

ANALYSIS

Item 41: Department of Transportation I-5 Rose Quarter Improvement

Analyst: Michelle Deister

Request: Approve, retroactively, the submission of a federal grant to the Federal Highway Administration in the amount of up to \$1,100,000,000 for improvements along Interstate 5 through the Rose Quarter of Portland.

Analysis: The purpose of the Neighborhood Access and Equity Program Grant is to advance community centered transportation and connection projects that benefit disadvantaged communities. The Oregon Department of Transportation (ODOT) has worked with the Historic Albina Advisory Board to determine the suite of projects to be prioritized through this grant opportunity, resulting in a final application amount of \$850,000,000. This amount corresponds to the following project elements:

- Completion of final design of the Main Construction Package, which comprises safety and operation improvements, shoulder widening, and auxiliary lanes (\$50 million)
- Right-of-way purchase and utility relocation (\$80 million)
- Construction of a highway cover (\$500 million)
- Multimodal local street improvements (\$100 million)
- A bicycle pedestrian bridge (\$120 million)

ODOT would need additional funds of an estimated \$692 million for the remaining elements of the plan, including: operational and safety improvements at the I-405 and I-85 interchanges; construction of auxiliary lanes and shoulder widening under the highway cover; and relocation of the I-5 South Bound off-ramp. Potential sources of such funding could include toll revenue, other federal discretionary grants, additional state funding, and/or reductions to other Statewide Transportation Improvement Program projects.

The current funding opportunity does not require a state match as the project is within a defined disadvantaged and underserved community. The federal application deadline is September 28, 2023. ODOT may return to the Legislature to seek additional expenditure limitation if the application is successful. If the application is not successful, ODOT has indicated it will reapply for future opportunities of the Reconstructing Communities and Neighborhoods grant.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means approve the request.

Request: Retroactive authorization to apply for a grant totaling up to \$1.1 billion from the Federal Highway Administration for supporting the Interstate 5 Rose Quarter Improvement Project.

Recommendation: Approve the request.

Discussion: The Oregon Department of Transportation (ODOT), through their Urban Mobility Office (UMO), identified the Interstate 5 (I-5) Rose Quarter Improvement Project (Project) as best suited to meet the Reconnecting Communities and Neighborhoods (RNC) grant. The RCN has two programs: 1) the Reconnecting Communities Pilot, and 2) the Neighborhood Access and Equity (NEA) program.

The RNC grant program provides federal assistance to advance community-centered transportation connection projects, with a priority for projects that benefit disadvantaged communities, improve access to daily needs such as jobs, education, healthcare, food, nature, and recreation, and foster equitable development and restoration. Federal funding would support planning and capital construction to address infrastructure barriers, restore community connectivity, and improve people's lives. Additional goals include improving walkability, safety, and affordable transportation access through context-sensitive strategies for improving community connectivity.

The I-5 Rose Quarter section has been identified as the number one congestion area in the state and ranked 28th nationwide for bottleneck congestion by the American Transportation Research Institute. Additionally, this section of I-5 has the highest crash rate within Oregon.

If awarded, ODOT plans to add new auxiliary lanes connecting one entrance ramp to the next exit ramp and add full shoulders to I-5 to improve traffic flow and reduce the frequency of crashes. In addition, the project would add a highway cover over I-5 that would create new community spaces, enhance safety, and improve connections for people walking, rolling, biking, riding transit and driving on local streets. These construction plans are expected to benefit Black Portlanders whose families are still negatively impacted by the original construction of I-5 in the 1950s. ODOT's renewed focus in the area created the Historic Albina Advisory Board – a committee that ensures project outcomes reflect community interests and values, and that historic Albina directly benefits from the investments of this project.

To date, ODOT has used available House Bill 2017 funds to complete the planning phase and advance preliminary engineering phase of the project. The RCN grant would complete and finalize the project design and allow construction of the main portion of the construction package. The overall project cost is estimated between \$1.5 to \$1.9 billion. ODOT plans to apply for future federal discretionary grant programs like the Rebuilding American Infrastructure with Sustainability and Equity, and the Multimodal Projects Discretionary Grant programs.

ODOT submitted a 10-day request notice to apply on August 21, 2023. The federal grant notice notification was published on July 5, 2023, with an application submission date of September 28, 2023. The federal grant award date was not announced, but ODOT anticipates an early 2024 announcement. If the grant funding is not awarded this time around, they will reapply in 2024.



Oregon

Tina Kotek, Governor

Department of Transportation

Director's Office

355 Capitol St. NE, MS 11

Salem, OR 97301

August 21, 2023

Senator Elizabeth Steiner, Co-Chair
Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

NATURE OF THE REQUEST

The Oregon Department of Transportation (ODOT) Urban Mobility Office (UMO) requests retroactive approval to apply for a Reconnecting Communities and Neighborhoods (RCN) grant for up to \$1.1 billion from the Federal Highway Administration (FHWA). The RCN grant jointly includes two programs: 1) the Reconnecting Communities Pilot (RCP) Program and 2) the Neighborhood Access and Equity (NAE) Program. The RCP portion of the funds was created by the Bipartisan Infrastructure Law (BIL) and the NAE portion of the funds was created by the Inflation Reduction Act (IRA).

Combined, the RCN grant makes available \$3.4 billion in funds during the 2023 Federal fiscal year. The RCP portion of the grant program requires a 50 percent local match. For the NAE portion of the grant program, there is no local match requirement for projects that are in areas defined as “disadvantaged or underserved communities.” ODOT intends to apply for the NAE portion of the RCN grant.

AGENCY ACTION

The RCN grant provides federal assistance to advance community-centered transportation connection projects, with a priority for projects that benefit disadvantaged communities, that improve access to daily needs such as jobs, education, healthcare, food, nature, and recreation, and foster equitable development and restoration. Funding supports planning and capital construction to address infrastructure barriers, restore community connectivity, and improve people's lives. Additional goals include improving walkability, safety, and affordable transportation access through context-sensitive strategies for improving community connectivity.

The Notice of Funding Opportunity was issued by FHWA on July 5, 2023, and grant applications were due September 28, 2023. An award date has not been announced, but it is anticipated to occur in early 2024. ODOT has identified the Interstate 5 (I-5) Rose Quarter Improvement Project (project) as an excellent candidate for the RCN grant program. The project area is within a defined disadvantaged and underserved community and therefore does not require a local match for the NAE portion of the grant program. As such, the grant application will be for the NAE portion of the funds only.

I-5 is the main north-south route moving people and goods and connecting population centers across the West Coast of the United States, from Mexico to Canada. In the Portland region between

Interstates 84 and 405, I-5 is critical for truck freight and businesses moving goods, commuters traveling to and from Portland, and locals traveling within the region. This Rose Quarter section of I-5 is the State's top bottleneck, it ranks as the 28th worst bottleneck in the U.S. according to the American Transportation Research Institute, and it has the highest crash rate of any section of interstate within Oregon. The project adds new ramp-to-ramp connections (also known as auxiliary lanes that connect one entrance ramp to the next exit ramp) and adds full shoulders to I-5 to improve traffic flow and reduce the frequency of crashes.

Also included in the project is a highway cover over I-5 that will create new community spaces and enhance safety and connections for people walking, rolling, biking, riding transit, and driving on local streets. The project design will also include seismic upgrades, making the new highway cover structure over I-5 more resilient in the event of an earthquake. The highway cover provides an opportunity for significant future investment in the community and in the people who are helping to ultimately build this project. The project also provides opportunities for jobs and economic development benefitting Black Portlanders, the community most impacted by the original construction of the interstate.

Generations of Black Portland families are still negatively impacted by the original construction of I-5 in the 1950s. Through this project, ODOT has placed a renewed focus on the historic Albina community and created the Historic Albina Advisory Board (HAAB)—a committee that elevates voices in the Black community to ensure that project outcomes reflect community interests and values, and that historic Albina directly benefits from the investments of this project. In 2021, the HAAB advanced a modified, community-supported highway cover design option; the RCN grant application assumes and seeks funding for the design elements included in this updated design, as well as design refinements made in direct response to public comments received on the project's 2022 Supplemental Environmental Assessment.

To date, ODOT has utilized available House Bill 2017 funds to complete the planning phase and advance preliminary engineering. This includes existing funding to 1) finalize design of the project's three early work packages and 2) complete preliminary design of the project's main construction package (to a 30 percent design level), which includes the highway cover, multimodal local street connections, and the central segment of the I-5 mainline improvements. Additional funding is needed to complete and finalize design of the main construction package to a 100 percent design level, and ready the project in full for construction. Award of the NAE funding would represent the investment in design and construction of the main construction package. Leveraging the NAE funds will bring the first construction investment to the project, helping to increase the project's readiness and competitiveness for future construction funding to complete the project in full.

Grant Request:	Up to \$1,100,000,000
State Contribution:	\$ 0 (<i>no local match required</i>)

The total project cost, inclusive of design and construction is \$1.5 billion to \$1.9 billion. Other possible sources of funding to fill the Project's future construction funding need could include Federal discretionary grants that ODOT intends to apply for under future Rebuilding American Infrastructure with Sustainability and Equity (RAISE) and Multimodal Projects Discretionary Grant (MPDG) programs.

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ODOT will pursue this RCN grant again in 2024 if the 2023 application is unsuccessful. 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 up to \$1.1 billion in Reconnecting Communities and Neighborhoods grant funds from the Federal Highway Administration.

LEGISLATION AFFECTED

None.

Sincerely,



Kristopher W. Strickler
Director