding America (INFRA) grant for \$120 million from the U.S. Department of Transportation (US DOT). INFRA grant funding was increased to \$8 billion over five years as a result of the Infrastructure Improvements and Jobs Act (IIJA).

AGENCY ACTION

The INFRA grant program provides federal financial assistance to a large variety of highway, bridge, and multimodal projects to improve and expand surface transportation infrastructure. It is a competitive federal discretionary grant program specifically designed to alleviate congestion and promote freight mobility. Grants are awarded on a competitive basis to states, tribes, and local governments. A range of project types are eligible for INFRA funding, including both project development and construction activities. Competitive projects will meet the program goals of supporting economic vitality, addressing climate change, advancing racial equity, leveraging federal funding, use of innovation, safety, and accountability.

The Notice of Funding Opportunity was issued by US DOT on March 22, 2022, and applications were due May 23, 2022. An award date has not been announced, but it is anticipated to occur in the second half of 2022. ODOT has identified the I-205 Improvements Project as an excellent candidate for this grant.

The I-205 Improvements Project will provide key bottleneck relief and seismic upgrades on the interstate in Clackamas County by adding a third through lane to match the rest of I-205 and reconstructing bridges to make them earthquake-ready. The Abernethy Bridge will be the first earthquake-ready interstate structure across the Willamette River, making I-205 the passable north-south route through the Portland region after a potential Cascadia Subduction Zone earthquake. The INFRA grant would help fund the addition of the third lane along with bridge replacements and seismic upgrades on I-205 between the Abernethy Bridge and Stafford Road.

The I-205 Improvements Project is part of the regional Urban Mobility Strategy and was selected as the priority for this grant program because it is an important freight route through the Portland Metropolitan Area – connecting with Interstate 5 near Wilsonville on its southern end and Vancouver, Washington to the north. In addition to congestion relief and seismic resiliency, this

project will improve safety. The addition of the third lane will reduce the need for merging and provide more space for weaving movements, allowing traffic to flow more freely and reduce the number of crashes. Ultimately, once the project is complete and tolling is implemented, it will significantly decrease delay and congestion for freight and all users through this busy corridor, reducing the daily congestion on I-205 from 14 to 2 hours per day.

The I-205 Improvements project includes several phases of construction. Phase 1A includes replacement of the Abernethy Bridge and adjacent interchanges; Interim Phase 1A financing is through tools provided in HB 3055 (2021), and tolling will be the final funding source. This INFRA grant application requests funds for Phase 1B of the I-205 Improvements project, which includes construction of an additional lane on I-205 between Stafford Road and OR 213 and replacement of the Tualatin River Bridges. If the INFRA grant application is successful, the grant funds in combination with already-identified matching funds will fully fund this phase of the Project.

Total Project Construction Cost:	\$ 440 million
Grant Request:	\$ 120 million
Matching Funds:	\$ 320 million

The I-205 Toll Project will implement tolls in the vicinity of the Abernethy and Tualatin River Bridges in Clackamas County to fund the I-205 Improvements Project. Toll-backed bond proceeds will be used for the match for the INFRA grant. The INFRA grant award would ensure that ODOT is able to fully fund the project. If ODOT is not awarded the INFRA grant, other funding and grant opportunities will be pursued. Grant funds will be available between FY22 and FY26 and must be obligated by September 30, 2025, with construction beginning by March 30, 2027. No additional staff will be needed; ODOT may need to return for additional Other Fund Expenditure limitation if the grant is awarded.

ACTION REQUESTED

ODOT requests retroactive approval to apply for an Infrastructure for Rebuilding America grant from the U.S. Department of Transportation for \$120 million in grant funds.

LEGISLATION AFFECTED

None.

Sincerely,



Kristopher W. Strickler
Director